# Building products for a sustainable future

**The Alumasc Group plc** Report and Accounts 2024 alumasc

# We are delivering on our **purpose** to provide high-quality, low carbon, sustainable building products and solutions

## What's in this report

P–**5**
**Investment Case**
What sets us apart

P–**6**
**Strategy in Action**
Value-enhancing investments

## Contents

### Strategic Report



### Governance



### Financial Statements



### Company Information

P–10
**Chief Executive's Review**
Record performance

P–16
**Strategy**
Achieving our ambitions

## Financial Highlights (continuing operations)

**Revenue***
# £100.7m
2022/23: £89.1m

**Dividends per share**
# 10.75p
2022/23: 10.3p

**Underlying* PBT**
# £13.0m
2022/23: £11.2m

**Reported PBT**
# £11.7m
2022/23: £8.8m

**Underlying* EPS**
# 26.9p
2022/23: 25.0p

**Net bank debt**
# £7.2m
2022/23: £2.8m

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

## Operational Highlights

- Outstanding performance against a very challenging market backdrop
- Strong organic revenue and profit growth and contribution from ARP acquisition
- Further 4.7% reduction in our scope 1, 2 and business travel GHG emissions intensity
- >80% of portfolio aligned with strategic environmental growth drivers
- Continued investment to support Group's future growth ambitions

# At a Glance

# We are driven by our **purpose**

## Creating innovative building products for a sustainable future

## Our operating segments

See pages 36 to 41

### What we do

We design, manufacture and supply high-quality, durable and environmentally efficient products that provide market-leading solutions to tackle the sustainability and climate challenges facing the global built environment.

- Water Management
- Building Envelope
- Housebuilding Products

## Our climate solutions

### Building decarbonisation

Our products enhance a building's energy efficiency by improving insulation and controlling ventilation, while absorbing carbon.

### Water management

Improving the urban environment's climate resilience, by efficiently managing rainwater and attenuating stormwater.

### Urban green spaces and biodiversity

Green roofs to provide civic amenity spaces, enhance biodiversity and improve occupant wellbeing.

See pages 6, and 16 to 17
for more on our sustainability strategy

## Delivered through

### Our business model

Creating value responsibly for all our stakeholders

### Our strategy

Achieving our goals through our four strategic objectives:

- Championing sustainable building products in a wide range of niche markets
- Enhancing organic growth through high impact investment and innovation
- Driving margin improvement through operational efficiencies
- Accelerating delivery with value accretive acquisitions

**See pages 14 to 17**
for more on our business model and strategy

## Underpinned by our sustainability pillars

### Products

Environmental solutions using sustainable materials

### Planet

Reducing our impact on the environment

### People

Investing in our employees' wellbeing and working lives

# Chair's Statement

## **Record profits,** delivering strategically and ambitious going forward

**Vijay Thakrar**
Chair

**Despite geopolitical and economic uncertainty, Alumasc delivered organic revenue and strong profit growth in all three divisions. Together with an encouraging performance from ARP in the first six months of our ownership, this resulted in a record Group profit, with underlying profit before tax* (UPBT) of £13.0 million (2022/23: £11.2 million), and an underlying operating margin* of 14.1% (2022/23: 13.6%). Statutory profit before tax from continuing operations was £11.7 million (2022/23: £10.5 million).**

### Performance – financial and environmental

The record UPBT* of £13.0 million arose from higher revenues (now above £100 million), from a strategic focus on environmentally sustainable solutions, new product development, investment in people and processes, the ARP acquisition and driving efficiencies.

Our underlying operating margin* of 14.1% (2022/23: 13.6%) is progressing towards our target of 15%–20%, with all three divisions contributing to the improvement. Operating cashflow was once again strong at £16.2 million (2022/23: £12.2 million), enabling us to continue to invest in strategic initiatives.

Our environmentally focused product portfolio continues to benefit from long-term growth drivers, helping us to outperform the general UK construction market.

We saw a further 4.7% reduction in our Scope 1, 2 and business travel greenhouse gas (GHG) emissions intensity (70% reduction since we began reporting it in FY18). Our full Scope 3 emission calculations are well underway as we support our divisions on the Group's pathway to net zero.

### Strategy and ambitions

Alumasc continues to make clear and sustained progress towards each of our four strategic objectives:

- Organic revenue growth (+6.5%);
- Operating margin improvement (+50bps);
- Sustainable product revenues (which represented over 85% of Group revenue); and
- Value-enhancing investments to support our longer-term growth objectives.

Investments continued in support of our commercial strategy, in sales/customer support and new product development. In addition to the ARP acquisition, we invested £3.6 million of capital in organisational capability, including automation of access cover manufacturing at our Halstead site, and in providing better information to support commercial decision-making through ERP and CRM upgrades.

We have been pursuing this growth-focused strategy for around three years now, and aspire to grow revenues faster than the UK construction sector while increasing operating margins to accelerate profit growth and deliver superior shareholder value.

### Pension scheme

Alumasc continues to work constructively with the Trustees of the defined benefit pension scheme to fund and derisk the scheme. On an accounting/'technical' basis, the June 2024 surplus of £0.8 million compares to the June 2023 deficit of £4.3 million. Alumasc continues to contribute £1.2 million p.a. to the scheme until the next formal actuarial valuation exercise in 2025 while working constructively with the Trustees to help reduce the scheme's volatility and its dependence on the Group.

### Dividends

Reflecting the Board's confidence, a final dividend of 7.3p per share will be recommended to shareholders, payable on 1 November 2024. If approved, when added to the interim dividend of 3.45p paid in April 2024, this would represent a total dividend per share of 10.75p per share (2022/23: 10.3p), in accordance with our progressive dividend policy and medium-term objective of 2.5 to 3 times earnings cover.

### Our people – past, present and future

It is Alumasc's people who deliver our purpose of providing building products for a sustainable future. On behalf of all stakeholders, I thank all our colleagues (past, present and future) for their dedication and commitment.

In December 2023, we welcomed new colleagues with the ARP acquisition in Leicester, who are already making a strong contribution to the Group.

Sadly, as we increase automation with modern machinery at our facility in Halstead, we recently announced the planned closure of our long-standing site in Dover. Our thanks go to the staff affected by this for their professionalism and dedication over many years of service.

### Outlook

While we still expect market headwinds to persist in the near term before commercial conditions strengthen materially, including anticipated further interest rate reductions, Alumasc is confident in its future prospects. Our recent track record of consistently delivering profitable growth; investments in people/processes/new products/ARP; the evolving regulatory/environmental and construction/housebuilding landscape; and our self help measures cause us to be optimistic about the delivery of our medium-term aspirations, as market conditions improve.

**Vijay Thakrar**
**Chair**
3 September 2024

* A reconciliation of underlying to statutory profit before tax is included in note 5 to the Group Financial Statements.

# Why invest **in Alumasc?**

## 1 Track record of sustainable profit & dividend growth

- Strong record of profit growth (five-year compound annual underlying operating profit growth 15.2% FY19–24)
- Progressive dividend policy supported by growth in earnings
- Strong dividend growth to reward shareholders

## 2 Long-term structural growth drivers from our sustainability-linked products

- >80% of Alumasc products specified to deliver environmental benefits
- Commitment to sustainability in construction recognised by the LSE Green Economy mark
- Sustainability focus underpins potential for growth ahead of underlying markets
- Structural demand from UK housing undersupply and ageing commercial and residential building stock

## 3 Premium products and brands with strong market positions in the UK, with strong export potential

- High margin premium products typically specified by customers and regulations
- Trusted brands across commercial, new build residential and RMI markets
- Leading market positions with an established digital presence
- Scope to accelerate growth in niche international markets

## 4 Robust financial position provides capacity to invest and drive ambitious organic and inorganic growth

- Strong balance sheet and cashflow
- Continued focus on innovation and capability investment
- Carefully selected M&A to accelerate growth

## 5 Well-established growth strategy

- Customer-centric culture focused on delivering excellent service and technical support
- Investment in people, innovation and efficiency to drive higher margins
- Track record of delivering value-accretive acquisitions to accelerate growth
- Management team with extensive industry experience

**Revenue**
**£100.7m**

| | |
|---|---|
| **2024** | **£100.7m** |
| 2023 | £89.1m |
| 2022 | £89.4m |
| 2021 | £77.8m |
| 2020 | £60.3m |
| 2019 | £71.3m |

**Underlying PBT***
**£13.0m**

| | |
|---|---|
| **2024** | **£13.0m** |
| 2023 | £11.2m |
| 2022 | £12.7m |
| 2021 | £10.0m |
| 2020 | £4.6m |
| 2019 | £6.7m |

**Dividend per share**
**10.75p**

| | |
|---|---|
| **2024** | **10.75p** |
| 2023 | 10.3p |
| 2022 | 10.0p |
| 2021 | 9.5p |
| 2020 | 2.0p |
| 2019 | 7.4p |

## Strategy in Action

# Championing **sustainable building products**

## Sustainable roofing solutions

Alumasc Sustainable Solutions aim to reduce the impact on our environment, throughout and beyond the building's life cycle.

Alumasc's sustainable roofing solutions include:

- Green Roofs
- BluRoofs
- Bio-SolaCell
- SolaCell

Green Roofs provide rainwater buffering, air purification, temperature regulation, energy savings, and biodiversity support, contributing to climate-proof construction under current guidelines such as BS8683 BNG now integrating the new legislation with BREEAM.

BluRoofs manage stormwater runoff, aligning with SUDS practices and PPS25, essential in growing urban areas. Bio-SolaCell integrates green roofs with solar panels, incorporating new legislation, enhancing biodiversity and energy efficiency. SolaCell focuses on efficient, compact PV systems that support PARTL and carbon net-zero goals.

Alumasc continues to innovate, staying ahead of legislation and market development needs in sustainable construction, committed to delivering high-quality support and solutions that enhance our customers' design capability and ensure seamless operations from conception and design to completion and aftercare.

## Rad-Seal 10 & 15

Rad-Seal is the face-fixed radiator pipe guide and seal from Housebuilding Building Products, designed to provide an effective air leakage barrier around the entry points of either 10mm or 15mm plastic radiator pipework in a newbuild house.

Aligned with Housebuilding Product's commitment to helping build a greener future, both the 10mm and 15mm Rad-Seal are manufactured from 100% recycled materials. The main unit is produced from white recycled polypropylene and the gasket seals are manufactured from recycled thermoplastic elastomer. The product is also 100% recyclable at the end of the building life cycle.

Housebuilding Products launched the patented 10mm Rad-Seal in 2020, designed to suit standard central heating systems using 10mm pipework, to preserve room temperatures and reduce energy consumption and costs for the homeowner.

For housebuilders, it is a simple yet effective way to help achieve Part L's required air leakage performance and the new Future Homes Standard effective from 2025.

The product offers significant benefits such as a straight-forward face-fix installation process, no requirement for a back-box and a slim projection of just 25mm from the wall to go behind most radiators.

In line with changing building regulations developers have started incorporating energy efficient heating systems such as air and ground-sourced heat pumps – these systems require 15mm pipework as they run with higher flow rates.

In 2023, Housebuilding Products introduced the patent pending Rad-Seal 15 to accommodate this change in building practice while maintaining the key product benefits the 10mm Rad-Seal has to offer.

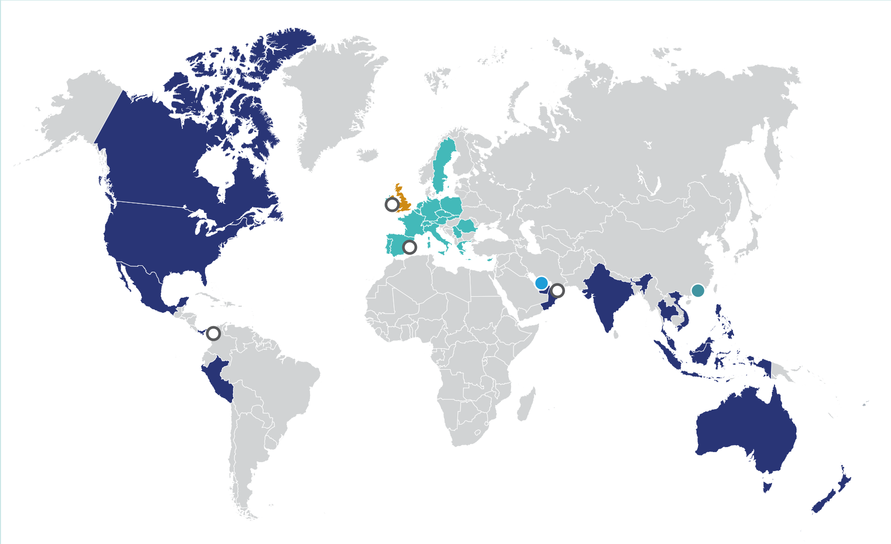
The Rad-Seal is a prime product example of Housebuilding Product's commitment to sustainability and product innovation without compromising on performance.

# Accelerating organic **revenue growth**

## Overseas sales growth

During the year, our international presence was bolstered by the employment of a Regional Manager in Latin America and the establishment of a local sales office in the UAE as a base for coverage of the Middle East, Africa and Asia.

During recent years, we have shipped products to 112 countries and, as an example of our geographical spread, during the year, we completed projects as far afield as Port of Oakland in North America, Bogota and Lima Airports in South America, Auckland Airport in Oceania, Singapore and Hong Kong Airports in Asia, Jeddah Port in the Middle East, Dublin Airport in Ireland, Manzanillo Port in Mexico, as well as numerous projects within mainland Europe.



**Key**

Offices | Worldwide Distributors | European Distributors | Employees

**Company:** ECL – Hong Kong Elkington China Ltd | **Company:** Gatic (Middle East) FZ-LLC

## Mustang guttering

### ARP's seamless aluminium gutter systems

ARP sells seamless gutter coils that can be used and pressed into shape at the installation site. Guttering can then be made to the exact dimensions on the site thereby reducing wastage. It is the only seamless gutter system approved by the BBA. ARP's seamless gutter coils are manufactured with a 78% recyclable content and made using 95% hydroelectricity. There are significant benefits of seamless aluminium guttering, including:

- Aluminium is abundant and infinitely recyclable
- Cost of the installation of Mustang guttering is within 5%–7% of the installation of plastic gutters
- 75% of the aluminium ever produced remains in use today*
- 95% less energy used to manufacture recycled material
- GHG used in aluminium production has halved in the last 20 years*
- The scrap value of the aluminium encourages recycling

* As reported by ALFED – Aluminium Federation.

## Strategy in Action continued

# Driving **margin** improvement


### Operational efficiencies

As part of our efficiency programme, Water Management has replaced the manual machining of Gatic Covers at Dover with CNC machines. The machines have been installed at Halstead and they remove the need for manual grinding and the requirement to pre-assemble covers to check for accuracy prior to shipping. The machinery will also help us reduce lead times for products for UK and European markets. This technology also will provide for excellent degrees of accuracy that cannot be matched by hand assembly. This facility will also provide Water Management with opportunities to make and supply other equipment using the two CNC machines.

The closure of our Dover site is planned for December 2024, once all production has moved to Halstead, further reducing the number of sites operated by the business, thereby improving our operational efficiency. Automated manufacture will result in:

- Higher degree of accuracy
- Removing manual assembly and grinding process
- Opportunity for further innovation
- Improved site efficiency
- Add capacity for increased sales
- Shorten lead times for customers
- Reduced stock holding requirements

# Investing in **value-enhancing** opportunities

## Acquisition of ARP Group (ARP)

ARP Group Limited (ARP) is a manufacturer and distributor of metal rainwater, architectural aluminium products and accessories. It is a strong brand within the Water Management marketplace. ARP was acquired by Alumasc in December 2023. ARP's operations are based in Leicester, where it has four leasehold units, and employs 65 people. ARP is an excellent fit with Alumasc Water Management Solutions as it produces gutters, downpipes, facias, soffits and copings and a steel range.

ARP also has:

- Multiple operational capabilities: bespoke product, spray paint and powder coating lines, in-house product development and prototyping.
- Complementary routes to market: contractors, independent and national merchants, online sales, with a number of online resellers together with direct sales via their online sales channels.

There are numerous opportunities with ARP as part of the Group, in particular:

- ARP's strong relationships with contractors, which compliments Alumasc's business model and existing routes to market;
- An excellent fit with Alumasc's drainage range of goods, these products can be added to ARP's direct selling and online sales;
- Procurement synergies arising from a consolidation of purchasing volumes; and
- Operational synergies from sharing design capabilities and manufacturing best practice.

> **This acquisition aligns with our strategy of accelerating organic growth with complementary bolt-on acquisitions.**
>
> **Paul Hooper**
> Chief Executive,
> The Alumasc Group plc

# The Residences

next to Edgbaston Stadium in Birmingham.

## This new residential-led mixed-use development was designed to offer over 370 new build-to-rent apartments, addressing the increasing demand for such accommodation in the vicinity.

The development features a variety of living spaces, including studio apartments, one, two, and three-bedroom residences, as well as ground-floor commercial spaces encompassing retail shops, food and beverage outlets, and a fitness centre.

### The Brief

Sustainability and lifecycle credentials were key to the design specification, as well as finding solutions for complex details and interface challenges.

A roofing solution was required to support the lifecycle of the building along with excellent product reputation. Given the quality, longevity, and environmental considerations required from the roofing design, the roofing system properties and performance were extremely important from the outset.

### Controlling waterflow

After comprehensive discussions with the client, a combination of Alumasc's Hydrotech and BluRoof systems were determined to be the perfect solutions for this project, both versatile systems that have a proven history across new build projects for residential, commercial, and public buildings.

By incorporating these systems within the design, Alumasc was able to offer a comprehensive and sustainable solution for water management, providing benefits that extend beyond stormwater control to encompass environmental conservation, energy efficiency, and long-term cost savings.

The Alumasc BluRoof system was incorporated throughout the design to counteract the effects of heavy rainfall. The BluRoof system is designed to alleviate flood-risk by attenuating stormwater via controlled discharge over a 24-hour period at roof level. This mitigates the effects of flash flooding and intense rainfall events, which are becoming more common as climate change impacts weather patterns and increasing urbanisation.

The key feature is the ability to regulate the release of rainwater from the roof through adjustable flow control outlets, meaning it is versatile and can be used in several different applications from roofs to podiums, even combining multiple levels and larger catchment areas on roofs.

### Sustainability

The design blends both hard and soft landscaping elements, incorporating extensive planting throughout the scheme. This strategic approach not only enhances the aesthetic appeal but also contributes significantly to the attainment of noteworthy biodiversity net gain credentials. By promoting sustainable water practices and energy efficiency, the Alumasc BluRoof system contributes to the reduction of a building's carbon footprint. This aligns with broader environmental goals and sustainability initiatives.

Alumasc's Hydrotech system was specified for the inverted roof areas. It can be easily applied to different substrates, including horizontal and vertical surfaces. Hydrotech has a successful track record spanning more than 50 years and is designed to last the lifetime of a building structure, it is also subject to the highest levels of certification and testing. The formulation consisted of refined asphalts and synthetic rubbers with 30% recycled content.

Chief Executive's Review

# **New growth,** new markets, and new products

"

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

**Paul Hooper**
Chief Executive

## Overview of performance

Against a challenging background it is very encouraging to report a record Group performance in 2024. Revenue grew by 13% to £100.7 million and underlying profit before tax by 16% to £13.0 million. The operating margin grew to 14.1% (from 13.6%) with all divisions contributing to the improvement, and represents further progress towards our medium-term ambition of 15%–20%. All of the above was achieved despite a slowdown in overall UK construction activity and, in particular, a significant slowdown in UK house construction activity.

Group sales included £5.8 million from ARP, the Water Management business acquired in late December 2023. Organic sales growth was 6.5%, significantly outperforming the estimated 2.9% decline in overall UK construction activity over 2024. There was encouragingly strong growth in export activity following the investment in export sales representation, which was achieved despite the limited call-offs from the significant project at Chek Lap Kok airport in Hong Kong. This mitigated some UK project delays which impacted the Water Management division's domestic revenues. Non-UK sales represented 10.0% of total Group revenue (2022/23: 5.6%).

The ARP business has performed very well in the six months following its acquisition. Cross-selling opportunities are being taken, and work is well underway to realise the substantial purchasing synergies presented by the acquisition, which will benefit the Group from next year.

## Divisional review

### Water Management

**Revenue: £48.3 million**
(2022/23: £39.8 million)

**Underlying operating profit*: £7.6 million**
(2022/23: £5.8 million)

**Underlying operating margin*: 15.8%**
(2022/23: 14.5%)

**Operating profit: £6.8 million**
(2022/23: £5.6 million)

* Prior to restructuring costs of £0.6 million (2022/23: £0.1 million) and brand amortisation charges of £0.2 million (2022/23: £0.1 million).

The Water Management Division grew its revenue by £8.5 million (21%), a very commendable achievement. Included in this was the excellent first six months' contribution from ARP of £5.8 million, together with strong organic growth of 7%.

## Financial highlights and overview

| | 2023/24 | 2022/23 | % change |
|---|---|---|---|
| **Group performance from continuing operations:** | | | |
| Revenue (£m) | 100.7 | 89.1 | +13% |
| Underlying profit before tax (£m)* | 13.0 | 11.2 | +16% |
| Statutory profit before tax (£m) | 11.7 | 10.5 | +11% |
| Underlying earnings per share (pence)* | 26.9 | 25.0 | +8% |
| Basic earnings per share (pence) | 24.3 | 23.3 | +4% |
| Dividends per share (pence) | 10.75 | 10.3 | +4% |

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

Underlying operating margins improved to 15.8% (FY23: 14.5%), reflecting the volume growth and continued focus on operational excellence. Underlying operating profit grew 32% with 16% organic growth and 16% from ARP.

Several government-backed projects assisted in a healthy UK growth of Gatic's special access covers. This activity was supplemented by first successes from our new export sales personnel, in particular in Latin America for Colombia, Peru and Mexico. Chek Lap Kok airport in Hong Kong had limited pull through of the £7.0 million contract originally awarded in 2022. Drainage products had a quieter year, with delays to some larger UK projects, although we anticipate an improved performance in the next financial year.

ARP, acquired in late December 2023, has performed very well. We have been impressed by the skill and dedication of its team and look forward to working with them to deliver the significant synergies this acquisition presents.

### Building Envelope

| |
|---|
| **Revenue: £37.6 million** (2022/23: £34.6 million) |
| **Underlying operating profit*: £4.6 million** (2022/23: £4.1 million) |
| **Underlying operating margin*: 12.3%** (2022/23: 11.8%) |
| **Operating Profit: £4.6 million** (2022/23: £4.1 million) |

* No adjustments in 2023/24 or 2022/23.

The Building Envelope division grew its revenue by £3.0 million (9%) and underlying operating profit by £0.5 million (13%), driven by its previous investment in high calibre technical sales staff. A strategic focus on developing new and improved systems which enhance sustainability is helping the division gain share: in particular carbon-absorbing membranes, and Bio Solar systems which combine cost reduction and energy generation to enhance payback.

Legislation drivers on heat loss reduction, green technologies and suburban environments assisted in the increase in demand. Long-term warranties, beneficial life cost cycles and enhanced customer support in technical and customer service complete the offer to the high-end market.

Benefits continue to accrue from very strong and long-standing relationships with specifiers, surveyors, multi-building owners, contractors and suppliers. Work is ongoing to continually improve the performance of the product range and thus enhance divisional margins.

### Housebuilding Products

| |
|---|
| **Revenue: £14.8 million** (2022/23: £14.7 million) |
| **Underlying operating profit*: £3.8 million** (2022/23: £3.5 million) |
| **Underlying operating margin*: 25.3%** (2022/23: 23.9%) |
| **Operating profit: £3.8 million** (2022/23: £3.3 million) |

* Prior to restructuring costs of £nil (2022/23: £0.2 million).

During a challenging housebuilding market in 2023, where the CPA reported a decline in new starts of 18%, it was a very creditable achievement for our Housebuilding Products division, Timloc, to grow its revenue. This was through 'self-help', including the increased sales of both inventive roof tile vents and roofline products to roofing merchants, where Timloc has now established itself in this adjacent channel. This, combined with Timloc's excellent reputation for its industry-leading next-day service, has led to more merchants stocking Timloc's expanding product range.

In addition to its excellent sales performance, Timloc grew its overall underlying operating profit by £0.3 million (7%) to £3.8 million. This resulted in a 25.3% underlying operating margin, 1.4 percentage points ahead of the prior year and driven by product mix and improved efficiencies.

Additional new products are being developed and further investments are also planned in operational capability (including automation), external sales and additional NPD resource. Timloc will be very well placed when the housebuilding market eventually recovers. The interest rate outlook and the commitments from the new UK Government on building targets and easing planning restrictions provide some encouraging signs.

Heritage Cast Aluminium rainwater systems from Alumasc were specified for luxury homes in Hertfordshire.

# Chief Executive's Review continued

> **Against a challenging background it is very encouraging to report a record Group performance in 2024.**
>
> **Paul Hooper**
> Chief Executive

## Strategic review

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

### Championing sustainable building products:

- Resilient performance demonstrates the structural demand underpin for environmental solutions
- Building Envelope establishing itself as a leader in sustainable roofing systems
- Scope 3 GHG calculations, EPD and net zero programme underway, SBTi accreditation later in year
- Product development targeting new environmental/safety legislation (including Building Regulations Part B/L/F, Biodiversity Net Gain, Building Safety Act 2023 and building decarbonisation)

### Accelerating organic revenue growth:

- 6.5% organic growth (vs decline in UK general construction market activity)
- New products continue to be a key part of our growth strategy, and 16% of FY24 sales were from products launched in the last three years
- UK sales robust
  - Investment in new product development, sales, technical services and support
- Strong growth in export sales
  - Investment in Water Management division's overseas sales resource

### Driving margin improvement:

- Underlying operating margin 14.1% (2022/23: 13.6%)
- Further progress towards 15%–20% Group operating margin target
  - Drop-through from additional volumes
  - Continual efficiency improvements
- Investment in common ERP/CRM platform to enhance commercial decision making
- Delivery commenced on ARP synergies, with further benefits to come in FY25
- Relocation of access cover production from Dover site to Halstead from January 2025:
  - Automates currently manual manufacturing processes;
  - £0.8 million annualised cash saving;
  - Net cost circa £3.3 million (spend to 30 June 2024 £2.7 million).

### Value-accretive investment to underpin our future growth ambitions:

- Strong financial position enabled continued investment despite challenging commercial markets
- Key revenue investments:
  - Technical sales and customer service resource at Building Envelope;
  - New product development at Housebuilding Products
- Acquisition of ARP strengthens our presence in rainwater management, and helps accelerate our growth ambitions
- £3.6m capital spend in year includes:
  - CNC machines to automate access covers manufacturing at Halstead
  - ERP and CRM investments to improve efficiency and commercial decision making

## Outlook

- Demand headwinds unlikely to alleviate until 2025
- Medium-term drivers strong:
  - Supportive environmental and building safety regulations
  - New Government housebuilding targets
- Strong business model and significant capacity to invest
- Opportunity to deliver significant shareholder value

The strong performance during the year reflects Alumasc's portfolio of highly effective solutions to the growing challenge of climate change across the built environment.

The management team continues to progress with its long-term growth strategy, to accelerate organic growth, drive margin improvement and enhance delivery through value-accretive investments which continue to underpin our future growth ambitions.

Alumasc's performance against the backdrop of challenging markets during 2024 shows the business's quality, and as we progress into 2025 we have a clear line of sight of our growth plans, capacity to invest and opportunity to deliver significant shareholder value.

While demand headwinds in Alumasc's commercial markets are likely to persist for the remainder of 2024, the positive trading momentum has continued into the new financial year, and the Board is optimistic for another year of growth.

G Paul Hooper

**Paul Hooper**
**Chief Executive**

3 September 2024

# Our Markets

# Serving a **diverse** range of sectors

## Our markets

Our businesses serve a diverse range of sectors within the UK construction market, along with some sales into niche international markets. The UK market has been subdued over 2023 and 2024, due to political and macroeconomic uncertainty, stretched public finances, and high inflation and mortgage costs constraining end customer demand.

## Housing

Housing – comprising private and public new housebuilding and repair, maintenance and improvement (RMI) – is the Group's largest market, representing circa 48% of Group revenues. 2023 and 2024 saw a significant reduction both in new build activity – due to high mortgage costs – and in RMI – due to cost of living increases constraining household budgets. Although the UK suffers from a structural shortage of houses, a recovery is unlikely to start until mortgage rates fall. The new UK Government's commitment on housebuilding targets should provide some support although this is likely to benefit 2026 and beyond.

## Non-residential

Non-residential work represents circa 25% of Group revenues, and is dominated by work on schools, hospitals, prisons and Government and local authority buildings. 2024 saw growth slow, on political uncertainty and constraints on public finances. Medium-term growth is likely to be driven by work on prisons and the New Hospital Programme. RMI spend is driven by the Public Sector Decarbonisation Scheme and the age of the health and education estates.

## Commercial/Industrial/ Infrastructure

This sector, representing circa 27% of Group revenues, typically consists of large office, retail or entertainment venues, warehouses and factories, ports and airports and – less important for Alumasc – road, rail and utility projects. Over the year, many developments have been constrained by macroeconomic uncertainty and high finance and building costs, leading to delays and project value engineering. Recovery is likely to be slow and dependent on an improving economic outlook.

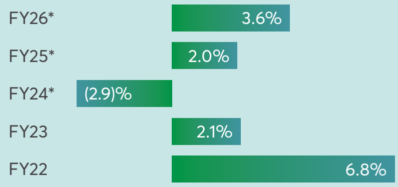
## Export markets

Alumasc's access covers and drainage products are also sold outside of the UK, typically into large commercial, industrial and infrastructure projects such as airports, ports and warehouses. As this market is extremely large and diverse, it is difficult to quantify and the main drivers are international specifications and technical support and service.

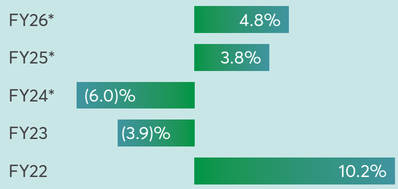
## Sustainability in the built environment

We believe that demand for our sustainability-led products and solutions tends to be less discretionary and accordingly more resilient through the economic cycle. We also believe that demand for them will tend to grow faster than the overall construction market, supported by more stringent building regulations and legislation covering building decarbonisation, urban water management and re-greening and building safety.

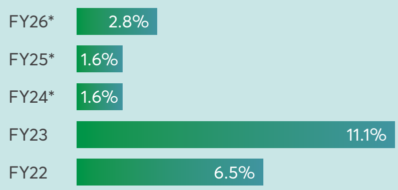
**Total construction market**
year-on-year change



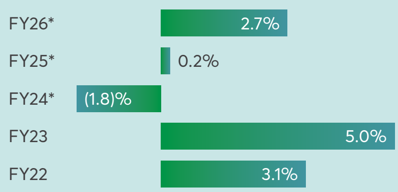

**Housing output**
year-on-year change




**Non-residential output**
year-on-year change




**Commercial/Industrial/Infrastructure**
year-on-year change




* Construction Products Association, Summer 2024 Construction Industry Forecasts 2024–2026.

# Business Model

## A sustainable and **value-enhancing model**

### We use our resources →

**Our people**
Our passionate and committed workforce

**Know-how and expertise**
Our expertise in manufacturing, sourcing, products and applications

**Financial resources**
To invest in value-accretive organic and inorganic growth opportunities

**Brands**
Strong portfolio of brands differentiated by quality and customer service

**Experienced leadership**
Strong and experienced management teams backed by a culture of empowerment and accountability

### across our operations →

**Manufacturing capacity**
Efficient and agile operations, with flexible production capacity

**Customer focus**
Reputation for high quality products and outstanding customer service and support

**Autonomous culture**
Lean and customer-focused businesses, empowered by an autonomous and entrepreneurial culture

**Innovation**
Continuous innovation focused on new product development to enhance environmental performance and enter adjacent markets, and improve process efficiency

### to deliver products →

**Environmentally focused**
Our products help tackle environmental challenges:

- Building decarbonisation
- Urban water management
- Urban greening for occupant wellbeing and preserving biodiversity

**High quality**
We manufacture high quality products, which are durable and low maintenance, reducing their whole-life financial and carbon cost

**Embracing the circular economy**
We maximise the use of recycled materials, which are then recyclable at the end of their useful life

**Driving margin improvement**

**Championing sustainable building products**

Underpinned by Sustainability...

## into our growing markets

**Attractive positions**
We maintain leading positions in our markets, which are supported by long-term growth drivers

**Underpinned by regulations/ specifications**
Our growth is supported by progressive legislation, building regulations and standards targeting environmental performance and building safety

**Diverse range of markets**
We service demand across a diverse range of sectors in the building and construction market

**Export growth potential**
We invest in international sales and support capability to capitalise on worldwide opportunities for our water management products

**Accelerating organic revenue growth**

## to create value

**Sustainable profit growth**

- Through revenue growth and margin improvement

**Strong balance sheet and cash generation**

- Efficient working capital management and strong cash conversion
- Prudent approach to leverage and debt facility headroom

**Disciplined capital allocation**

- Investment in organic growth
- Progressive dividend policy
- Bolt-on acquisitions

**Value-accretive investment**

## for all our stakeholders

**Shareholders**
We seek to deliver attractive returns for our shareholders from sustainable growth in profit and cash flow

**Employees**
We offer rewarding careers with opportunities for training and advancement

**Customers**
We provide our customers with high quality sustainable products and market-leading service and support

**Suppliers**
We foster long-term relationships and adhere to fair terms of business

**Environment**
We use sustainable materials and act to reduce our environmental impacts

**Communities**
We create local employment opportunities and support local community groups and charities

**Government and regulators**
We make a positive contribution to the UK economy by paying a fair share of tax and complying with laws and regulations

**See pages 52 to 55**
for more on our stakeholders

## …and supporting the SDGs

# Strategy

# Achieving our **ambitions**

**Alumasc Group has successfully repositioned its portfolio, to focus on the design, manufacture and supply of sustainable building products, based around its three divisions: Water Management, Building Envelope and Housebuilding Products.**

Over the five years ending June 2024, our continuing operations have grown revenues by 41% to £100.7 million; and underlying operating profit by 103% to £13.0 million, representing compound growth rates of 7% and 15% respectively. This performance is despite significant macroeconomic headwinds over 2023 and 2024, which significantly reduced building and construction activity in the Group's core markets.

This performance was achieved by execution of our strategy, which positions us to outperform general UK construction market growth over the cycle by focusing our resources on sectors and products underpinned by environmental and safety legislation and regulations, and to progressively improve our operating margins through process efficiencies. Our financial strength has allowed us to continue to invest in organic and acquisitive growth over the period while maintaining strong and progressive returns to shareholders.

## Achieving our ambitions

During 2024, the Board conducted a review of the Group's strategy, focusing on:

- The continued outperformance of general UK construction markets, coupled with the likely alleviation of demand headwinds from 2025 and beyond;
- The synergies we expect to generate from the ARP acquisition;
- Further improvements to Group margin, from a recovery in volumes and further consolidation of our manufacturing footprint; and
- The significant number of investment opportunities available to the businesses, enabled by the financial headroom in our balance sheet and from the expected future cash generation.

We are targeting revenue growth which outperforms the UK construction sector, together with an sustainable increase in Group operating margins to 15%–20%, over the five years to 2030.

Our confidence in achieving this ambitious target, which has the potential to create substantial shareholder value, is based on our performance over the last five years, together with a review of near and medium-term opportunities available to each of our businesses, after applying a prudent level of sensitivity to reflect timing and execution risk.

### Revenue

**£100.7m** +13.0%

| | |
|---|---|
| **2024** | **£100.7m** |
| 2023 | £89.1m |
| 2022 | £89.4m |
| 2021 | £77.8m |
| 2020 | £60.3m |
| 2019 | £71.3m |

### Underlying profit before tax

**£13.0m** +16.1%

| | |
|---|---|
| **2024** | **£13.0m** |
| 2023 | £11.2m |
| 2022 | £12.7m |
| 2021 | £10.0m |
| 2020 | £4.6m |
| 2019 | £6.7m |

## Our strategic pillars

### Championing sustainable building products

>85% portfolio providing environmental solutions

36% recycled materials

81% recyclable materials

### Accelerating organic revenue growth

Sales growth

Overseas sales growth

16.4% sales from new products

### Driving margin improvement

Operating margin

### Value-accretive investment

Cash conversion

Sales and profit growth – acquired

Return on investment

Underpinned by…

| Our strategic aims | Strategic progress in year | Future priorities |
|---|---|---|
| • Bring new environmental solutions to market<br>• Improve our product sustainability (lifespan and recycled content)<br>• Reduce our GHG emissions | • New environmental products launched in Roofing (BioSolar) and Timloc (improved loft door design)<br>• Recycled content 36% and 81% recyclable<br>• GHG emission intensity reduced by 4.7%<br>• Scope 3 calculations in place for 75% of Group | • Expansion of environmental solutions portfolio<br>• Further GHG emission reductions<br>• SBTi validation of medium and long-term GHG reduction targets (including ARP)<br>• Complete EPDs for core product range |
| • Market-leading customer service and support<br>• Invest in marketing, sales, support, R&D<br>• New product development, to grow market share and to penetrate adjacent markets<br>• Expansion of our overseas sales and support presence to capitalise on worldwide opportunities for our drainage and access/inspection cover products | • Improved sales and service representation in key overseas markets | • Further strategic investments in sales and marketing resource |
| • Continually improve efficiency through process automation, capability and capacity improvements, and site consolidation<br>• Use technology to improve business information and automate routine tasks, focusing employees on value-adding activities | • Water Management divisional reorganisation<br>• ERP and CRM investments | • Consolidation of Dover site into Halstead<br>• Realise synergies provided by the ARP acquisition<br>• Realise benefits from investment in ERP/CRM |
| • Manage working capital carefully and target strong operating cash conversion<br>• Maintain a prudent level of gearing and headroom against our debt facilities<br>• Invest in value-accretive organic growth opportunities…<br>– Cost reduction through process automation<br>– New product development<br>– Capacity and capability improvements<br>– Employee development<br>…while maintaining a progressive dividend policy… and undertake selective bolt-on acquisitions, providing:<br>– Scale benefits<br>– Complementary technologies<br>– Product range extension<br>– Complementary routes to market<br>– Adjacent market penetration | • Acquisition of ARP<br>• Mechanisation/automation of covers manufacture<br>• Dividend increased 4%<br>• Employee training programme | • Invest in product development, automation and people to accelerate profitable growth<br>• Consider synergistic bolt-on acquisitions |

…Sustainability and supporting the SDGs

See pages 18 to 29 for more on our strategy

Sustainability Report

# **Supporting our purpose** and our people

## Environmental

Sustainability is at the core of our business model. Most of our products are sustainable and are designed to combat environmental challenges facing the built environment. We have a sustainability framework and roadmap that covers our supply chain, businesses, energy use, and our conduct. Our sustainability approach allows us to plan for the future, to set targets and metrics as part of our journey to net zero. We have also developed key metrics to help us monitor our ESG journey. Our strategy has three pillars:

### Our Products

**Environmental Applications**

**Material Sustainability**

**Proportion of revenue from environmental solutions**

>85%

2022/23: 89%

**See pages 20 and 21** for more on our Sustainable products

### Our Planet

**Carbon Reduction**

**Waste & Packaging**

**GHG intensity**

18.77$tCO_2e$

2022/23: 19.69$tCO_2e$

**See pages 26 to 29** for more on our Environmental commitments

### Our People

**Health & Safety and Wellbeing**

**Equality, Diversity & Inclusion**

**Code of Conduct**

**Days lost to accidents**

5

2022/23: 65

**See pages 22 to 25** for more on our People

## Target setting

During the year we reviewed and discussed our targets and introduced targets for 2030. As part of our Energy Saving Opportunities scheme, Alumasc visited two sites and we have a range of actions that will help us meet these targets.

## ESG targets – Roadmap to 2050

| | Roadmap measure | 2021 data | 2022 data | 2023 data | 2024 progress | 2030 target | 2050 target |
|---|---|---|---|---|---|---|---|
| **Sustainable products** | Turnover derived from environmental solutions | 77% | 77% | 89% | 85% | >80% | >80% |
| | Product recycled content | 27% | 27% | 27% | 36% | >40% | >50% |
| | Product recyclability | 74% | 77% | 80% | 81% | >80% | >90% |
| **GHG emissions** | GHG emission intensity[1] | 23.2 | 20.6 | 19.7 | 18.8 | 40% reduction | Net zero |
| **Waste reduction** | Waste diverted from landfill | – | 99% | 99% | 99% | 100% | 100% |
| **Plastic packaging** | Reduction of preventable plastic packaging | – | 50% | 55% | 68% | 100% | 100% |
| **Health & Safety** | Lost days due to accidents | 83 | 89 | 65 | 5 | 0 | 0 |
| **Diversity & Inclusion** | Gender diversity[2] | 3:1 | 3:1 | 3:1 | 3:1 | Year-on-year improvement | Even Board gender split by 2050 |

1 Market-based emissions (Scope 1, 2 & partial Scope 3) expressed as tonnes of $CO_2$ equivalents per £m revenue.

2 Male : Female.

# Solar panels

Wade have had solar panels in place for more than ten years, which provide 40% of the electricity used on site in Halstead. Installation of LED lighting is also underway at the site to maximise energy efficiency. As part of the Energy Saving Opportunity scheme we are looking to replace gas boilers and roll out solar panels to other parts of our estate where we own the freehold.

### How this aligns with our Sustainable Development Goals


**See pages 26 to 29** for more on our Environmental commitments

## Sustainability Report continued

# Our **products**

> **The majority of our products help to tackle environmental challenges faced in the built environment.**
>
> **Simon Dray**
> Group Finance Director

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

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

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

### Metals

Metals tend to be energy intensive to extract and process, but their durability and almost infinite recyclability helps to offset this. Using recycled metals significantly reduces their carbon footprint – in the case of aluminium, recycled material takes up to 95% less energy to produce than primary aluminium.

We therefore seek to maximise the proportion of recycled content in our products – as an example, 80% of our aluminium is derived from recycled sources. We use metals in demanding applications where their durability means lower ongoing maintenance and a significantly longer lifespan than competing/alternative products.

### Plastics

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

### Roofing membranes and insulation

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

## Improving Efficiency and Sustainability

The new Building Safety Act in 2022 enforced the restriction of combustible materials in the construction of high-rise buildings. To address the newly introduced design requirements, Water Management has developed a fully compliant drainage solution which not only complies with regulations, but also reinforces our commitment to the sustainable development of our product range.

The system comprises Harmer aluminium threaded roof outlets connecting directly to internal downpipe systems. The introduction of Harmer's new aluminium ADPA threaded spigot adaptor facilitates an A1 fire-rated connection of Harmer Roof AV and threaded aluminium rainwater outlets to all types of pipe systems. Its solid aluminium construction ensures it will not combust nor contribute to the spread of fire.

This new development presents an efficient and compliant package which also supports our ongoing sustainability commitments. The adaptors are manufactured from uncoated, extruded thick wall 6000 series aluminium, which has 40% recycled content and is 100% recyclable with no loss of quality. Life expectancy for aluminium in rural/suburban areas is in excess of 40 years, and up to 25 years in industrial or marine areas, at the end of which the aluminium elements of the system can be recast into new aluminium products. Aluminium is an infinitely recyclable material, and it takes up to 95% less energy to produce than primary aluminium.

GREEN ECONOMY MARK
LONDON STOCK EXCHANGE

## Alumasc recognised with a LSE Green Economy Mark

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

### How this aligns with our Sustainable Development Goals

11 12 13

Sustainability Report continued

# Our **people**

> **Our number one priority is the Health & Safety and wellbeing of our people.**
>
> **Paul Hooper**
> Chief Executive

## Health & Safety

Alumasc considers Health & Safety and wellbeing of staff as a primary and integral part of its business operations. This is reflected in how we operate our business, to ensure we actively seek to operate best practice in a highly regulated environment. Health & Safety is always the first item on our plc Board and subsidiary agendas. All significant events are discussed weekly and there is a regular review of near misses. It ensures that Health & Safety is regularly discussed and reviewed. Our target is for zero harm, and we report on lost days and the learning from any incident. Health & Safety is core to our culture, and we run Health & Safety training programmes for our staff to make sure that this is part of how we operate every day. Our training programmes have been extended as we see Health & Safety reflected in our culture. Training is provided by face-to-face courses and e-learning. During the year, eight people completed NEBOSH courses and 46 people attended IOSH courses.

Operating businesses and sites have Health & Safety Committees. We use external consultants to carry out Health & Safety audits and ensure that our processes and procedures are assured and reviewed. Any observations arising from our audits are reviewed and process changes or other matters monitored by management. In addition, we have ISO certificates (ISO 9000, 9001 and 14001) in most of our divisions. In addition, Housebuilding Products have ISO 45001 and 45003 certificates.

Near-miss reporting is encouraged at all levels throughout the business. We also report hazards and lost days. Near-miss reporting has remained at a high level throughout the year. Reporting assists with continual improvements and provides management with information that can be used to improve processes and safe ways of working. The number of days lost due to accidents in the year was five (FY23: 65).

Janey Callaghan from BL successfully completed the 'IOSH Managing Safely' course, which has provided her with new skills and a greater appreciation of H&S in the workplace.

*#WomenInConstructionWeek*

Our charitable activities in the year included a donation to Teardrops, in St Helens. Teardrops is a non-profit-making charity supporting the homeless and vulnerable in St Helens.

1 NO POVERTY

Our main Health & Safety KPI is the performance rate index (a relative measure capturing the total amount of lost time and other safety incidents, relating the result to the overall numbers of hours worked). This figure is used to measure improvement in our Health & Safety performance. The cumulative PRI score was 0.76 (FY23: 3.79), a significant improvement and ahead of the Group's internal target in the year. The Group also recognised a twelve month period when no new incidents created a lost time accident.

## Wellbeing

We continue to support employees to ensure they have the right environment, flexibility (where possible), including hybrid working, to improve their work-life balance. The app deployed to assist wellbeing, *Help at Hand*, provides a 24/7 GP service, counselling, nutrition and lifestyle advice. The benefits hub also provides discount vouchers for a range of goods and services; the app can be downloaded by all members of staff. A Mental Health First Aider course is offered, this provides information to help identify and know how to support people dealing with anxiety, stress and other mental health challenges.

## Diversity, inclusion and engagement

Alumasc celebrates diversity and inclusion and promotes an equal and fair working environment. As part of this approach the Board receives reports from the divisions about their progress towards DEI each year.

Our divisions conduct staff surveys and interact with staff to solicit their views. The Board engages with staff at site visits, and through the strategy day, and receives reports of activities and actions underway. A central Group newsletter is provided for distribution throughout the Group. An employee recognition programme is in place. Communication with employees take place through face-to-face meetings; employee forums; Social Committees, team projects; and through training schemes.

DEI training is provided to staff through e-learning and by in-person training. Support is provided for neurodiverse employees. Alumasc is a menopause friendly employer, with policies and support in place.

Our head count by gender is provided in the table below:

| | Male | Female | Total |
|---|---|---|---|
| Non-executive Director | 2 | 1 | 3 |
| Executive Director | 4 | – | 4 |
| Senior managers | 33 | 12 | 46 |
| Employees | 306 | 111 | 418 |
| | 346 | 124 | 470 |

We have taken positive steps on gender balance at some locations. At Housebuilding Products, 59% of the staff are female and their local management team now comprises 50% male and 50% female colleagues.

## Recruitment and apprenticeships

Alumasc is an equal opportunities employer. As a business we are committed to providing an inclusive workplace, encouraging and welcoming diversity. Alumasc has zero tolerance to harassment or discrimination in the workplace and are proud to have a friendly culture that is welcoming to all. Training and learning opportunities are provided and we encourage development for all staff.

Recruitment, training and development is offered regardless of religion, ethnicity, gender and sexual orientation. Employees with disabilities are given equality of opportunity with respect to entering and continuing employment with Alumasc. We have examples in the year where adaptations have been made to the workplace or working environment to facilitate opportunities for disabled staff. Should employees become disabled after joining the Company, every effort is made to ensure that employment continues, and appropriate training is given. A formal Equality and Diversity Policy has been approved by the Board and applies to the business.

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

"We had a fantastic Apprenticeship Open Day at our Halstead Site on 1 May 2024. Colchester Institute collaborated with us and Level 2 students visited Wade in Halstead to find out all about Wade and the exciting work we do. Wade were recruiting for the apprenticeship vacancies we have available".

**Charlie Kitson, Operations Manager, Halstead**

## Sustainability Report continued

# Our **people** continued


## Loft-y Donation to Hull Samaritans

A donation of £2,500 was made by Timloc to their charity partner, Hull Samaritans. For every sale of a Timloc plastic loft door throughout the months of November and December 2023, a donation was made to help benefit the vital work of the charity.

This donation supports UN Sustainability Goal (UN SDG) 3, to ensure healthy lives and to promote wellbeing.

**"We cannot thank you enough for your generosity. This is a major donation for us and will really help us in the running of the branch. We are totally self-funded and run by volunteers, so it will give us more time to do the thing that we are meant to do – listening to our callers.**

**Duncan**
**Director at Hull Samaritans**

### Culture

Sustainability is core to our purpose and our business. We want to employ talented, diverse teams who can focus on growth and innovation. The Board seeks to set the culture and to align our purpose, strategy and behaviours to be Alumasc's culture. We implement our strategy through our people and have a positive environment that promotes wellbeing and employee engagement.

The people in the business need to have a common group purpose but also operate locally, where they are empowered to act. Our people know their customers and are experts in the field and they need to respond to our customers' needs.

### Code of Conduct

Expected ethical standards and behaviours are covered by our Code of Conduct and Employee Handbook. We expect employees to have a high degree of integrity and for them to be honest and trustworthy. All new hires are provided with a copy of our Code of Conduct, and we remind staff of these requirements through training and briefings.

### Anti-modern Slavery and Human Trafficking

Alumasc regularly reviews its Anti-modern Slavery Statement and Policy, these are published in the UK on the UK Government website and on Alumasc's website in accordance with Home Office Guidelines, along with our previous disclosures. Our statement for this year will be published in accordance with Government requirements before the deadline. Alumasc expects its suppliers and those in the supply chain to confirm that they have the same or similar policies in place for anti-modern slavery.

### Anti-bribery and corruption

We have a zero-tolerance approach towards bribery and corruption. Our Anti-bribery and corruption policy is straightforward and gives clear advice on Alumasc's compliance standards and ethical requirements. In addition, we have clear policies and standards for any gifts or hospitality. Our whistleblowing policy is clear, and we have a SpeakUp line. There is an annual report to the Audit Committee on whistleblowing and our anti-bribery programme (see page 73).

Please use the QR code to find out more on our website www.alumasc.co.uk

## Communities

We aim to be close to our local communities, supporting staff-nominated charities, sports and local groups. Many of our employees live close to our offices, factories and operational sites and they are motivated through support for local groups and charities. This positivity about our communities also helps to promote wellbeing and local pride. We are looking to develop this further and are currently recording our support for local groups through Social Compliance Chain (see next column).

### Mental Health Awareness Week

To mark the start of Mental Health Awareness Week, running 13–19 May, Team Timloc (Housebuilding Products) took part in the 'Wear it Green' campaign to represent their commitment to mental health awareness. This is an annual event that aims to raise awareness about mental health issues and promote understanding and support for mental wellbeing. They also raised money for the Samaritans (see page 24).

## Social added value

In April 2024, Alumasc started using software from Social Compliance Chain (SCC) to record the social added value of our activities in the community and to protect the environment.

Social Compliance chain use figures and sources, including, amongst others: Unit Cost Database (providing the Gross Value Added, to establish the value added per £1 spent); Office of National Statistics (for a cost benefit analysis; this is used for most proxy values to provide SCC with a monetary (£) value for each activity); Office of Qualifications and Examinations Regulation (OFQUAL) for figures relating to gaining qualifications and not claiming benefits; Power to Change (market research) paired with Office of National Statistics data (for volunteering hours and providing median annual income to equate to an hourly rate). SCC streamlines measures, offering the ability to report 'across the board' on all our social value capture with designated values. SCC's data is certified by the Social Value Taskforce.

Each activity on the Social Compliance Chain is given a social value, and these cash values can be used to monitor and track our progress and for the business to set targets.

Alumasc scores highly for:

- Employing local people;
- Recycling and diverting waste from landfill;
- Promoting wellness training and initiatives;
- Running training courses for employees and apprentices; and
- Supporting community projects and initiatives.

Compliance Chain

# Pride Month

At Housebuilding Products, they celebrate and champion diversity and inclusion every day. This Pride Month, they stood in solidarity with the LGBTQIA+ community, embracing love, acceptance, and equality.

## Sustainability Report continued

# Our **planet**

Alumasc has partnered with Compare Your Footprint/Green Element, a leading carbon energy management company and sustainability advisers, to independently assess our greenhouse gas (GHG) emissions in accordance with the UK Government's 'Environmental Reporting Guidelines: including streamlined energy and reporting requirements'.

The assessment used the 2024 emission factors published by the Department of the Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment conducted follows the GHG Protocol Corporate Accounting and Reporting Standard and GHG Protocol Scope 2 Guidance, involving the reporting both location-based and market-based emissions from electricity usage.

### GHG emissions and net zero

The table on page 27 summarises Alumasc's GHG emissions for the reporting year 1 July 2023 to 30 June 2024. Data for ARP has been included for the period following its acquisition in December 2023. The table covers direct emissions (Scope 1 and Scope 2) and those associated with employee expensed business mileage, and is expressed in both in absolute terms and per £ million of revenue, which is the most appropriate method to capture levels of business activity.

> **We have reduced our GHG emission intensity by 69% since 2018.**
>
> **Simon Dray**
> Group Finance Director

While the inclusion of ARP means the Group's GHG emissions have increased in absolute terms, GHG emission intensity reduced by 4.7% compared to the prior year, slightly ahead of the 4% reduction targeted for the year. Since 2018, Alumasc's GHG emission intensity has reduced by 70%: a result of the Group's investments in efficient plant and machinery; site rationalisations; installation of solar PV panels; gradual electrification of the Group's vehicle fleet; and sourcing 100% of the Group's electricity from renewable sources.

Our near-term targets, established last year and consistent with the Science Based Target initiative (SBTi) targets for limiting global warming to below 1.5°c, are currently being recalculated for the inclusion of ARP. Once completed, these will be verified with the SBTi and used to monitor our progress towards company-level net zero by 2050 or earlier.

The publication of Environmental Performance Declarations (EPDs) across the Group's product range is underway. These reports detail a product's lifetime environmental impact, including its carbon footprint, ecotoxicity and contribution to ozone depletion, and allow customers to compare different suppliers and materials. The exercise is planned to complete during 2025, with the data also being used to guide future product design and procurement decisions around our supply chain and sourcing.

### Energy efficiency actions – taken and planned

As part of our programme to reduce our GHG emissions, this year we have:

- Increased the proportion of electric vehicles in our managed fleet;
- Converted 85% of lighting at our Halstead site to LEDs with PIR sensors (the remainder will be converted over 2024/25);
- Fitted two new energy efficient boilers (Halstead);
- Continued to reduce business travel by using videoconferencing, where appropriate;
- Continued to upgrade to more efficient plant and machinery, and to reduce energy costs by reducing running times; and
- Continued to purchase 100% of our electricity from renewable sources.

Our Halstead site is planning to replace their air conditioning with more energy efficient units in late 2024; and the closure of our Dover site, and relocation of its activities to Halstead, will continue our commitment to improve efficiency and energy usage.

### Scope 3 emissions

Full Scope 3 calculations, covering emissions generated by our entire value chain, have now been completed by business covering approximately 75% of the Group's proforma turnover. While there is currently no regulatory requirement to publish Scope 3 emissions, they are important in understanding our overall environmental impact and developing our net zero plans. Our initial observations confirm that the majority of our Scope 3 emissions arise from the processing of our raw materials, with freight and transportation the next largest source. The key opportunities to reduce Scope 3 emissions are increasing the recycled proportion of purchased raw materials, working with our suppliers to reduce their own carbon footprints, and moving to lower emission methods of goods transportation.

Our focus for the coming year will be on completing and refining the calculations across the whole Group, setting reduction targets, and in supporting our businesses as they develop their own detailed Scope 3 decarbonisation plans.

## Streamlined energy carbon reporting (SECR 2023)

**Mandatory reporting as follows:**

| Streamlined Energy and Carbon Reporting (SECR) | FY23 | FY24 | Year-on-year change (%) |
|---|---|---|---|
| **Energy Consumption (kWh)** | | | |
| Electricity | 3,066,029.73 | 3,268,550.93 | 6.6% |
| Gas | 6,303,347.24 | 6,301,374.69 | 0.0% |
| Transport fuel | 1,030,544.35 | 1,181,625.92 | 14.7% |
| Other fuels* | 185,313.86 | 209,545.55 | 13.1% |
| **TOTAL CONSUMPTION** | 10,585,235.18 | 10,961,097.10 | 3.6% |
| **GHG Emissions Breakdown ($tCO_2e$)** | | | |
| **Scope 1** | | | |
| Combustion of gas in buildings | 1,153.06 | 1,152.52 | 0.0% |
| Combustion of fuel for transport purposes | 141.29 | 178.01 | 26.0% |
| Combustion of other stationary fuels | 39.64 | 44.95 | 13.4% |
| **Scope 2** | | | |
| Purchased electricity (location-based) | 634.90 | 676.75 | 6.6% |
| Purchased electricity (market-based)** | – | 65.49 | n/a |
| Electricity used for transport purposes*** | 1.37 | 4.05 | 195.6% |
| **Scope 1 & 2** | | | |
| Total Scope 1 & 2 emissions (location-based) | 1,970.26 | 2,056.28 | 4.4% |
| Total Scope 1 & 2 emissions (market-based) | 1,335.36 | 1,445.02 | 8.2% |
| **Scope 3** | | | |
| Business travel in rental or employee-owned vehicles where Company is responsible for purchasing the fuel | 139.58 | 129.81 | -7.0% |
| Upstream transport and distribution losses and excavation and transport of fuels (location-based) | 440.20 | 466.80 | 6.0% |
| Upstream transport and distribution losses and excavation and transport of fuels (market-based) | 279.82 | 315.63 | 12.8% |
| **Total GHG Emissions ($tCO_2e$)** | | | |
| **TOTAL EMISSIONS (location-based)** | 2,550.04 | 2,652.89 | 4.0% |
| **TOTAL EMISSIONS (market-based)** | 1,754.76 | 1,890.46 | 7.7% |
| **Intensity Ratios** | | | |
| **Metrics –** Revenue £million | 89.14 | 100.72 | 13.0% |
| **Location-Based –** GHG Emissions per £million ($tCO_2e$ / £million) | 28.61 | 26.34 | -7.9% |
| **Market-Based –** GHG Emissions per £million ($tCO_2e$ / £million) | 19.69 | 18.77 | -4.7% |
| **Location-Based (Scopes 1 & 2 only) –** GHG Emissions per £million ($tCO_2e$ / £million) | 22.10 | 20.42 | -7.6% |
| **Market-Based (Scope 1 & 2 only) –** GHG Emissions per £million ($tCO_2e$ / £million) | 14.98 | 14.35 | -4.2% |
| **Methodology:** GHG Protocol Corporate Accounting and Reporting Standard | | | |
| **Certification and External Verification:** Calculated by Green Element Limited and Compare Your Footprint Limited, UK. | | | |

* Figure revised from previously stated FY23 SECR report owing to real (rather than estimated) data becoming available.

** The supplier-specific fuel mix was not available for one site, and so the UK residual factor was used. The government data required to calculate the UK residual factor is not available until August 2024, and so the calculation defaulted to using the 2023 residual factor.

*** Electricity associated with electric and plug-in hybrid company cars has been split out from Alumasc's last SECR report, and also revised with the new assumption that 80% of cars (and mileage) are assumed to be charged at Alumasc sites (for which electricity consumption is already captured).

Sustainability Report continued

# Our **planet** continued

### Definitions of Scopes 1, 2 and 3 in the SECR table

See page 27

**Scope 1:**
- Fuel used in company vehicles
- Office consumption of natural gas

**Scope 2:**
- Purchased electricity (location-based* and market-based**) methods were included – this way of dual reporting is outlined in the GHG Protocol Corporate Accounting and Reporting Standard

**Scope 3:**
- Business travel in employee-owned or hired vehicles
- Indirect emissions associated with the upstream production, processing and delivery of any fuel used, and losses due to the transmission and distribution of electricity
- Types of GHGs included, as applicable: $CO_2$, $N_2O$, $CH_4$, HFCs, PFCs, $SF_6$, and $NF_3$. The greenhouse gas emissions were calculated using UK Government 2022 conversion factors, expressed as tonnes of carbon dioxide equivalent ($tCO_2e$)

### Definitions of Location-based electricity and Market-based electricity

* Location-based electricity (Scope 2): emissions use the average grid fuel mix in the region/country where the electricity was purchased and consumed. For SECR, location-based is mandatory.

** Market-based electricity (Scope 2) emissions use fuel mix that is specific to the purchased electricity's supplier and tariff. Where supplier-specific fuel mix data is absent, UK National Grid's residual fuel mix was used, in accordance with the GHG Protocol. For SECR, market-based is optional.

## Environmental highlights

**GHG reduction this year**
**4.7%**
Reduction in total market-based emission intensity

**GHG reduction since 2017/18**
**70%**
Reduction in total market-based emission intensity

**Increased uptake in fleet electric vehicles this year**
**20%**

## Waste and packaging

### Scrap and waste

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

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

### Packaging

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

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

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

### Supply Chain School of Sustainability

As part of our procurement and management of materials, sustainability leads have joined the Supply Chain School of Management.

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

| Area | Related risks | Alignment to SDGs |
|---|---|---|
| Carbon and energy reduction | • Climate change<br>• Environmental harm<br>• Legal and regulatory | |
| Waste management and recycling | • Environmental impact<br>• Sales costs<br>• Raw materials<br>• Legal and regulatory | |
| People and wellbeing | • Legal and regulatory<br>• Climate change | |

## Recyclable Packaging at Housebuilding Products

At Housebuilding Products , the majority of products are delivered in cardboard packaging. Approximately 70% of this packaging is produced from recycled materials, and the entire packaging range is designed to be recyclable.

All bagged Timloc products, such as access panels and soffit vents, are packaged in 100% recyclable low-density polyethylene bags.

- LDPE (low-density polyethylene) – 100% recyclable
- Cardboard – 100% recyclable


### How this aligns with our Sustainable Development Goals

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible use of packaging supports UN SDG 12, by ensuring sustainable consumption patterns.

## Expanding our electric vehicle fleet

As part of our drive to reduce emissions we have been increasing the number of EVs in our fleet. For example, our Building Envelope division have increased EVs from 8 cars to 16 cars within the fleet, this equates to 17% of Building Envelope's total mileage in EVs (FY23: 8%). Overall, the Group's fleet of electric vehicles increased by 20% in the year.

### How this aligns with our Sustainable Development Goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

This aligns with the UN Sustainable Development Goal (SDG) 9 as it supports the building of resilient infrastructure and Sustainable Industrialisation. It also supports SDG 11 to build safe, resilient and sustainable cities.

## Global recycling day

Alumasc supports recycling of paper and cardboard and other items in our offices, our factories also recycle scrapped aluminium and steel. We recently confirmed our support for #GlobalRecyclingDay. Our ambition is to have zero waste going into landfill.

GLOBAL RECYCLING

## Hedgehog highway

Following building regulation changes, housing developers are encouraged to add 13cm holes at the base of fences in all new developments to create 'hedgehog highways'.

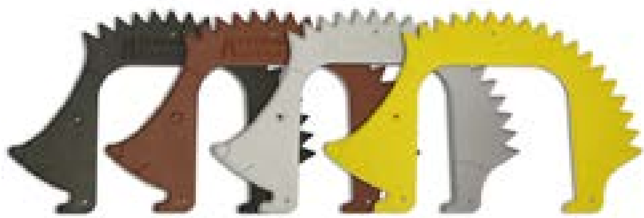
The Hedgehog Highway by Timloc was created to frame these fence holes, ensuring unobstructed pathways and connecting gardens to allow hedgehogs to roam freely and forage for food, water and shelter. As hedgehogs are now classified as vulnerable to extinction, the Hedgehog Highway also helps bring awareness to the species' decline.

With each purchase of a Hedgehog Highway by Timloc a donation is made to hedgehog charities and rescues to help them continue their vital work. So far Timloc has donated over £2,500 to hedgehog rescue organisations across the UK.

### How this aligns with our Sustainable Development Goals

15 LIFE ON LAND

This product supports the UN SDG 15, to protect, restore and promote sustainable use of terrestrial eco systems and to halt biodiversity loss.



# Task Force on Climate-related Financial Disclosures (TCFD)

## We are **reducing our greenhouse gas emissions** and responding to the future risks and opportunities related to climate change.

In these challenging times, marked by increasing greenhouse gas (GHG) emissions and a record 12-month continuous average global temperature of 1.5°C above pre-industrial levels, Alumasc remains committed to reducing GHG emissions and innovating sustainable products to mitigate climate change's impact on the built environment. We are collaborating with our supply chain partners and vendors to move towards a decarbonised future which meets the Government's goal of achieving net zero emissions by 2050 or earlier. We recognised climate change as our first principal risk in 2022 and published our first voluntary TCFD disclosure in 2021. We have worked with our climate change experts, Green Element, to gather data and to help us with our climate-related risk analysis.

The table below lists the TCFD pillars and their 11 associated recommended disclosures. The following sections provide a summary of our achievements during the financial year and our plans for the upcoming year.

| **TCFD pillars** | **Governance**<br>Disclosure of the organisation's governance of climate-related risk and opportunities. | **Strategy**<br>Disclosure of the actual and potential of climate-related risks and opportunities on the business, strategy and financial planning, where such information is material. | **Risk management**<br>Disclosure of how the organisation assesses and manages climate-related risks. | **Metrics and targets**<br>Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. |
|---|---|---|---|---|
| **Required disclosure** | Board oversight.<br>Management's governance. | Risks and opportunities.<br>Impacts on the organisation.<br>Resilience of strategy considering climate scenario analysis. | Risk identification and assessment process.<br>Risk management processes.<br>Integration into overall risk management process. | Climate-related metrics.<br>Scopes 1, 2 & 3 GHG emissions.<br>Climate-related targets. |
| **Further information** | Pages 60 to 67<br>See Strategic Report pages 1 to 66 | Principal risks pages 47 to 50. | Principal risks pages 47 to 50 and climate-related risks pages 31 to 34. | Page 34 and in the Remuneration Report pages 74 to 78. |

## Governance

### A. Board's oversight of climate-related risks and opportunities:

The Board is responsible for the risk reviews (see page 64) and for receiving regular reports on ESG activities and initiatives at all Board meetings. Assessment of risks and opportunities form part of Alumasc's strategic planning process. Climate-change-related products are a key focus for our teams at our Group Strategy meetings, the most recent of which was on 21 & 22 February 2024. We have internal reviews as well as external reviews with our professional partners to continually evaluate our approach.

### B. Management's role in assessing and managing climate-related risks and opportunities:

Management has a key role in risk assessments as climate-related risk is part of our overall risk management process (see page 64).

At Divisional level we have appointed Leads and Heads of Sustainability. Regular reports are submitted to Divisional Boards, and data is collated highlighting the steps taken to ensure we are identifying and mitigating transition and physical risks and communicating this to the Boards.

The table below shows how climate-related matters are considered throughout the Group governance structure.

**Climate-relate risk governance framework**

**The Board**
Reviews the Group's sustainability and risk strategy and performance:

- Considers both GHG emissions, risk management and climate-related risks and opportunities, metrics and net-zero strategy

| Audit Committee | Remuneration Committee | Nomination Committee |
|---|---|---|
| • As part of the audit, the SECR table and related disclosures are reviewed.<br>• Internal Audit and compliance reviews.<br>• Policies reviewed. | • Sets climate-related targets for senior employees' remuneration arrangements. | • Considers the range of skills and experience that the Board has and will need. Impacts of climate change are considered as part of the process. |

**Subsidiary boards and divisions consider the necessary steps via working groups and teams.**
**There are structured plans, risk registers and reporting lines for the metrics.**

## Strategy

### A. Climate-related risks identified over the short, medium, and long term:

Alumasc's climate change risk and opportunity analysis continues to evolve. This year we have analysed some of the short and medium-term impacts relevant for our UK operations. In line with TCFD guidance we have identified both transition and physical risks which are relevant for our business over three time horizons (see page 33), as follows:

| Time horizon | Time period | Detail |
|---|---|---|
| Short term | 0–3 years | There is existing climate strategy and legislation for the built environment in place for this time horizon and it aligns with our three-year plans. We develop and sell products to help customers mitigate the most immediate physical impacts. |
| Medium term | 3–10 years | We are planning to align this with our own science-based target data and we look to sell products that have been specified to mitigate some of the foreseen impacts. Further legislation is most likely to introduce new product specifications to reduce the impact within this time horizon. |
| Long term | >10 years | Because longer-term impacts mainly consist of estimated forecasts at a global level we are mapping our strategy to 10+ years rather than out to 2050. Risk mapping to 2050 allows us to consider what risks may arise. However, the full impact is unknown. |

# TCFD continued

## Scenario analysis

Our impacts and risks were assessed using a range of climate change scenarios to test both our strategy and business model under the impact of climate change. We considered climate risks on the scenarios outlined in the table below. We are developing mitigation strategies in response to each risk identified.

The assessment of risk was guided by scenarios discussed with the business and also those available from outside agencies (Met Office UKCP18). We looked at three climate change scenarios, ranging from 1.5°c to 3°c global warming, incorporating both physical climate risks (the direct impacts of climate change on our operations) and transitional climate risks (risks associated with the business transitioning to a low-carbon economy).

For the summary of climate-related material risks and opportunities see below and on www.alumasc.co.uk.

| | | Potential materiality (%) | | | |
|---|---|---|---|---|---|
| | | 2023–30 (short term) | 2031–40 (medium term) | 2041–50 (long term) | Strategic response and mitigations |
| Scenario 1–1.5°C | Some changes have taken place and to achieve this goal there has been an unprecedented change in behaviour.<br>Key risk: Transition.<br>Key opportunity: Support clients to transition. | | | | **Supply chain:** Manufacture of goods within the UK may help customers meet their climate change targets. Near-sourcing of materials may reduce the carbon cost of transportation across the supply chain.<br>**Operations:** Availability of EPDs will allow comparison of the whole-life carbon cost of products and help promote our durable and sustainable ranges.<br>**Customers and markets:** Expected greater demand for lower carbon products from RMI and low-carbon homes and customer engagement is critical. |
| Scenario 1.5–2°C | Some challenges to mitigate.<br>Key risks: Acute physical through supply chain vulnerabilities, power interruptions and flood risk. | | | | Investment in R&D to develop new products and to research new materials for use in the built environment that provide greater climate resilience and/or are more sustainable. |
| Scenario 2–3°C | High degree of challenges to mitigation. | | | | Further development of new products and innovation to provide resilience to cope with the changing environment. Greater challenges to mitigate. |

**Key:** = 25%

Consideration has been given to:

- IEA (the International Energy Agency) scenarios and pathways based on assumptions about how the energy system may be used
- RCP (Representative Concentration Pathways) to assess physical climate risk. There are different degrees of impact under RCP 2.6 and RCP 8.5 and the financial impacts are deemed to be the same
- IPCC (Intergovernmental Panel on Climate Change) provides RCPs that are accepted as reference scenarios that outline potential consequences of climate change

### B. Impact of climate change risks on business, strategy, and financial planning:

We produce sustainable building products that help address and mitigate climate impacts on the built environment, and continually assess our products, supply chains and operations to reduce our impact on the environment as much as possible. To achieve our ambitions, we are committed to reducing GHG and capitalising on product and market opportunities. We are obtaining EPDs for our key products, to provide our customers with the necessary information to calculate their environmental impact, including their embodied carbon. We have science-based targets to help us navigate the journey to net zero, which will be accredited by the SBTi later in the year.

### C. Resilience of strategy, taking into consideration different climate-related scenarios, including 2°C or lower:

We consider that there are no material physical or transition climate risks to our business in the short term (0–3 years) that have not been mitigated in our Business Continuity Plans; only opportunities. Our products combat climate change and our strategy is to champion their use. We produce products that help protect the environment, and improve the climate resilience of the built environment (see pages 6 to 9, and 20 & 21).

We also look to continually develop new products to help our customers manage climate-related risk in the built environment. Our product development activities anticipate future climate-related regulation and the potential for carbon-related regulations.

## Transition risks

| Risk description | Financial driver | Management's response |
|---|---|---|
| **Policy and legal** | | |
| Government drivers for net-zero have effectively established pricing etc. to curb GHG emissions. Increased fuel and energy duties may impact the supply and distribution chain and our manufacturing processes. | Potential increase in cost of sales.<br>**Time horizon:** Short to medium term. | We are reviewing our supply chain, to identify ways to improve its efficiency, while engaging with our supply and distribution chain partners to understand their own net zero plans. Manufacturing efficiency is a key part of our capital expenditure plans, to reduce costs and energy consumption. |
| **Emerging regulations** | | |
| We anticipate increasing focus on the drive to net zero. The UK Government has a net zero target and has prioritised energy transition and net zero policy, with 2050 the deadline for zero carbon electricity and close alignment of carbon taxes and green finance with the EU. | **Time horizon:** Short to medium term.<br>See Strategic Report pages 1 to 52. | We continually innovate to improve the environmental credentials of our product portfolio, and have our own net zero plan which will meet or exceed the UK Government's 2050 target. |
| **Technology** | | |
| The transition to a low carbon culture will mean the adoption of energy-efficient machinery. | Energy and cost efficiency from new equipment.<br>Plans for capital expenditure.<br>See our Strategic Report on pages 8, 11 & 12, 16 to 17, and 46. | We prioritise manufacturing efficiency, and energy consumption is a key factor in our plant replacement and upgrade programmes. |
| **Market** | | |
| Government policies will drive markets to demand more low-carbon products. | Potential for increased sales of sustainable products. | We prioritise the use of recycled materials to manufacture our products, which are durable and low maintenance, decreasing their whole-life energy cost. We engage with our customers and reflect their requirements and climate change drivers in our product development plans. |

## Risk management

Processes for assessing climate-related risk.

### A. Approach for identifying and assessing climate-change-related risks:

Climate-related risk assessment is part of our annual risk review process and Business Continuity Plans. We ask each division to record these risks, together with any actions taken to mitigate their likelihood or impact, and these are reviewed by the divisional Boards and at Group level. With our partners, Green Element, we confirm that we have considered all the factors relating to these risks and to ensure our risk register is kept up to date. We have also looked at the opportunities relating to climate-related risk and consider these in our new product development programmes. Details of our strategy in action can be found on pages 6 to 9. We adopted science-based targets for Scope 1 and 2 GHG reduction in 2023, and are in the process of updating these for the acquisition of ARP, and collating our Scope 3 emissions data. Our net zero targets will be submitted for SBTi accreditation later this year.

### B. Processes for managing climate-related risks:

**Transition risks:** We have, as part of the Energy Saving Opportunities Scheme, identified ways to reduce our GHG emissions, with new machinery, solar panels, renewable energy, and greater use of electric vehicles.

**Physical risks:** Following the quantification of climate-related risk in 2023/24, the risk of flooding and wildfires were also considered. We have considered our products and strategy in light of these potential changes.

# TCFD continued

## C. Processes for identifying and managing climate-related risks are integrated in the organisations overall risk management:

Climate-related risk is our first principal risk (see page 47) and it is integrated into our risk management framework, forming part of the evolving risk landscape along with other key risks.

| Priorities for 2024/25 | How these have been/will be delivered | References |
|---|---|---|
| Review the climate-related risks and integrate the impacts of climate change into our strategy, new product development and financial analyses. | A refresher workshop held and review of the risks has taken place, with follow-up workshops planned during the year. We have integrated our climate-related risks within the Group-wide risk register process. | See page 46. |
| Climate-related scenario risks: Continued review of these with further focus on the acute and chronic physical risks. This will inform the combined risk approach for our new product innovation plans. | We are planning further Sustainability Lead meetings from our businesses and we will be incorporating climate-related risk reporting into our risk management process. Divisional leads have their own committees that are focused on ESG. | See pages 32 and 33. |
| Supply chain resilience: We are training and providing additional know-how on improving resilience and enhancing our supplier questionnaires to evaluate sector exposure and resilience. | Sustainability leads in the business and procurement personnel have joined the Supply Chain School of Sustainability. We are reviewing our supply chains and engaging with our partners to ensure efficiency and to manage emissions. | See page 28. |
| Impact assessments and scenario analysis: These will be further developed in 2024/25. | The impact assessments provide detail of the climate-related risks identified for the business. This will be reviewed again in 2024/25 as part of our Sustainability and reporting plans. | See page 32. |

Metrics and targets:

**A. Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process; and**

**B. Targets used to manage climate-related risks and opportunities and performance against targets.**

We are using metrics and targets to monitor our performance (see pages 19, 74, 78 to 79). The metrics are part of the way we monitor our progress and address climate risk and opportunities for the Group. Our responses are focused on areas where we can have the most impact and be most efficient in our approach to climate-related risks.

| Priorities for 2026 | Our plans |
|---|---|
| Horizon scanning for future risks and opportunities. | We will ensure that our climate-related plans and risks are incorporated into the Board's rolling agenda. Our divisional Board meetings and the information is shared top-down. |
| Metrics and targets. | Our existing science-based targets for Scope 1 and 2 emissions reductions are being revised for the inclusion of ARP, which was acquired during the year. The final data for the full Scope 3 emissions data has been collected and we are in the process of setting reduction targets for all our businesses. Once collated and updated, we will seek SBTi accreditation for our net zero targets. |

# Non-Financial Information Statement

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

| Non-financial information reporting requirement | Development and actions | Further Information |
|---|---|---|
| **Business model** | Sustainability is our focus, our model for products to tackle climate-related risk challenges in the built environment. | Pages 14 to 15 |
| **Description of management of principal risks and impact of business activity** | Full description of key risks and our risk assessment processes.<br>Climate-related risk register has been developed. | Pages 46 to 50<br>See www.alumasc.co.uk |
| **Environmental matters**<br>• Climate change principal risk<br>• Providing sustainable solutions for the built environment | Solutions to help solve environmental challenges of our customers resulting from climate-related change. Seek to reduce emissions with targets for year-on-year reductions. Reductions in material to landfill. | Pages 6 to 9, and 47 |
| **Employees**<br>• Health & Safety, and wellbeing<br>• Engaged, motivated, and diverse workforce<br>• Training and development<br>• Apprenticeships | Focused on the Health & Safety and wellbeing of staff, motivation, and retention. Motivating and making employees feel engaged and promoting a transparent and open culture. Recruiting and retaining a diverse workforce is critical for the Group's sustainability and innovation. | Pages 22 to 25, and 52 |
| **Social and community**<br>• Developing sustainable long-term actions<br>• Brand awareness | As a responsible business, we promote sustainable operations and ensure our operations respect the environment. We encourage employees to raise funds for local groups and charities. | Pages 52, 54, and 55 |
| **Respect for human rights**<br>• Ensuring compliance with legislation and protecting people | The Group does not have a separate human rights policy; however, we have an Anti-slavery and Human Trafficking Policy and this can be found on our website.<br>The Group has a zero-tolerance policy to modern slavery and human trafficking. We provide training to staff to help identify any incidence of forced labour. | See www.alumasc.co.uk<br>Page 24 |
| **Anti-bribery and anti-corruption**<br>• Promoting ethical behaviour | The Group has a zero-tolerance policy for any form of bribery or corruption.<br>The Group's Anti-Fraud Policy was reviewed and updated. | Pages 24 and 73 |

# Operating Segments

# Water Management

**Alumasc Water Management Solutions (AWMS) delivers integrated water management solutions for a sustainable future. Alumasc has been promoting the efficient use, retention, recycling and disposal of water for over 90 years.**

Under the AWMS banner, customers benefit from rainwater and drainage products that capture, retain and control the flow of rainwater in the most effective way inside and outside buildings from origination source to water course, sewer or ground. We are building on our methods, processes and delivery with the acquisition of ARP Group.

### Growth drivers

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

### Operations and supply chain

- UK in-house manufacture
- Worldwide supply chain, including suppliers in Europe and North America
- Supply chain efficiencies

### Routes to market

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

### Opportunities and potential

- Outperformance of the UK construction market through continued market share gain and introduction of new products and systems
- Development of products and opportunities for a sustainable future
- Increase divisional export sales with focus on systems using Gatic and Wade products
- Grow operating margins through new product introductions, improving customer service and operational efficiency
- Selective bolt-on acquisitions that provide synergies, new products and access to new channels

**I am delighted that ARP Group have joined Alumasc and are now part of the Water Management Division.**

**Paul Hooper**
Chief Executive and Water Management Divisional Managing Director

## Financial highlights 2023/24

**Revenue**
# £48.3m
2022/23: £39.8m

**Underlying operating margin***
# 15.8%
2022/23: 14.5%

**Underlying operating profit***
# £7.6m
2022/23: £5.8m

**Operating profit**
# £6.8m
2022/23: £5.6m

* Prior to restructuring costs of £0.6 million (2022/23: £0.1 million) and acquired IA amortisation charges of £0.2 million (2022/23: £0.1 million).


Alumasc in action:

# Alumasc Skyline and Rainwater package specified at Weston-Super-Mare Hospital

Weston General is part of the University Hospitals Bristol and Weston NHS Foundation Trust (UHBW). It is located in the Uphill area of North Somerset, serving a resident population of around 212,000, and over 3 million visiting tourists every year. The 1980s building has benefited from a recent period of updating, which included replacement of the existing rainwater drainage system, fascia sub-frame and soffit panelling, around the entire perimeter of the hospital and its seven internal courtyards.

Project architect, Sandy Murray, of Bristol-based practice Stretto Architects, was tasked with specifying the replacement system, which not only had to match the existing fascia soffit system visually, but also needed to outperform it in terms of rainwater capacity. A number of bespoke elements would be required in order to meet the building's exacting specification and it was imperative that optimum results were achieved within strict timescales and budgets.

The Skyline fascias were supplied polyester powder coated in brown, and the soffits in white. They were combined with Alumasc Rainwater bespoke aluminium box gutter and Flushjoint downpipes in white. In total, a whole kilometre of product was installed around the building envelope, resulting in a comprehensive rainwater drainage solution more than capable of withstanding the daily rigours presented by Weston General.

Alumasc's Technical Support Team provided a comprehensive design service, including full site layouts, sectional drawings and take-off schedules, rainwater flow and outlet/gutter calculations, and site surveys involving prototype product installation and assistance with technical detailing for the structural interfaces. The team also worked closely with the installing contractor Creative Construction, to provide all necessary training and assessment, ensuring strict quality and legislative standards were achieved.

**Sandy Murray comments:**
*"A good working relationship was fostered between the UHBW NHS Foundation Trust, Stretto Architects, Creative Construction and Alumasc, which meant any issues arising on site were resolved expediently."*

He concludes: *"The final result is that the products look great! The whole hospital has been given a refreshed and renewed appearance, which will serve the building, its staff and visitors well into the future."*

# Operating Segments continued

## Building Envelope

**Following another successful and record year for the Roofing business, we have set our focus on the challenges set by new legislation to ensure that not only do we meet and surpass the required criteria, but that we continue to develop our solutions to provide our client base with systems that not only provide basic functionality but also contribute to significant carbon reduction, use of recycled materials that are the best in industry class and justify long-term beneficial life cost analysis.**

Further new systems development and entering new markets for the business is crucial in continuing our success and with this aim in mind we have enhanced our energy saving and power generation while using the fifth elevation to create work and lifestyle spaces that are sustainable and environmentally friendly. Early indications support this new market entry with significant enquiries registered from new clients.

The business has also noticed a strong uptake from readily recognised multi-property owners. We continue to develop our sales and technical expertise and combine this with very capable trainees through our apprenticeship schemes.

Additions to our liquid systems offers and a new entry into metal cladding has also witnessed stronger uptake from both our customer and client bases.

This forthcoming year will see us continue to take defined market share whilst maximising the potential gleaned from new markets and clients as we continue to develop our staff capabilities and strengthen our technical expertise.

### Growth drivers

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

### Operations and supply chain

- Partial UK manufacture providing fabrication, assembly and finishing operations
- Diversified specialist supply chain of mainly UK and European-based suppliers
- Efficient warehousing

### Routes to market

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

### Opportunities and potential

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

**"A strategic focus on developing new and improved systems which enhance sustainability is helping the division to grow its market share.**

**Gilbert Jackson**
Executive Director and Building Envelope Divisional Managing Director

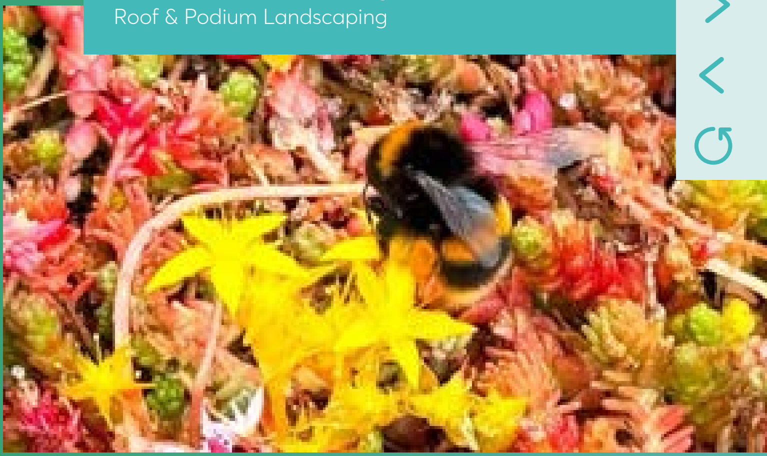
### Financial highlights 2023/24

| Revenue | Underlying operating profit* | Underlying operating margin* | Operating profit |
|---|---|---|---|
| £37.6m | £4.6m | 12.3% | £4.6m |
| 2022/23: £34.6m | 2022/23: £4.1m | 2022/23: 11.8% | 2022/23: £4.1m |

* No adjustments in 2023/24 or 2022/23.

**PROJECT:** Bonnington Road, Edinburgh

**PRODUCT:** Alumasc Roofing and Blackdown Roof & Podium Landscaping



**Alumasc in action:**

# Development of new products in the Building Envelope division

## Overview

Located on the east of Bonnington Road Lane and west of Anderson Place, the site sits within a wider area of mixed industrial uses which is undergoing significant change.

The BTR development included 464 apartments in a mix of studios, one-bedroom, two-bedroom, and three-bedroom apartments: with areas of communal amenity, a variety of external communal spaces at ground level, as well as landscaped roof terraces across the development.

Private open space was provided in high-quality spaces of soft and hard landscape consisting of three courtyards, the woodland ecological area, and three roof terraces.

## Brief

Our longstanding partnership with Graham Construction led them to enlist the expertise of the Alumasc team for this 9,800m$^2$ proposal.

The client specifically sought a lifecycle solution to fulfil specified BREEAM and BNG targets, with achieving fire classification BROOF (t4) being of utmost importance. Robust technical support meetings were organised to help Alumasc understand the project scope and tailor a solution within the client's predetermined budget and to ensure development adhered to an all-PV scheme, in line with The City of Edinburgh Council's ambitious plan to achieve a net zero city by 2030.

## Solution

The project demanded a design-driven strategy for the roofing structure, prompting us to integrate various systems from our range seamlessly as a single-source supplier. These products not only met but surpassed the client's expectations in every aspect of fulfilling the brief.

Alkorplan pitched roofs with PIR insulation and standing seams provided a high-performance solution for a 1,200m$^2$ roof area. These roofs, combining the durability of Alkorplan membranes with the thermal efficiency of PIR insulation, offer excellent weather protection and reduced heat loss. The standing seam design enhances structural integrity and aesthetics, ideal for residential applications, ensuring longevity and energy savings.

Euroroof Premium covers 4,200m$^2$ of space, integrating Alumasc Mineral Wool Insulation for exceptional thermal performance and fire safety. Designed for both new builds and refurbishments, this system ensures year-round comfort and mitigates fire risks, meeting modern construction demands. In addition, the product is fully recyclable at the end of the lifecycle of the building. An olivine mineral finish captures carbon from the atmosphere.

Incorporating 4,600m$^2$ of Blackdown green roof with NatureMat finishes enhanced the aesthetics of the structure and promoted environmental sustainability by providing natural habitats and stormwater management. Derbigum Anti-Root warm roofs with Alumasc Mineral Wool Insulation offers durability, energy efficiency, and ecological benefits, suitable for this ecozconscious project.

This solution purifies the air, reduces ambient temperature, regulates indoor temperature, and saves energy, and with a life expectancy of 50 years, it offers a true lifecycle.

Alumasc ProSolar lightweight PV panel supports provided an innovative solution for solar panel installation on the 4,200m$^2$ roof, eliminating the need for heavy ballast.

## Teamwork

For over a decade, the enduring collaboration among Graham Construction, Tandragee Roofing, and Alumasc Roofing has fostered a seamless relationship, ensuring the successful delivery of projects from inception to completion.

The Alumasc team played a pivotal role throughout the project's lifecycle, actively participating in initial design discussions, offering valuable insights, and providing support from concept development to completion.

Tandragee Roofing's involvement enriched the project further by offering craftsmanship and work ethics contributing to the overall excellence of the delivered outcome.

## Revolutionising the industry

As one of the most vibrant cities in Europe we are incredibly proud to be involved with this project to enhance the popular Bonnington district, continuing the regeneration of the area, which prioritises sustainability and the resident experience, making the area one of the most sought-after locations in Edinburgh.

# Operating Segments continued

## Housebuilding Products

Timloc Building Products' ability to deliver products next day with low carriage paid order values is what sets them apart from competitors and has enabled them to become market leaders within their sector. Timloc is also at the forefront of sustainability within their industry.

Timloc manufactures multiple-use products that are designed for the lifespan of a building and are recyclable at the end of the building life. Currently 75% of Timloc products are manufactured from recycled materials.

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

Timloc's continued innovation and development has seen the introduction of various products to market over the last 12 months, including the continued expansion of the Inventive range of roof tile and slate vents and the Roofline range to include soakers and additional verges.

### Opportunities and potential

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

### Growth drivers

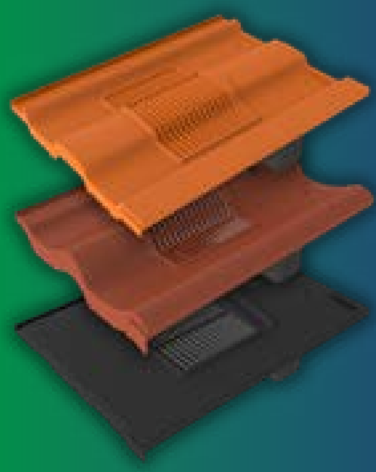
- Growth in UK housebuilding demand and current under-supply of houses
- Legislation and building regulations
- Ease of construction

### Operations and supply chain

- Nearly all in-house manufacture

### Routes to market

- Merchants and distributors
- House builder specification



WE ARE A $CO_2$ NEUTRAL MANUFACTURER

### Financial highlights 2023/24

**Revenue**
£14.8m
2022/23: £14.7m

**Underlying operating margin***
25.3%
2022/23: 23.9%

**Underlying operating profit***
£3.8m
2022/23: £3.5m

**Operating profit**
£3.8m
2022/23: £3.3m

* Prior to restructuring costs of £0.2 million in 2022/23.

**To increase both sales and profit in a challenging market shows great resilience. With the continued introduction of new sustainable building products and industry-leading next-day service Timloc will be very well positioned when the housebuilding sector starts to recover.**

**Michael Leaf**
Executive Director and Housebuilding Products Divisional Managing Director

Financial Review

# Sustainable growth opportunities

> Our strong financial performance allowed ongoing investments in growth, capability and efficiency.

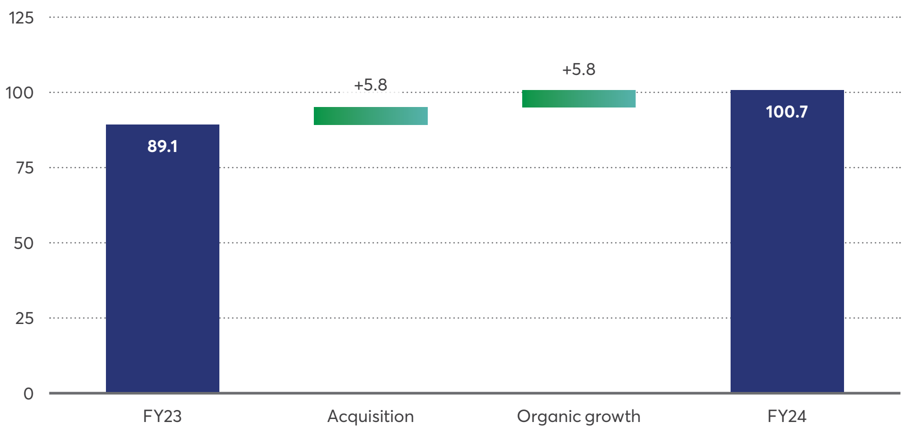
**Simon Dray**
Group Finance Director

## Performance (continuing operations)

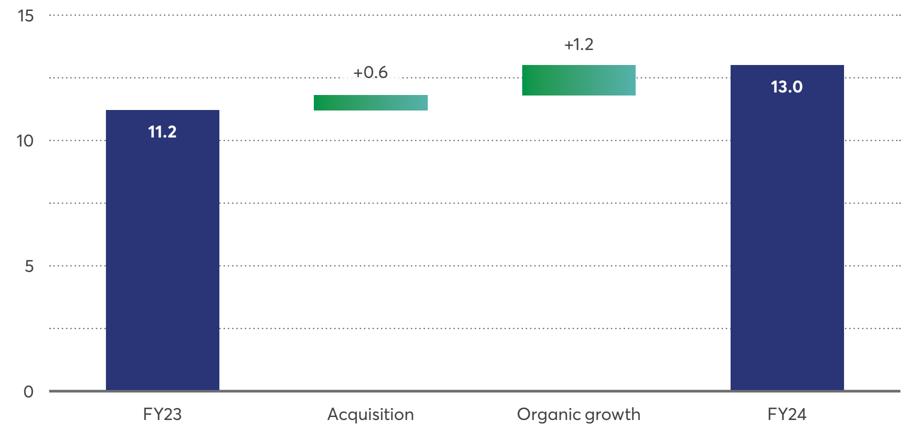
The Group delivered a strong financial performance in FY24, despite continued macro-economic uncertainty and demand headwinds in the majority of its commercial markets, reflecting the strength of the Group's sustainable product portfolio, its consistent focus on strategic execution and ongoing investments in growth, capability and efficiency.

### Strong organic and inorganic growth

Revenue bridge – continuing operations




Underlying PBT* bridge – continuing operations



Group revenue was £100.7 million, 13.0% higher than 2022/23 (£89.1 million). This comprised 6.5% from organic growth and a 6.5% contribution from ARP, which was acquired at the end of December 2023. Year-on-year net inflationary price changes were negligible.

Gross profit was £38.3 million (2022/23: £32.7 million), with gross margin 130 basis points ahead at 38.0% (2022/23: 36.7%). Commodity raw material cost prices were broadly stable over the year, although labour costs remain high, and prices continued to rise for some specialist materials; and the increase reflects the Group's active and disciplined management of prices and costs.

Underlying operating profit* was £14.2 million (2022/23: £12.1 million), representing an underlying operating margin of 14.1%, a 50 basis point improvement on the prior year (2022/23: 13.6%). The Group aims to grow revenues while strengthening margins, and this year represents further progress towards its medium-term 15%–20% operating margin target range.

Underlying profit before tax grew by 16.1% to £13.0 million (2022/23: £11.2 million). ARP contributed 5.1% (£0.6 million) of the increase, after interest charges on the acquisition consideration. Organic growth was 11.0%.

Statutory profit before tax from continuing operations – calculated after deduction of non-underlying items – was £11.7 million (2022/23: £10.5 million).

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

## Non-underlying items

The Board reports underlying profit and underlying earnings as an alternative performance measure, for internal performance analysis, planning and employee compensation arrangements. This measure excludes certain items such as amortisation of acquired intangible assets, pension scheme finance costs, acquisition expenses and restructuring costs, which are non-trading and/or exceptional by their size and incidence. The non-underlying items in the current and prior financial year were:

| £m | FY24 | FY23 |
|---|---|---|
| Amortisation of acquired intangible assets | **0.2** | 0.1 |
| Restructuring costs | **0.5** | 0.3 |
| Acquisition expenses | **0.3** | 0.2 |
| Non-underlying operating expenses | **1.0** | 0.6 |
| IAS 19 pension scheme finance costs | **0.2** | 0.1 |
| Non-underlying finance costs | **0.2** | 0.1 |
| Total non-underlying items | **1.2** | 0.7 |

- Amortisation of acquired intangible assets of £0.2 million (2022/23: £0.1 million) is a non-cash charge arising from the application of accounting standards, to write off the estimated value of brands and other intangibles associated with acquired businesses over their estimated useful life.
- Current year restructuring costs of £0.5 million were incurred in reorganising the Water Management division's sales and commercial teams (£0.2 million) and in the planned closure of the division's Dover site and relocation of its operations to Halstead (£0.3 million). The £0.3 million charge in the prior year charge relates mainly to the resolution of a commercial dispute.
- Acquisition expenses of £0.3 million (2022/23: £0.2 million) relate primarily to the acquisition of ARP, completed in December 2023.
- IAS 19 pension scheme finance costs of £0.2 million (2022/23: £0.1 million) are non-cash charges related to the Group's legacy defined benefit scheme, and are calculated by actuaries to reflect the notional financing cost of the Group's pension deficit.

## Taxation

The Group's underlying effective tax rate was 25.5% (2022/23: 20.0%), compared to the average UK corporation tax rate for the year of 25.0% (2022/23: 20.5%). The Group's effective tax rate varies in line with the UK tax rate and the balance of available reliefs, non-taxable income and expenses. The Group's underlying effective tax rate for FY25 is expected to be around 25.4%.

The Group's effective tax rate on statutory profit before tax was 25.5% (2022/23: 24.9%). A reconciliation of this rate to the average UK corporation tax rate for the year is included in note 7.

## Earnings per share

Basic earnings per share from continuing operations was 24.3p (2022/23: 23.3p), and underlying earnings per share from continuing operations was 26.9p (2022/23: 25.0p) (note 12).

# Financial Review continued

## Dividends

The Board has recommended to shareholders a final dividend of 7.3p pence per share (2022/23: 6.9 pence), which will absorb an estimated £2.6 million of shareholders' funds. This has not been accrued in these accounts as it was proposed after the end of the financial year. Subject to shareholder approval at the Annual General Meeting on 24 October 2024, it will be paid on 1 November 2024 to members on the share register on 27 September 2024.

Together with the interim dividend of 3.45 pence per share (2022/23: 3.40 pence) paid to shareholders on 8 April 2024, this will bring the total distribution for the year to 10.75 pence per share (2022/23: 10.3 pence), which is covered 2.5 times (2022/23: 2.4 times) by underlying earnings per share. This is consistent with our medium-term dividend cover objective of 2.5 to 3 times.

## Cash flows and net debt

### Underlying operating cash flow

| £m | FY24 | FY23 |
|---|---|---|
| Underlying operating profit | **14.2** | 12.1 |
| Depreciation and underlying amortisation | **2.9** | 2.9 |
| Share-based payments | **0.3** | 0.2 |
| Working capital movements | **0.9** | (0.9) |
| Underlying operating cash flow | **18.3** | 14.3 |
| Pension deficit funding | **(1.2)** | (1.6) |
| Cash generated by underlying operating activities | **17.1** | 12.7 |
| *Operating cash conversion* | ***120%*** | *105%* |
| Non-underlying cash flows | **(0.9)** | (0.5) |
| Cash generated by operating activities | **16.2** | 12.2 |

Cash generated by underlying operating activities – before non-underlying cash flows – was £17.0 million, £4.4 million higher than the prior year (2022/23: £12.6 million), representing 120% (2022/23: 105%) of underlying operating profit, against a Group target of at least 100%.

The challenges of volume growth, and some disruption to global supply chains from the Red Sea crisis, were well managed, and there was a £0.9 million inflow from working capital in the year (2022/23: £0.9 million outflow). Annual pension payments of £1.2 million (2022/23: £1.6 million) reflected the reduction in contributions from October 2022 agreed with the Trustees.

Cash outflows in respect of non-underlying items were £0.9 million (2022/23: £0.5 million).

### Movement in net bank debt

| £m | FY24 | FY23 |
|---|---|---|
| Cash generated by operating activities | **16.2** | 12.2 |
| Capital expenditure | **(3.6)** | (2.7) |
| Interest | **(1.1)** | (0.8) |
| Tax | **(2.1)** | (0.5) |
| Lease principal repaid | **(0.8)** | (0.8) |
| Other cash flows | **(0.3)** | (0.1) |
| Free cash flow | **8.3** | 7.3 |
| Acquisition of businesses (including cash acquired) | **(8.5)** | – |
| Disposal of businesses (including cash disposed) | **–** | (1.7) |
| Purchase of own shares | **(0.5)** | (0.1) |
| Dividend payments | **(3.7)** | (3.6) |
| (Increase)/decrease in net bank debt | **(4.4)** | 1.9 |

Capital expenditure was £3.6 million (2022/23: £2.7 million), representing 124% (2022/23: 93%) of depreciation/amortisation. This higher-than-usual spend supported important strategic initiatives, including:

- £2.3 million of machinery, tooling and building work at the Group's site in Halstead, Essex, to allow relocation of access cover manufacturing from Dover, and automation of the currently largely manual process; and
- £0.4 million to update the Enterprise Resource Planning (ERP) software used at the Group's sites in Burton Latimer, Northants and St Helens, Merseyside. Five of the Group's seven sites – representing over 80% of Group revenues – have now upgraded to the Group's common ERP platform, strengthening the internal control environment while allowing improved efficiency and better data to support sales, customer service and commercial decision-making. The remaining sites will be upgraded to the new system over the next two years.

Interest payments of £1.1 million (2022/23: £0.8 million) increased due to the higher debt following the acquisition of ARP.

Tax payments were £2.1 million, £1.6 million higher than the prior year (2022/23: £0.5 million), due to the benefit in the prior year from super-deductions on capital allowances.

After repayment of £0.8 million (2022/23: £0.8 million) lease liabilities and other payments of £0.3 million (2022/23: £0.1 million), free cash flow was £8.3 million (2022/23: £7.3 million).

The net cash paid for the ARP acquisition, including cash acquired, net debt and working capital adjustments, and the first earn-out payment, was £8.5 million in the year (2022/23: £nil). The final £0.75 million earn-out payment – payable in January 2025, subject to ARP achieving certain financial performance targets in the year to November 2024 – has been accrued in full. There was a £1.7 million cash outflow in the prior year on the disposal of Levolux.

Cash paid to acquire shares in the Group, to fulfil the vesting of employee share options, totalled £0.5 million (2022/23: £0.1 million); and dividend payments in the year were £3.7 million (2022/23: £3.6 million).

The net increase in debt in the year was £4.4 million (2022/23: £1.9 million reduction).

### Net debt

| £m | FY24 | FY23 |
|---|---|---|
| Net bank debt | **7.2** | 2.8 |
| IFRS 16 lease liabilities | **5.9** | 5.3 |
| Total (IFRS 16) debt | **13.1** | 8.1 |

Net bank debt at 30 June 2024, on which the Group's banking covenants are based, was £7.2 million (2023: £2.8 million). Total debt, including lease liabilities, was £13.1 million (2023: £8.1 million).

## Financial position

Group net assets at 30 June 2024 were £33.5 million (2023: £25.7 million).

### Pensions

The Group accounts for its legacy defined benefit pension retirement obligations in accordance with IAS 19 Employee Benefits, based on the market value of scheme assets and a valuation of scheme liabilities using a discount rate based on AA-rated corporate bond yields at year end. Mortality and inflation rates assumptions have been aligned with updated actuarial information. The IAS 19 defined benefit scheme net surplus at 30 June 2024, before deferred taxes, was £0.8 million (2023: £4.3 million deficit). Investment gains increased scheme assets by £3.1 million to £74.6 million, and scheme liabilities decreased by £2.0 million. The scheme surplus has been recognised on the Group balance sheet, as the Group has an unconditional right to recover any surplus on settlement of the scheme's liabilities.

The contribution rate is agreed with the Trustees based on actuarial valuations rather than the IAS 19 deficit. Following the triennial review in March 2022, the Group agreed to reduce its annual contributions to £1.2 million from October 2022. The Group's initial objective is to enable the scheme to reach a position of low dependency (where the scheme is expected to be able to meet its future liabilities using prudent investment assumptions, with a low likelihood of requiring further deficit repair contributions from the Group) over a reasonable timescale.

### Banking facilities and covenants

The Group's treasury function aims to ensure the availability of sufficient liquidity to meet the Group's operational and strategic needs, at optimal cost. The Group projects facility utilisation and compliance with the associated covenants during its short-term forecasting, annual budgeting and strategic planning exercises, to ensure adequate headroom is maintained, taking account of the Group's expected performance and investment plans.

At 30 June 2024, the Group's banking facilities comprised:

- An unsecured committed £25.0 million revolving credit facility, which expires in August 2026 with a one-year extension option. The Group exercised this option in August 2024, extending the facility expiry to August 2027;
- An uncommitted £20.0 million accordion facility, which would allow the Group to increase its revolving credit facility to £45.0 million if exercised and approved; and
- Overdraft facilities, repayable on demand, of £4.0 million.

Facility headroom at 30 June 2024 was £17.7 million (2023: £22.1 million).

The covenants associated with these facilities are set out below, together with the reported figures at 30 June 2024 and 2023:

| | | 30 June | |
|---|---|---|---|
| | Covenant | 2024 | 2023 |
| Net debt: EBITDA | <2.5 | **0.5** | 0.2 |
| Interest cover | >3.5 | **15.6** | 18.9 |

### Return on investment

The Group defines its invested capital as shareholders' funds, including historic goodwill but excluding net bank debt, pension deficit (net of tax) and lease liabilities. The Group's post-tax return on invested capital (underlying operating profit after tax, divided by invested capital) was 26.0% (2022/23: 26.1%), substantially in excess of the Group's weighted average cost of capital, which the Group estimates to be circa 11%.

## Capital structure and capital allocation

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

- Maintaining debt at a prudent level, with a gearing ratio (net debt to EBITDA) below 1.5x, while:
- Investing in organic growth, principally through capital expenditure and investment in organisational capabilities, particularly in research and development, manufacturing capacity and efficiency, and sales, customer support and marketing resources;
- Providing regular returns to shareholders through a progressive dividend policy, which aims to increase dividends broadly in line with earnings, while maintaining a prudent level of cover; and
- Investing in inorganic growth, identifying bolt-on acquisition targets in current or adjacent markets, which complement the Group's existing businesses and deliver synergies.

**Simon Dray**
**Group Finance Director**

3 September 2024

# Risk Management

## Alumasc's risk management process

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

## Risk appetite

Although some risk is inherent in doing business, Alumasc's risk appetite reflects the amount of risk that the Board is prepared to accept to achieve our strategic goals. The business recognises, discusses, and agrees the amount of strategic risk that it is prepared to take to achieve its strategic goals. Risk mitigation and avoidance strategies are put in place to minimise any impacts from those risks should they arise. Insurance is maintained to pass risk on to third parties. The recognition of risk and its impact is part of the decision-making process. Risk registers are also used as part of contract and project management.

## Risk identification

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

The Board formally reviews the risk register and considers any material changes and the related changes to mitigations or controls. In addition, any accidents, or significant commercial, financial, or regulatory matters are reported to the Board as they arise. In addition, the Board timetable has extra agenda time for a deeper understanding of risk. Each business item may have a risk element, and this is considered at every Board meeting.

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

## Climate-related risk

As part of our approach to manage climate change risks, Alumasc is using its risk framework in order to shape its environmental response internally and to consider market impacts that has implication for new product development. Alumasc has as part of its approach already used its disclosures and data collection to help shape its policy as part of TCFD. We use the following information and report further on pages 30 to 34.

Climate change risks (see page 33) are considered with our divisions as part of their risk process. We run meetings with the business to consider climate-related change risk; we also have moderation and advice from our advisers, Green Element.

- During the year, we considered climate-related risk and have prepared a summary risk register on pages 31 to 34 and see www.alumasc.co.uk. We will during 2024/25 further develop our approach in order to assimilate our climate-related risk reporting as part of our risk management process.
- For greenhouse gas emissions on Scope 1, 2 and 3, the data reported has been verified by Green Element; this information has to date informed our policy of using 100% renewable energy and helped us to consider future policies, including our fleet moving to electric vehicles and to use low emission suppliers (where possible) (see our Sustainability Report on pages 18 to 29 and our SECR report on page 27).
- Senior leadership, including Executive Directors, have considered climate change and governance is in place via our subsidiaries and divisional management and The Alumasc Group plc Board.
- Scenarios developed in workshops, to cover buildings, weather and other implications resulting from climate change (see page 32 in the TCFD section).

## Emerging risks

These are considered by the Executive Directors and the subsidiary boards, and local management teams, and with professionals on the leadership teams who can consider emerging risks that could potentially adversely impact the business or its stakeholders; steps are taken to mitigate these emerging risks as appropriate. As part of the process, the leadership and management have contact with customers and suppliers. During 2024, we enhanced our risk reporting process to include climate-related risk both in divisional risk registers and business continuity plans.

Our risk process is as follows:

### 1. Identification (by the local management teams)

- Each risk from the prior year is reviewed to see if it is still valid or requires updating
- Emerging risks analysed
- Major regulatory changes – new plans and initiatives
- Complex processes considered
- The external environment

### 2. Discussion at subsidiary and Group boards

- Registers are reviewed with Management and Leadership teams

### 3. Prioritisation

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

### 4. Mitigation process

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

### 5. Mitigation actions

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

See Principal Risks and Uncertainties on pages 47 to 50 and our Audit Committee Report on pages 70 to 73 for more detail on our approach.

# Principal Risks and Uncertainties

**Key for change since last year**

▲ Increased ▼ Decreased ◀▶ No change

| Risks and uncertainties | Mitigating actions taken | Change |
|---|---|---|
| **Climate change**<br>**Risk/impact**<br>Potential to impact our supply chain and increase volatility in the prices of raw materials, and other supplies.<br>Sudden climate change events, such as increased severe weather conditions and storms, could impact our supply chains and shipments, and business processes.<br>Regulations increasing costs could be imposed on manufacturing, certain processes, fuels/goods used, impacting prices for products that customers require. | • Improving partnerships and relationships in our supply chain to combat disruption and potential price increases<br>• Greater resilience and reduced direct shipment costs by using suppliers from different geographical locations<br>• Ensuring suppliers and logistics partners understand the risks of climate change<br>• Strategic buying of core products and careful stocking<br>• Development of targets for reducing our Scope 1, 2 and 3 greenhouse gas emissions<br>• Investment in new technology to manufacture new products to address the needs of climate change, with improved energy efficiency<br>• Our strategy includes helping customers address climate change, by selling and creating innovative products with sustainable qualities and eco-friendly credentials. Our products have energy saving and low carbon qualities that can be part of low carbon and net zero solutions<br>• Providing environmental data for our customers, employees, investors and stakeholders and developing End Producer Declarations for Alumasc-manufactured products<br>• Greater use of electric vehicles | ▲ |
| **Geopolitical and macroeconomic uncertainty and conflict**<br>**Risk/impact**<br>Macroeconomic uncertainty triggered by invasion, war, and conflicts on a global basis and global geopolitical uncertainty causing economic risk.<br>Inflationary pressures on raw material, energy supplies and services, pay and other costs could impact our strategic ambition to increase organic growth. | • Strategic positioning in export markets/sectors anticipated to grow faster than the UK construction market<br>• Constantly seeking new markets and receiving revenues from a variety of end-use construction markets – thus providing resilience<br>• Development of added value systems and solutions that are underpinned by legislation, building regulation and/or specified by architects and engineers<br>• Continuous development and introduction of innovative green products, systems, solutions, and services that are market leading and differentiated against the competition. The strength of our products and our specialist sales force, and our increased export sales help us outperform against difficult market conditions<br>• Increasing supply chain flexibility<br>• Limited exposure to currency risk, mainly the euro and US dollar. These exposures are for the most part hedged, with hedging percentages increased to manage potential foreign exchange volatility<br>• Robust management has ensured cost increases are passed on to customers | ▲ |
| **Supply chain/inflation**<br>**Risk/impact**<br>International supply chain risks increased following the pandemic and significant geopolitical uncertainty due to international tension and conflicts. The residual issue is price inflation, skilled staff shortages, increased tariffs/duties, post-Brexit risks in the EU and geopolitical uncertainty following the wars/conflicts in Ukraine and the Middle East. | • Annual strategic reviews, including supplier, quality, reliability, and sustainability<br>• Brand and product strength has allowed cost increases to be largely recovered through higher prices<br>• Regular key supplier visits, good relationships maintained including quality control reviews and training. Opportunity to integrate/use/adopt cost efficient supply chains and raw material procurement from ARP Group Holdings Ltd (acquired December 2023)<br>• Supply chain flexibility to avoid strategic dependence on single sources of supply<br>• Supplier questionnaires and export checks are completed to ensure compliance with Group policies, including anti-bribery, anti-modern slavery and ESG<br>• Training provided on customs duties, particularly on managing evolving arrangements post Brexit<br>• In part offset by product innovation and increasing market share for these new products | ◀▶ |

# Principal Risks and Uncertainties continued

| Risks and uncertainties | Mitigating actions taken | Change |
|---|---|---|
| **Cyber security and business interruption**<br>**Risk/impact**<br>Cyber security risks and business interruption risks are increasing globally.<br>The risk of a cyber threat from increased failure and/or ICT cyber-crime could cause interruption or loss of sales, market share and potentially damage our reputation for a reliable service. | • IT disaster recovery plans are in place for all businesses and tested regularly<br>• Awareness training and management briefings held on cyber security risks and actions taken as preventative measures<br>• New security protocols and software are installed and continually updated to mitigate evolving cyber threats<br>• Cyber security reviews are conducted on a regular basis with our security partners<br>• Critical plant and equipment are identified, with associated breakdown/recovery plans in place<br>• Employee awareness of potential risks are mitigated through cyber security training and our layered system of network security against cyber-attacks and/or security breaches. Our infrastructure is always being reviewed<br>• Further systems are being implemented to improve resilience, support growth plans and drive efficiency. Implementation risks are mitigated via the use of third parties, qualified project managers, and increased user testing | |
| **Credit risk**<br>**Risk/impact**<br>The risk is that credit is extended, and customers are unable to settle invoices. The Group manages credit risks, and the contribution from the UK Government Export Credit Scheme for overseas opportunities has supported export opportunities. | • Most credit risks are insured<br>• Large export contracts are backed by letters of credit, performance bonds, guarantees or similar, where possible<br>• Any risks taken above insured limits are subject to strict delegated authority limits<br>• Credit checks performed when accepting new customers/new work<br>• The Group employs experienced credit controllers and aged debt reports are reviewed at monthly subsidiary Board meetings | |
| **Health & Safety risks**<br>**Risk/impact**<br>Health & Safety incident/ injury could occur despite a strong culture and previous performance. Consequential reputational risk and legal costs. | • Health & Safety and the wellbeing of staff is a core value of management and the first Board agenda item<br>• Health & Safety commitment communicated to all levels of the business<br>• Risk assessments are carried out and safe systems of work documented and communicated<br>• Near-miss reporting and remediation is conducted at all sites<br>• All safety incidents and significant near misses are reported at Board level monthly, with appropriate remedial action taken<br>• Group Health & Safety best practice days are held twice a year, chaired by the Chief Executive<br>• Annual external audits of Health & Safety are conducted in all Group businesses by independent consultants and other specialist advisers<br>• Health & Safety training is provided, and implementation is monitored, there has been a focus on increasing the number of staff being trained in Health & Safety across the business<br>• Specific focus on improving safety of higher-risk operations, with external consultancy support as needed | |

**Key for change since last year**

▲ Increased ▼ Decreased ◀▶ No change

| Risks and uncertainties | Mitigating actions taken | Change |
|---|---|---|
| **Staff recruitment and retention risks**<br>**Risk/impact**<br>Potential lack of skilled employees and skilled people being available for recruitment and risk of loss due to wage inflation and the cost-of-living crisis impacting staff. Risk of not being able to take on/retain key skilled staff. | • Remuneration packages are appropriate to the position: staff are encouraged and supported to grow their careers through training and development<br>• Remuneration Committee considers retention and motivation when considering the remuneration framework<br>• Board and Executive Committee focus on staff retention and reward, supported by HR and external advice<br>• Employee numbers and changes monitored in monthly subsidiary Board meetings<br>• Competitive salaries offered, along with training and development opportunities<br>• Retention plans for key, high-performing, and high-potential employees<br>• Succession planning for key roles | ◀▶ |
| **Product/service differentiation relative to competition not developed or maintained**<br>**Risk/impact**<br>Failure to innovate. New products are required to grow and maintain competitive advantage. | • A devolved operating model with both Group and local management responsible for developing a deep knowledge of our specialist markets and identifying opportunities and emerging market trends<br>• Innovation best practice is planned at Group level and carried out more regularly in each business. New product ideas are discussed as part of the businesses' strategy<br>• Annual Group strategy meetings encourage innovation and 'blue sky' thinking<br>• New product introduction/development KPI used to monitor progress<br>• Monitoring the market for potentially new and/or disruptive technologies<br>• Customer feedback considered in the design and/or supply of additional products and services<br>• Devolved structure allows an agile approach to business and an ability to meet increasing demand for products<br>• Employed new product managers to help identify gaps in the market and to ensure we have a leading-edge portfolio of products and services | ◀▶ |
| **Loss of key customers**<br>**Risk/impact**<br>The risk is the loss of markets or customers. Risk of loss of customers to competitors, project delays and reduced spending.<br>Any deterioration of relationships with customers could adversely impact our revenue and impact our organic growth ambitions. | • We have strong established brands that are recognised and specified by our customers<br>• Cross-selling of products encouraged to grow revenues, and to introduce customers to all our product ranges<br>• Develop and maintain strong customer relationships through service excellence and dedicated account management<br>• Product, system, and service differentiation and reliability<br>• Project tracking and enquiry/quote conversion rate KPI<br>• Continued investment in customer relationship management (CRM) software<br>• Organisational and business agility to understand and adapt to changing and emerging customer needs<br>• Developing new products for new customers/markets<br>• Outstanding service and innovative products protect and help to retain customers<br>• The Group operates credit insurance to cover the potential impact of bad debts. Service and client relationships also need to be maintained to retain and grow the business | ◀▶ |

# Principal Risks and Uncertainties continued

**Key for change since last year**

▲ Increased ▼ Decreased ◀▶ No change

| Risks and uncertainties | Mitigating actions taken | Change |
| --- | --- | --- |
| **Legacy defined benefit pension obligations**<br>**Risk/impact**<br>The long-term funding of the pension scheme removes funds that would otherwise be re-invested to grow the business. The funding may be affected by poor investment performance of the pension scheme investments or changes in the discount rate applied. | • Continue to grow the business so that the relative affordability of pension deficit contributions is improved over time<br>• Continue to maintain constructive relationship with Pension Trustees to enable active management of scheme liabilities and assets to reduce/eliminate the deficit<br>• Affordable pension funding commitments agreed to eliminate the deficit over a reasonable timeframe<br>• Regular review at Group Board level<br>• Use of specialist advisers<br>• Investment performance and risk/return balance overseen by an Investment Committee that receives specialist investment advice<br>• The Trustees are pursuing a lower risk investment strategy to match liability risks and reduce future volatility | ▼ |
| **Product warranty/ recall risks**<br>**Risk/impact**<br>Risk is one of product recall with subsequent cost and reputational risks; however, the Group does not have a history of significant warranty claims or product recalls. | • Robust internal quality systems, compliance with relevant legislation, building regulations and industry standards (e.g., ISO, BBA etc.), and product testing, as appropriate, meeting global standards<br>• Group insurance programme to cover larger potential risks<br>• Back-to-back warranties obtained from suppliers where possible | ◀▶ |

# Section 172 Companies Act 2006 Statement

## Our Section 172 statement for the year ended 30 June 2024, **summarises how we seek to understand the needs of our stakeholders**, enabling Alumasc to create long-term value.

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

| | Key s.172 considerations | Related sections | Page |
|---|---|---|---|
| 1 | The likely consequences of any decision in the long term | • Purpose, strategy<br>• Business model<br>• Principle risks, TCFD<br>• Investment case<br>• Sustainability | 2, 6–9, 16–17<br>14–15<br>47–50, 30–34<br>5<br>18–29 |
| 2 | The interests of the Company's employees | • Our people<br>• Health & Safety<br>• Wellbeing<br>• Engagement<br>• Training and apprenticeships | 22–25<br>22–23<br>23<br>23<br>23 |
| 3 | The need to foster the Company's business relationships with suppliers, customers, and others | • Business model<br>• Strategy<br>• Sustainability<br>• Corporate Governance – stakeholder engagement<br>• Investment case | 14–15<br>16–17<br>18–29<br>52–55, 60–67<br>5 |
| 4 | The impact of the Company's operations on the community and the environment | • Purpose<br>• Our planet – GHG emissions<br>• TCFD<br>• Sustainability | 2<br>26–29<br>30–34<br>18–29 |
| 5 | Maintaining a reputation for high standards of business conduct | • Corporate Governance<br>• Our people | 57–89<br>22–25 |
| 6 | The need to act fairly between members of the Company, acting for the benefit of shareholders as a whole | • Shareholder engagement<br>• Dividend<br>• Strategy | 15, 53, 63<br>4, 44, 154<br>1–55 |

Our stakeholders are key to our long-term strategy. We received feedback from senior management and employees and the Board makes its decisions on what it considers to be in the best interests of the Company, having regard to the interests of the various stakeholders shown in this section. The summary below only reflects a selection of the numerous activities we undertake in the year to support our stakeholders.

# Section 172 Companies Act 2006 Statement continued

## Customers

**Providing sustainable and quality products for use in the Built environment**

### Why we engage

- To understand customer needs/expectations
- To provide durable and sustainable products at a fair price
- Giving first-class customer service
- Sourcing and manufacturing products for customers as needed

### How we engage

- Through dedicated account managers
- By providing training events, being at exhibitions and trade shows
- By listening to our customers through account relationships
- Through industry bodies, merchants and via channels to market

### Value created

- Strong brands
- Increased revenue and profit growth
- Greater understanding of our clients' needs regarding sustainability and product requirements
- Helping to improve the built environment
- Creating long-term trusted and ethical relationships
- Innovative new products

### Decisions taken

- Listened to feedback and requests from customers re new products such as tile vents and other Roofing products, as well as water management solutions needed
- Focused on providing innovative products that customers need
- Designing more sustainable products to meet customers' needs
- Inventory stocks monitored to ensure we have sufficient products/materials to meet client needs
- Decisions have been taken about manufacturing to enhance the quality and make cost savings (see pages 8 and 12)

## Employees

**Creating a workplace that is diverse, inclusive and where people enjoy being part of a team and being a safe place to work**

### Why we engage

- To provide a safe working environment
- To create a good culture and working environment
- To explain our strategy and to ensure we have shared goals and ambitions
- Support wellbeing, mental health and LGBTQIA+ and DEI

### How we engage

- Group and local newsletters
- Face-to-face meetings, with small and larger groups, Board visits and tours of sites, through meetings and presentations
- We have continual local communication from management and supervisors

### Value created

- Health & Wellbeing programmes (page 23)
- Helped to reduce sickness and absences, and dissatisfaction
- Motivated workforce
- Training programme and career development to enlarge the talent pool for the future
- Fostering talent
- Retaining colleagues due to increased engagement and satisfaction and we have awarded a 4% pay rise in general

### Decisions taken

- Board encouraged more apprenticeships, training and the hiring of people and sponsoring degrees
- Helped reduce sickness with wellbeing programmes supporting a healthy culture
- Provided training on Health & Safety NEBOSH and IOSH courses to provide a H&S conscious environment (see pages 22 and 23)
- Senior Management and high potential employees attended Management training courses that were held at the Cambridge Judge Business School
- Discussion were held on DEI and the importance of ensuring we reflect our communities

## Shareholders

**Growing through organic and inorganic investment and growing shareholder value**

### Why we engage

- To understand shareholder perspectives on our Strategy and its execution
- To explain our Strategy and business model and the investment case
- Provide details about our Sustainability programme and our work on TCFD
- Provided more information on our ESG metrics/targets and purpose to provide sustainable building products
- To explain our performance and future plans

### How we engage

- We hold investor presentations and analysts' briefings at full year and half year. We issue market updates throughout the year to update investors on our business. We offer face-to-face, or Zoom meetings as required
- Our Annual General Meeting is also an opportunity for shareholders to meet the Board
- Communications and meetings with the wider investment community and retail shareholders

### Value created

- Engaged with a wider investment community and retail shareholders
- Delivery of strong profit growth, ahead of FY23 and FY24 expectations (see pages 1, 4, and 10 to 12)
- Acquisition of ARP Group (see page 8)
- Progressive dividend policy
- Received valuable feedback to inform our strategy
- Conversations with investors and potential investors provided good ideas and focus on performance
- Provided more information following announcements on LinkedIn and X (formerly Twitter)

### Decisions taken

- Continued to focus on the longer-term strategy and our sites
- Investor Meet Company Platform has been adopted and has helped us widen our interaction with retail investors
- Paid a final and interim dividend

## Pension Trustees

**Supporting our pensioners and deferred members of the Pensions Scheme and balancing the requirements of other stakeholders**

### Why we engage

- Working with the Trustees to reduce the deficit
- Long-term investment strategy
- Considering steps to self-sufficiency in the near and medium term and potentially into the longer term to 'buy out'
- Protecting pensioners and deferred members of the Pension Scheme so their pensions are paid in full when due

### How we engage

- The Trustees and the Company have a collaborative approach to the Pension Scheme
- Members of the Company are part of the Investment Sub-Committee that oversees investment decisions
- Alumasc keeps the Pension Trustees up to date with any significant changes, including providing an Employer Covenant

### Value created

- Liability reduction (helping both pensioners and deferred members and other stakeholders) (see page 4)
- £1.2m paid to the defined benefit pension scheme in the year, helping reduce its deficit
- Support for the Pension Scheme being administratively secure and well run

### Decisions taken

- Investment changes made to de-risk the Pension Scheme making its future more secure for its members
- Clear outcomes for investment decisions made for the long term
- Employer Covenant provided by Alumasc
- Input into financial investment choices

# Section 172 Companies Act 2006 Statement continued

## Suppliers

**Established trusted relationship for high quality raw materials and sustainable products delivered on time**

### Why we engage

- We look to do business with suppliers that share our values and source ethically and responsibly
- We like to partner with suppliers who have accreditations in place for their products and services
- We seek to source quality products and materials with reliability, to enable us to serve customers well

### How we engage

- We have regular face-to-face and Teams meetings
- We often partner with suppliers to discuss new ideas
- We ask our suppliers to complete compliance questionnaires, covering matters such as the environment, anti-modern-slavery policies, ethics, in addition to sustainability assurance and certificates (as required)

### Value created

- Supplier data, particularly sustainability, information assists with disclosures to customers and investors
- Strong supply chain logistics, quality, and timely delivery services
- Innovation and new products
- Ethical and sustainable supply chain

### Decisions taken

- Doing business with suppliers that are reducing their carbon footprint and use sustainable materials
- We are currently gathering carbon footprint data from our suppliers as part of our review of our supply chain and our review of Scope 3 emissions
- For finished products we now ask our suppliers for EPDs (Environmental Product Declarations), if one is not already in place

## The environment

**Focusing on how our sustainable products can help protect the environment**

### Why we engage

- This reflects our core purpose, it is important for our customers, employees and the planet
- Alumasc wants to make a positive contribution to the environment
- To promote our brands and to enhance our reputation
- It is important to us that suppliers source responsibly and protect the environment

### How we engage

- We liaise with industry bodies and our advisers, Green Element.
- We often engage directly by being part of a local programme
- Building Envelope, supported World Green Roof Day
- Using social media, for example, Water Management and Housebuilding Products supported World Earth Day. Water Management supported World Water Day
- Our ESG metrics and targets are discussed with stakeholders

### Value created

- We are working to protect the environment and combating the impacts of climate change
- Brand awareness
- Improving the environment
- Promoting our cycle-to-work scheme

### Decisions taken

- Approval of our ESG roadmap, our TCFD disclosure and discussions on target setting
- We have been focused on gathering Scope 3 data from our supply chains (see page 26)
- Supported further fleet EVs (see page 29)
- Continued use of *OneClick* for EPDs
- At Halstead, 85% of lighting has been converted to LEDs (for further details see page 26)

## Communities

### Being part of our local communities

**Why we engage**

- We want to support our local communities and promote working for Alumasc
- We wish to enhance our brand and reputation locally and aim to hire from local communities

**How we engage**

- We engaged with Kettering Park Football Club, local charities and organisations that support our local communities
- Participated in Pride Month
- Participated in International Women's Day
- Housebuilding Products supported local organisations such as Tiny Tickers and Hull Samaritans (see page 24)
- Building Envelope supported 'Make a Difference Campaign at Christmas 2023', a charity programme run by Teardrops, St Helens
- Rainclear helped raise money for Cotswold Downs Syndrome Group and three members of staff participated in the National Three Peaks Challenge

**Value created**

- Creating awareness of Alumasc in local communities and creating job opportunities
- Brand awareness
- Creating jobs for low socio-economic status families
- Improving the environment
- Supporting the creation of apprenticeships
- Our commitment to employing people who live close to our operations has resulted in a high social value

**Decisions taken**

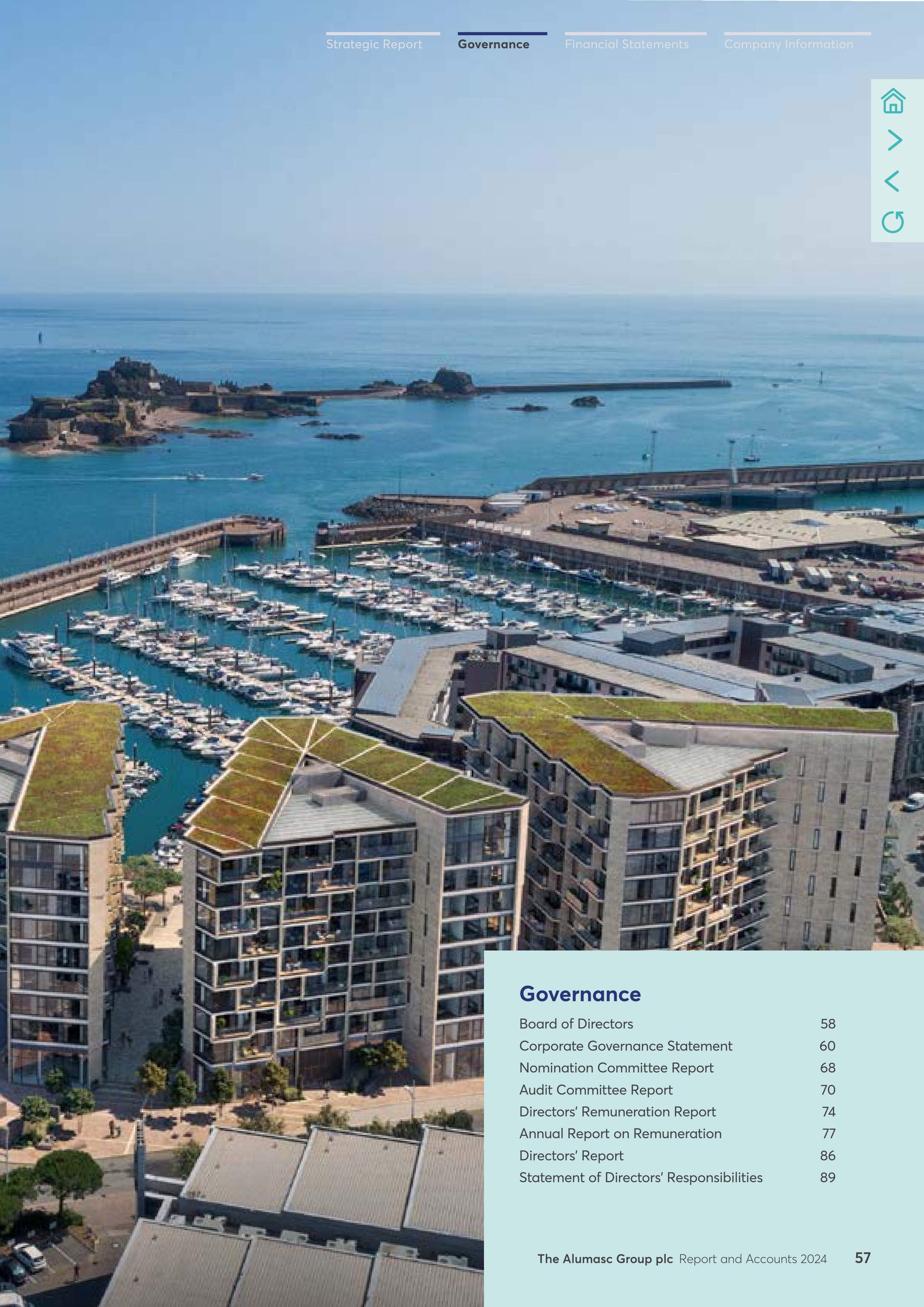
- Hiring apprentices and trainees from our local communities
- Supported local charities such as Hull Samaritans, Colchester Pride and Teardrops (a charity to support homeless and vulnerable people) (see pages 22 to 25)

Fundraising for Colchester Pride at Wade, Halstead

# Corporate **Governance**

Board processes and corporate governance support business growth and performance.

**See page 60 to 68**
for more on our website www.alumasc.co.uk



# Governance

## Board of Directors

# Committed and **experienced leadership**


**Vijay Thakrar** BSc, FCA
**Chair**

**Appointed:** 2019

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


**Paul Hooper** BSc, MBA, DipM
**Chief Executive**

**Appointed:** 2001

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


**Simon Dray** BSc, FCA
**Group Finance Director**

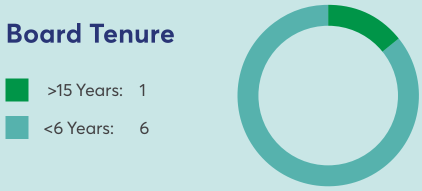
**Appointed:** 2021

**Experience:** Simon Dray qualified as a chartered accountant with Deloitte, before moving to work in industry. From 2002 to 2008 he worked at Halma plc as Group Financial Controller, before joining Low & Bonar plc in 2008, working in a variety of senior finance roles, including interim CFO, before becoming Director of Strategy and M&A. Simon has significant experience in listed multinational manufacturing and engineering companies, including financial, M&A and strategic development expertise.

**Key**

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

## Board Tenure





### Stephen Beechey BSc, MA, MRICS, MCIOB, MAPM
**Non-executive Director**

**Appointed:** 2019

**Experience:** Steve has worked in the construction industry for over 35 years and he has a broad understanding of all aspects of business and corporate governance. He is also an executive director of the Wates Group, one of the largest privately owned construction, development and property services companies in the UK, where he sits on the Group Executive Committee and the Construction Group Board. He is also a Director of Construction Skills Certification Scheme Ltd. He also works closely with Government as a member of the Construction Leadership Council and was a member of the taskforce that developed the Construction playbook.


### Karen McInerney BA Hons, FCA
**Non-executive Director**

**Appointed:** 2022

**Experience:** Karen McInerney is a qualified chartered accountant with 30 years' experience at Computacenter plc, where she currently leads financial operations as Group Financial Controller. Karen has a wealth of experience in accounting, financial reporting, acquisitions, as a pension trustee, tax and treasury management, audit committee/governance matters, and is also a member of the risk committee at Computacenter plc.


### Gilbert Jackson
**Executive Director**

**Appointed:** 2019

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


### Michael Leaf
**Executive Director**

**Appointed:** 2019

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

# Corporate Governance Statement

> On behalf of the Board of Directors of Alumasc, I am pleased to present the Corporate Governance Report for the financial year ended 30 June 2024.

**Vijay Thakrar**
Chair

## Our governance framework

**The composition of the Board and its Committees as at 3 September 2024 is as follows:**

**The Alumasc Group plc Board of Directors**

(Biographical details can be found on pages 58 and 59)

| Audit Committee | Remuneration Committee | Nomination Committee |
|---|---|---|
| Membership as at 3 September 2024: | Membership as at 3 September 2024: | Membership as at 3 September 2024: |
| Karen McInerney (Chair) | Stephen Beechey (Chair) | Vijay Thakrar (Chair) |
| Stephen Beechey | Karen McInerney | Stephen Beechey |
| Vijay Thakrar | Vijay Thakrar | Karen McInerney |
| See pages 70 to 73 | See pages 74 to 85 | See page 68 |

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

The Board adopted the QCA Corporate Governance Code 2018 (the QCA Code) on 25 June 2019 pursuant to Rule 26 of the AIM rules. During the financial year, the QCA issued a new 2023 Code, effective for periods commencing on or after 1 April 2024. Our reporting this year is under the 2023 Code as early adopters. The following section outlines how the Group complies with the QCA Code and how the Board and Committees operate. The diagram above summarises the Governance Framework and structure.

More generally, we have continued to hold in-person Board meetings and use video conferencing for non-scheduled meetings to add flexibility, as needed. Board meetings have been held at different operating sites. This has provided the Board the opportunity to meet local management and our people informally and enhance two-way dialogue.

Corporate governance highlights in the year have included:

- Review and approval of the acquisition of ARP group
- Two-day Strategy Away Day for three-year business plans, focused on growth plans and their link to our purpose, engaging with the wider leadership teams in the Group
- Review and approval of 2025 budgets and monitoring of the 2024 performance
- Consideration of resilience and succession planning for senior management
- Review of staff development, engagement and diversity, equality and inclusion plans
- Consideration of the opportunities for AI
- Board training on public company director responsibilities/regulatory matters

We will continue to evolve our governance approach, while always seeking to retain Alumasc's entrepreneurial culture.

I would like to thank our stakeholders, including all our people, for their continued support and for their contribution to Alumasc's growth.

**Vijay Thakrar**
**Chair**

3 September 2024

**Overview:**

- We have a clear separation between oversight and governance which is provided by the Board, led by an Independent Chair, and the Management Team charged with running the business, which is led by the Chief Executive. We do have a unitary Board, comprising Independent Non-executive Directors (NEDs) and Executive Directors which work as a team to develop and monitor the Group's Strategy and review whether it supports the Group's purpose of building products for a sustainable future. See pages 2 and 3 regarding our Purpose, Strategic Pillars and Business Model
- We set out below how we have applied the Principles of the QCA Code. In particular, we consider a range of stakeholders in our governance and seek to balance both short-term and long-term objectives, and seek to continuously improve. For example, employee health and safety is the first item we discuss at our Board meetings and we agree how we will continue to enhance our performance in this area
- Our Board comprises three Independent NEDs and four Executive Directors and we recognise the need to achieve at least half being Independent NEDs and will aim to recruit another Independent NED during 2025
- Following our 2024 Board Evaluation, we have agreed to have a specific Board meeting in the year ahead focused on Risk Management, given the growth of Alumasc in recent years
- We will look in future to use our website more for compliance data and this report for a more detailed focus for the matters considered during the year and how our corporate governance framework and schedule plans assisted our Board timetable and decision-making in the year

## Summary of Board activity

| Governance/oversight | People matters | Strategy | Financial |
|---|---|---|---|
| • Continued with regular Board and Committee meetings to provide governance and oversight of the business and management<br>• Conducted an annual Board Evaluation – feedback, considered the output and developed an action plan<br>• Reviewed the Risk Register and scheduled a deep-dive meeting for three topics<br>• Total carbon footprint targets discussed and the GHG emissions and other ESG metrics reviewed<br>• Updated existing policies<br>• Considered and approved the 2023 Modern Slavery Statement<br>• Considered new rules and regulations, including; a briefing from our Nominated Adviser on new AIM rules and provided information about the new 2023 QCA Code | • Training and development of future leaders reviewed, and action plans developed<br>• Diversity, Equality, and Inclusion plans discussed, and ambitions considered<br>• Resilience and succession plan considered, and action plans developed<br>• Health & Safety training programmes monitored and discussed at every Board meeting<br>• Health & Safety performance, KPIs and external audits are discussed at every Board meeting with actions to continue enhancement<br>• An update was provided on hiring trainees and apprentices | • Proposal reviewed and agreed in 2023 to purchase ARP Group Holdings Limited and its subsidiaries<br>• An off-site two-day Strategy Meeting was held, with the senior management teams, new ideas developed, and the management of ARP Group were introduced<br>• Efficiency projects were discussed covering machinery, estate usage and manufacturing opportunities<br>• Discussed growth opportunities and encouraged focus on environmentally sustainable solutions<br>• Approved investment in people and product development to accelerate organic growth<br>• Considered opportunities to use AI more | • Regular business and financial updates<br>• Approved the FY25 budgets and discussed the three-year plan<br>• Reviewed and approved half-year and full-year announcements and the Annual Report<br>• Approved incentive plans and the new draft ESOS plan<br>• Received requests for capital expenditure<br>• Considered bank finance and facility renewals<br>• Reviewed synergy saving with the addition of ARP to the Group<br>• Discussed and approved dividends<br>• Considered pension contributions and self-sufficiency in advance of the triennial valuation in 2025 |

# Corporate Governance Statement continued

| QCA principle | Our approach and what we did in the financial year 2023/24 |
|---|---|
| **Principle 1**<br>Establish a purpose, strategy and business model which promotes long-term value for shareholders.<br>See pages 1 to 55 for more information.<br>See our Business model on pages 14 and 15. | **Our approach**<br>Our purpose is to provide building products for a sustainable future. We do this by providing high quality, low carbon sustainable products and systems. Our strategy follows from our purpose (see pages 2 to 3, 6 to 9 and 16 to 17). The Executive team led by the Chief Executive recommends the strategy to the Board. The Board reviews, challenges and approves the strategic approach of the Group.<br>Our business model (see pages 14 and 15) is focused on investing in innovation capability, new products, and inorganic growth, supplemented by synergistic acquisitions. We set three-year plans and have targets to measure if we are on track in delivering our strategy. Our strategic focus also reflects and considers views of the Group's key stakeholders: its shareholders; employees; Pension Scheme Trustees; customers; suppliers; bankers; and our communities.<br>**What we did in FY23/24**<br>The Board held a two-day strategy meeting with senior leaders in the business in February 2024, which focused on innovation capability/processes, organic growth, and new product development. It provided an opportunity to introduce the leaders from the newly acquired ARP to the Executive leadership team and to consider synergies and opportunities with ARP. Time was also devoted to discussing the strategic actions arising and progress against targets in June 2024 as part of our FY25 Budget reviews. Strategy and progress against plans are presented to the Board and the strategic discussions involve the leadership and representatives of those businesses. At all such meetings/strategy sessions, we review how the Group can accelerate organic growth by further developing environmentally sustainable products. |
| **Principle 2**<br>To promote corporate culture that is based on ethical values and behaviours.<br>See pages 21 & 22, and 73 for more information. | **Our approach**<br>All personnel are asked to have high ethical standards, to be honest, trustworthy, to comply with Health & Safety regulations, to deal ethically with customers, suppliers and other stakeholders. The Group has a robust compliance framework with policies that govern its activities in respect of zero tolerance towards modern slavery. The Group has anti-bribery, whistleblowing and data protection, non-facilitation of tax evasion and anti-fraud policies and supplier standards. The Company reviews compliance with these policies. Alumasc has a series of requirements for its suppliers, and these are reviewed by internal procurement professionals. The Chair and CEO set the 'tone from the top' and encourage a transparent culture.<br>**What we did in FY23/24**<br>In the year, additional policies were approved to underpin our ethical standards and in our divisions we continued to remind staff of the Employee Code of Conduct as well as making colleagues aware of our SpeakUp Hotline on the noticeboards at all our locations. |

| QCA principle | Our approach and what we did in the financial year 2023/24 |
|---|---|
| **Principle 3**<br>Seek to understand shareholder needs and expectations. | **Our approach**<br>Communication with shareholders is given a high priority. Paul Hooper, Chief Executive, and Simon Dray, Group Finance Director, communicate with institutional and large private investors, sell-side analysts with press releases, announcements and presentations at the time of annual and interim results. There are also additional meetings held during the year and our Chair, Vijay Thakrar, is also available to engage with investors. Investor and analyst feedback received by Vijay is shared with the Board to enable a clear understanding of our investors' views. We welcome shareholders who wish to attend our AGM. The meeting will be held this year at our Timloc site in Howden, East Riding of Yorkshire.<br>We have a dedicated email for contacting any member of the Board at alumasc@camarco.co.uk.<br>**What we did in FY23/24**<br>After the full-year and half-year results, roadshows were held, including meetings or calls with investors and potential investors in the Group. Calls and presentations are made to major investors and to retail investors via *InvestorMeetCompany*, which is available via our website or YouTube. The Chair, Chief Executive and Group Finance Director had a dialogue in the year with existing and potential investors to understand their perspectives. |
| **Principle 4**<br>Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success.<br>See our s.172 statement on pages 51 to 55. | **Our approach**<br>Stakeholder views are taken seriously, and we have effective working relationships with our staff, shareholders, customers, business partners, suppliers, bankers, and Pension Trustees. We have a number of ethical codes in place that govern our relationships with our stakeholders.<br>We have identified climate change as a material risk and opportunity, as we sell products to help protect our planet and customers to mitigate these risks. In particular, the fact that rainfall will be less frequent but will be heavier, helps us understand the needs of the built environment and those of our customers. We are focused on future changing requirements on the path to net zero and the need for products to be low carbon to meet specifications as the world focuses more on climate change.<br>**What we did in FY23/24**<br>The Board held its AGM in Halstead to meet with staff and shareholders. Staff are invited to meet the Board as part of a rolling programme of scheduled events. Staff surveys are conducted by division, and these are considered by the Executive Directors of those businesses. Additionally, a key network of staff is involved in Alumasc's Sustainability programme. Our Strategy Days allow the Board and the wider leadership team from our divisions to have valuable dialogue on business opportunities/risks as well as social and community issues in a formal and informal setting. Our Executive Directors engaged either themselves or via their management teams with other stakeholders such as customers, suppliers and community representatives. |

# Corporate Governance Statement continued

| QCA principle | Our approach and what we did in the financial year 2023/24 |
|---|---|
| **Principle 5**<br>Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.<br><br>See Audit Committee report on pages 70 to 73.<br><br>Our principal risks and risk management approach is on pages 46 to 50.<br><br>See TCFD report on page 34. | **Our approach**<br>The Board's policy on risk management encompasses all significant business risks to the Group, including strategic, commercial, financial, operational, and Health & Safety risks, which could undermine the achievement of business objectives.<br><br>The Board maintains overall responsibility for the Group's approach to risk management; however, it has also delegated some responsibility in respect of financial controls to the Audit Committee. Any new and material risks identified by management are communicated promptly to the Board.<br><br>Alumasc has a moderate to low risk appetite and assurance is required for new products, processes and on standard business trading. Internal controls are tested, and the results of internal audit reports are considered by the Audit Committee.<br><br>In addition, the Board regularly reviews Alumasc's financial position. The Board actively challenges the annual budgeting process prior to approval. Executive Directors regularly provide updates on financial performance and non-financial matters such as people, market trends, and Health & Safety issues.<br><br>**What we did in FY23/24**<br>The Board formally reviewed and considered the Group's Principal Risks and divisional risk registers. Internal Audit report to the Audit Committee at every meeting to approve the annual audit plan, to discuss the results and findings of recent audits. Assurance is provided that any remediation is also put in place and tested in a timely manner. Alumasc receives assurance on Health & Safety from external audits, in addition to ISO assessments and IT certifications. Reports are received from the Auditors for the Group and management has a dialogue on any observations. ARP Group's acquisition, synergies, risks and opportunities were also discussed by the Board.<br><br>Additionally, following our Task Force on Climate-related Financial Disclosures (TCFD) report, the risk registers have been expanded to include climate-related risk. Time is dedicated to assessing climate-related risk in our divisions. The results are reported upwards to the plc Board and consolidated. The results help us consider our resilience and feeds into the development of new products and actions to reduce our divisions' impact on the environment. |

| QCA principle | Our approach and what we did in the financial year 2023/24 |
|---|---|

**Principle 6**

Establish and maintain the Board as a well-functioning, balanced team led by the Chair.

## Our approach

Clear separation of roles between the Chair and the Chief Executive is in place. The Chair takes responsibility for the running of the Board and ensures that all Board members are properly briefed on all key matters. The Chief Executive, with the other Executive Directors, are responsible for implementing the strategy of the Board and for managing day-to-day business activities. The Company Secretary is responsible for ensuring that Board procedures are followed together with all applicable rules and regulations.

Board agendas are approved by the Chair. Directors are provided with regular, timely information on the performance of the divisions within the Group. The Chair facilitates the meetings and ensures there is time for each Director to contribute. Directors contribute their independent judgement and experience to challenge and explore key matters. The Board is provided with a Health & Safety report, finance, business/strategy updates, and people reports and other information on a regular basis. The balance of the Board is considered and reviewed by the Nomination Committee, which also discusses senior management roles.

All Non-executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts of interest. Any change in commitments is notified as soon as possible by the Directors to the Chair and Company Secretary. Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties, including preparation for and attendance at Board, Committees, or shareholder meetings.

The Board has delegated authority to the Audit, Remuneration and Nomination Committees to support the work of the Board in the performance of its duties. The Committee Reports are on pages 68 to 85, and their terms of reference can be found at www.alumasc.co.uk. The Board checks annually and can confirm that it believes that the members of the Committees have the appropriate skills and knowledge to carry out their roles.

This year, in accordance with the new QCA Code, all Directors will retire and seek re-election at the AGM.

## What we did in FY23/24

During the year, the Nomination Committee considered the skills and balance on the Board together with a resilience plan that covered immediate, short-term, and long-term cover, senior management and succession planning. Resilience is a regular item on the Board and Nomination Committee agenda. The Board appreciates that there are currently three Independent Non-executive Directors (NEDs) and four Executive Directors. It is planned to appoint another Independent NED during 2025 such that half of the Board will be Independent NEDs.

All Directors have access to independent professional advice, if required, at the Company's expense. This is in addition to the access that every Director has to the Company Secretary.

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

**Scheduled Board meeting attendance**

| Name of Director | Role | Scheduled meetings | Attended/eligible to attend |
|---|---|---|---|
| V Thakrar | Chair | 7 | 7 |
| S Beechey | Non-executive Director | 7 | 7 |
| P Hooper | Chief Executive | 7 | 7 |
| K McInerney | Non-executive Director | 7 | 7 |
| S Dray | Finance Director | 7 | 7 |
| G Jackson | MD – Building Envelope and Executive Director | 7 | 7 |
| M Leaf | MD – Housebuilding Products and Executive Director | 7 | 7 |

Profiles of the Board members appear on pages 58 and 59 of this report and on our website www.alumasc.co.uk/investors/board-directors

# Corporate Governance Statement continued

| QCA principle | Our approach and what we did in the financial year 2023/24 |
| --- | --- |
| **Principle 7**<br>Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience and capabilities.<br>Further information can be found on our website at www.alumasc.co.uk | **Our approach**<br>The Board consists of three Independent NEDs (one of whom is Chair), along with the Chief Executive, Group Finance Director and two Executive Directors (each of whom is the Managing Director of a Division). This combination provides the Board with appropriate understanding of the Company's business balanced by independent challenge/perspectives from the Non-executive Directors, although it is planned to appoint another NED during 2025 as stated at Principle 6. Certain tasks have been delegated to the Board Committees and the structure can be found on page 60.<br>**What we did in FY23/24**<br>During the year, the Board carried out a review of the Directors' skills and experience, covering a range of areas considered necessary for the Directors, as a group, to be able to provide appropriate leadership to the Company (see Principle 8), which was used by the Board to identify any skills enhancements that would be needed for the future. This highlighted, as in FY22/23, that while the Board has a good balance of all round business and leadership skills, overall its experience of digital matters is relatively low. Hence during the year, briefings were received from both internal digital/IT experts (on matters such as cyber risk/security) as well as external experts (on matters such as AI). The Board will continue with such activities to help enhance its awareness of such matters and continues to encourage knowledge and best practice to be shared amongst our divisions.<br>Additionally, the Board also received regulatory updates such as from our NOMAD and Brokers on listed company governance matters. |
| **Principle 8**<br>Evaluate Board performance based on clear relevant objectives, seeking continuous improvement. | **Our approach**<br>The Board's approach, given the size of Alumasc, is to conduct Board evaluations internally, on an annual basis. The results are compiled on an anonymised basis by the Company Secretary and considered by the Nomination Committee and the Board, with actions developed to enhance Board effectiveness.<br>**What we did in FY23/24**<br>The actions identified in FY22/23 were followed up and the Board had briefings on staff engagement from our divisions at two meetings, with further actions agreed to share best practice amongst the divisions and to continue developing staff engagement at each division. In addition, the Board has engaged directing with staff during site visits and other meetings. In addition, we agreed in FY22/23 to reviewing how our Group purpose, which is focused on sustainable building products, is applied in the strategy in each division. This was a topic at several Board meetings and there is now an ESG team in each division which focuses on driving the development of environmentally sustainable building products as part of our growth strategy.<br>Following the evaluation in 2024, the Board plans to focus in the year ahead on Board development (including recruiting an additional Independent NED during 2025 to complement existing skills and plan for future succession) and a more focused review of our risk management across the Group. We plan to hold a Board meeting devoted solely to Risk Management to enable the Board to take a broader view of key risks/mitigating actions and also to 'deep dive', on a small number of the most significant risks, to understand how they are being mitigated. |

| QCA principle | Our approach and what we did in the financial year 2023/24 |
|---|---|
| **Principle 9**<br>Establish a Remuneration policy, which is supportive of long-term value creation and the Company's purpose and culture. | **Our approach**<br>Alumasc submitted its Remuneration Policy at the 2023 AGM to the shareholders for approval. The voting on adoption of the new Remuneration Policy is reported on page 85. Our approach is to have an appropriate balance of fixed salary/benefits, annual bonuses for achieving stretching financial & ESG targets and long-term share incentive plans to incentivise growth of profits and shareholder value over the longer term and align with wider shareholder interests and our purpose.<br>**What we did in FY23/24**<br>We have applied our Remuneration Policy to remunerate management with fixed and variable pay, based on both annual and medium-term objectives, including ESG objectives. The full report on the application of our Remuneration Policy is discussed in our Remuneration Report (see pages 74 to 85). |
| **Principle 10**<br>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.<br>See our s.172 Statement on pages 51 to 55.<br>See our website (www.alumasc.co.uk) the 'Investors' section which is regularly updated. | **Our approach**<br>After the announcements of our results at year-end or half-year, we hold analysts briefings and have a roadshow to meet current and potential investors.<br>A dedicated email address is available for use by current and/or potential investors (alumasc@camarco.co.uk). Our AGM is an opportunity for investors to meet the Board, the Company announces the results of the voting, including details of the proxy votes cast or received via an RNS. This information is also available on our investor section of the website (www.alumasc.co.uk).<br>**What we did in FY23/24**<br>We communicated with our shareholders and analysts through: the Annual Report, the half-year and full-year announcements, the AGM and roadshows/meetings with investors/potential investors and at analysts' briefings, and via *InvestorMeetCompany*.<br>The Board also receives information on the views of shareholders from its financial PR advisers, brokers and nominated adviser. Feedback from analysts, other advisers and investors was also reviewed. The Board met with its brokers and its investor relations advisers to consider shareholder feedback and company communications opportunities. In addition, the Chair, Chief Executive and Group Finance Director met with the aforementioned advisers to seek feedback on how the Board could enhance its communications. This feedback is reflected in our recent and planned announcements and a proposal to hold a Capital Markets Event in October 2024. |

# Nomination Committee Report

## Committee purpose

The Nomination Committee (the Committee) leads the process for appointments, ensure succession plans that reflect diversity are in place for the Board and senior management positions.

## Committee meetings and membership

Details of the Committee members who served during the year ended 30 June 2024 can be found below. During the year, the Committee comprised the Chair and two independent Non-executive Directors:

| Members | Attended/ eligible to attend |
|---|---|
| Vijay Thakrar (Chair) | 4/4 |
| Stephen Beechey | 4/4 |
| Karen McInerney | 4/4 |

## Dear Shareholders,

I am pleased to present the Committee's report on its work for the year ended 30 June 2024, together with additional information about its ongoing objectives and responsibilities.

A key objective of the Committee is to ensure that the Board comprises individuals with the necessary skills and experience to ensure that the Board is effective and discharges its responsibilities. The Committee's terms of reference can be found at www.alumasc.co.uk.

The Committee's key responsibilities include reviewing Board composition, including skills and experience needed, as well as succession/resilience planning for the Board and senior leadership positions.

## Attendance

During the year, there were four formal scheduled Committee meetings. In addition, several unscheduled meetings were held; attendance at the scheduled meetings is shown in the table. The Group Company Secretary attends all formal meetings of the Committee, and the Committee can request executives to attend, as necessary.

## Activities of the Committee

During the year, the Committee initiated a review of the resilience/ succession plan for all of our senior leadership roles. As a result, there is now a plan in place to provide short and medium-term resilience for each of those positions, together with a plan to develop next generation leaders. This includes external leadership training at Cambridge Judge Business School, which several of our next generation leaders attended, and direct interaction with senior management at our divisions and in our head office.

The Committee also undertook a Board evaluation and a skills review and the key themes arising from this are summarised in our Corporate Governance Report (Principles 7 and 8 on page 66).

## Diversity

We recognise the importance of diversity and seek to reflect our communities and to have an inclusive culture that gives each person an opportunity to use their talent and abilities, experience, and skills to help us grow as a business. We discuss this with our management teams in all divisions to encourage as diverse a workforce as possible. This includes social background diversity, and many of our Board and Senior Management come from humble social backgrounds. For further information on diversity please see our Sustainability Report on pages 23 and 25.

## Board re-appointments

All Directors will be seeking re-election in compliance with the new QCA Code as part of our transitional governance arrangements. The Directors' biographies are referenced on pages 58 to 59 of our Governance Report and in the Notice of AGM on page 153. The Board recommends the re-election of the Directors and information on their skills and experience can be found on pages 58 and 59.

Vijay Thakrar

**Vijay Thakrar**
**Chair of the Nomination Committee**

3 September 2024

> **Our focus has been on resilience plans, Board and leadership composition and the skills required for the future.**
>
> **Vijay Thakrar**
> Chair of the Nomination Committee

## Main activities of the Committee during the financial year

- Reviewed resilience plans, including diversity for the Board and senior executive roles
- Considered the requirements of the new QCA Code applicable for future years
- Training and development for emerging leaders
- Senior Management engagement
- Board evaluation and composition

# Audit Committee Report

### Meeting attendance

The members of the Committee are as follows:

| Members | Attended/ eligible to attend |
|---|---|
| Karen McInerney (Chair) | 3/3 |
| Vijay Thakrar | 3/3 |
| Stephen Beechey | 3/3 |

The Group Chief Executive, Group Finance Director, Group Financial Controller and the external auditors usually attend the meetings of the Committee by invitation. The Committee met three times in the year, all of which were attended by the external auditors, and a record of the meeting attendance by Committee members is set out above. Following each Audit Committee meeting that the external auditors attend, the Committee meets with the auditors without members of the management team being present.

## Statement from the Chair of the Audit Committee

### Dear Shareholders,

**I am pleased to present the Audit Committee's report for the year ended 30 June 2024, which sets out the responsibilities and work carried out by the Committee during the year.**

The Committee's main duties are as follows:

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

**I am pleased to present the Audit Committee's report for the year ended 30 June 2024, which sets out the responsibilities and work carried out by the Committee during the year.**

**Karen McInerney**
Chair of the Audit Committee

## Activities of the Committee in the 2023/24 financial year

The main activities of the Committee during the year were:

- reviewing and challenging management's forecasts and scenarios, its liquidity position and the appropriateness of adopting a going concern basis in these financial statements;
- monitoring the integrity of the interim and full year results announcements and financial statements, trading statements and any other announcements containing financial information, and considering the application of key accounting policies and accounting standards and the key estimates and judgements taken by management in the preparation of those statements and the external auditor's comments in those areas;
- reviewing the Annual Report to ensure it is fair, balanced and understandable, and recommending its approval to the Board;
- reviewing and approving the audit plan of the external auditor, including the scope of the work, the key areas of focus in terms of audit risk and judgement, and the basis on which the auditor assesses materiality; and assessing their independence;
- reviewing and approving the plan and scope of internal audit work, considering internal audit reports issued during the year and discussing key matters and improvement points arising from those audits with management;
- reviewing the progress reports of the final stage of implementation of the Group's Enterprise Resource Planning (ERP) upgrade, to ensure continuity of accounting records and financial controls;
- reviewing and approving the updated Group Anti-fraud policy;
- reviewing and approving management's proposal to restructure the Water Management division, including the planned closure of the division's site in Dover and relocation of its activities to the division's site in Halstead, and a restructuring of the division's sales and commercial teams;
- reviewing the nature and quantum of non-underlying items, and ensuring the reconciliations between adjusted and statutory profit measures in the 2024 Annual Report explain both the differences between these measures and the reasons for the differences; and
- reviewing management's methodology and disclosures in the 2024 Annual Report and Accounts in relation to the acquisition of the ARP Group.

## Activities of the Committee in the 2024/25 financial year

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

- reviewing the scope of the internal audit work programme and its resourcing; and
- reviewing progress reports on the closure of the Water Management division's Dover site and the relocation of its activities to the Halstead site, to ensure adequate financial controls remain in place.

## Significant areas of judgement considered in relation to the financial statements

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

### (i) Defined benefit pension scheme valuation

As described in the risk review on page 50, Alumasc has significant legacy defined benefit pension obligations in the context of the overall size of the Group. Therefore, relatively small changes to market assumptions (particularly the discount rate and inflation rate); and actuarial assumptions used to value defined benefit pension obligations under IAS 19 can have a material impact on the Group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income. Further details are given in note 22 to the consolidated financial statements. Having reviewed the valuation assumptions adopted by management, in conjunction with actuarial advice received and the review of those assumptions by the external auditors, the Committee was satisfied that the Group balance sheet reflects an estimated valuation of the Group's pension asset that is consistent with IAS 19's valuation methodology. The Committee also reviewed the requirements of IFRIC 14 and external advice received on the Group's right to a refund on settlement of the scheme's liabilities, allowing recognition of the surplus at year end.

### (ii) Accuracy and valuation of inventory

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

### (iii) Going concern

The Committee has reviewed and challenged management base case trading and cashflow scenarios covering the period to September 2025, including stress tested and reverse stress tested scenarios as set out on page 100. The Committee has also discussed these issues with the external auditors to seek their opinion. In light of these actions and, taking account of the comments on page 100, the Committee considers that the disclosure of the Board's assessment of going concern is complete and understandable.

# Audit Committee Report continued

### (iv) Business combinations

The Committee has reviewed management's treatment of the acquisition of the ARP Group Limited to ensure calculations are in line with IFRS 3, including the assumptions used in the calculation of goodwill, brand and customer list valuations. The Committee is satisfied that the business combination is reflected accurately in the Group's Consolidated Statement of Financial Position. Further details are given in note 14 to the consolidated financial statements.

## Assessment of the effectiveness of external audit

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

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

## Assessment of the independence of the external auditor

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

Any non-audit services proposed to be carried out by the external auditor are discussed and approved in advance by the Committee. During the financial year under review, Crowe did not carry out any non-audit work.

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

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

## Appointment and re-appointment of the external auditor

The audit for Alumasc's financial year ended 30 June 2024 was Crowe's third following their appointment in May 2022. Resolutions are being put to the AGM to be held in October 2024 to recommend their re-appointment for the 2024/25 financial year.

## Effective internal control and risk management

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

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

### (i) Risk management

Risk management is a continuing activity throughout the year, dealt with through the board meetings of operating companies. In addition, a formal business risk review exercise is conducted every year at each operating company and for the Group as a whole. This identifies the most important risks, their likelihood of occurrence and possible business and financial implications and the effectiveness of mitigating controls. A Group-level summary of these risk reviews is provided on pages 46 to 50. Each operating company has implemented procedures for controlling the risks relevant to their business.

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

### (ii) Financial reporting and monitoring

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

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

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

### (iii) Internal controls assurance

The Audit Committee on behalf of the Board has reviewed during the year the effectiveness of the system of internal financial control from information provided by management, the Group's external auditors and the results from internal audits. The Board as a whole assessed internal control more generally, including the key risks affecting the Group in the delivery of its long-term strategies, as summarised on pages 47 to 50. No material weaknesses in internal control were identified in the year.

### (iv) Internal audit

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

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

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

## Code of Conduct

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

## Whistleblowing policy

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

## Anti-bribery policy

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

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

## Fraud policy

The Group has an anti-fraud policy, which sets out the Group's expectations of its staff, to act in accordance with the Group's Code of Conduct and to remain vigilant and fraud-aware; its commitment to maintain control procedures which aim to prevent, identify, mitigate and/or deter fraud, and its obligation to investigate and, if necessary, take action against individuals or organisations perpetrating fraud.

## Tax policy

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

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

Karen McInerney

**Karen McInerney**
**Chair of the Audit Committee**

3 September 2024

# Directors' Remuneration Report

## Meeting attendance

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

| Members | Attended/ eligible to attend |
|---|---|
| Stephen Beechey (Chair) | 5/5 |
| Karen McInerney | 5/5 |
| Vijay Thakrar | 5/5 |

### Notes

- Additional attendees by invitation include the Chief Executive, the Group Finance Director, and Company Secretary; they take no part in discussions relating to their own remuneration
- The main duties of the Remuneration Committee are set out in the Committee's terms of reference, and these can be found at www.alumasc.co.uk
- External advice can be sought as required and was provided this year by FIT Remuneration Consultants LLP

**"The performance of The Alumasc Group plc has been very strong despite difficult market conditions.**

**Stephen Beechey**
Chair of the Remuneration Committee

## Statement from the Chair of the Remuneration Committee

### Dear Shareholders,

**On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the financial year ended 30 June 2024.**

This Remuneration Report comprises two sections:

- **This Annual Statement,** which summarises the work of the Remuneration Committee (the Committee) in the year and sets out the context in which pay decisions were made;
- **The Annual Report on Remuneration,** which provides details of the remuneration earned by Directors and the link between the corporate strategy (outlined on pages 1 to 55) and our targets.

The Remuneration Report, consistent with the approach taken in prior years, will be subject to an advisory shareholder vote at the Annual General Meeting on 24 October 2024. The Directors' Remuneration Policy was put to a shareholder vote at the 2023 Annual General Meeting and was approved by 99.53% of votes cast and the Directors' remuneration report received 99.58% approval. The Policy will continue to apply for the year ending 30 June 2025.

### Performance and remuneration outcomes for the year ended 30 June 2024

The performance of The Alumasc Group plc has been very strong despite difficult market conditions and the continuation of UK demand headwinds. This was coupled with our focus on Health & Safety, our purpose and culture, the wellbeing of our workforce, our customers, and communities; along with our drive to improve ESG performance and our net zero plans. During the year, the Group also completed the acquisition of the ARP Group (see page 8).

Our aim is to design incentives to promote the delivery of the Group's strategic objectives and create long-term value.

The rewards for the workforce were also considered in light of the UK inflation backdrop.

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

- Group revenues from continuing operations were £100.7m (2022/23: £89.1m) despite challenging market conditions.
- Underlying profit before tax* was £13.0m (2022/23: £11.2m), 11% ahead of market expectations set at the beginning of the year.
- Organic growth (revenue +6.5%, underlying PBT +11%) was supplemented by the contribution from ARP, acquired in December 2023.
- Underlying earnings per share* from continuing operations was 26.9p per share (2022/23: 24.6p).
- The Group's greenhouse gas emission intensity reduced to 18.77 $tCO_2e$ / £m revenue (2022/23: 19.69 $tCO_2e$ / £m), and the number of days lost to accidents reduced to 5 (2022/23: 65).

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

Annual bonus targets were based on a mix of profit and ESG measures as summarised in the table below. Paul Hooper, Chief Executive, is also the Managing Director of the Water Management Division, and he was therefore also set a divisional target to incentivise divisional performance. Targets for Simon Dray, Group Finance Director, were Group-based. The targets remained the same for the Divisional Executive Directors (Gilbert Jackson and Michael Leaf) and were based on both Group (25%) and divisional (75%) targets. The performance in the year merited the following bonus awards, expressed as a percentage of salary:

| | Group weighting | Actual | Divisional weighting | Actual | Total max | Actual |
|---|---|---|---|---|---|---|
| Paul Hooper | 60% | 13.39% | 40% | 0.00% | 100% | 13.39% |
| Simon Dray | 100% | 22.31% | 0% | – | 100% | 22.31% |
| Gilbert Jackson | 25% | 5.58% | 75% | 58.91% | 100% | 64.49% |
| Michael Leaf | 25% | 5.58% | 75% | 30.03% | 100% | 35.61% |

Full details of the performance targets and actual performance are provided in the Annual Report on Remuneration.

Vesting of the LTIP awards made to the Chief Executive and Group Finance Director in October 2021 is subject to Group UPBT growth over the three-year period to June 2024 (75% of the award), and TSR performance in the period to October 2024 (25% of the award). Vesting of awards to the two Divisional Executive Directors is subject to divisional profit growth to June 2024. The percentage of the award expected to vest in October 2024 is as follows:

| | Group | | Divisional | |
|---|---|---|---|---|
| % of award | UPBT | TSR | Profit | Total vesting |
| Paul Hooper | 43% | 25% | – | 68% |
| Simon Dray | 43% | 25% | – | 68% |
| Gilbert Jackson | 25% | – | 0% | 25% |
| Michael Leaf | 25% | – | 23% | 48% |

The above vesting percentages for Paul Hooper and Simon Dray are estimated as the TSR performance period does not end until September 2024. The actual vesting outcome will be reported in next year's remuneration report.

Full details of the LTIP performance targets and outcomes are given on pages 79 to 81.

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

## Implementation of the Policy in 2024/25

### Base salaries

Salaries of the general workforce have been increased by 4% with effect from 1 July 2024 and Executive and Non-executive Directors' base salaries and fees have also been increased by 4%.

### Annual bonus

A maximum bonus opportunity of 100% of salary will apply for Executive Directors for the year ending 30 June 2025. The bonus metrics for the Chief Executive will be based on 60% Group and 40% divisional performance to reflect his role as Managing Director of the Water Management Division (split 90% for profit and 10% relating to ESG metrics).

Consistent with the prior year, the Group Finance Director will have 90% of his bonus based on Group Underlying Profit Before Tax (UPBT) and 10% on Group ESG relating to reducing greenhouse gas emissions and for reducing the incidence of, and days lost due to accidents. This is consistent with Alumasc's commitment to our people and our planet.

Our two Divisional Executive Directors will have 25% of their bonus opportunity based on Group performance and the remainder on divisional performance (both profit and ESG). This is considered to achieve an appropriate balance between their responsibilities as both Group Directors and Divisional Managing Directors.

# Directors' Remuneration Report continued

### LTIP grant

An LTIP award will be granted in 2024 and this award will vest after three years subject to UPBT and relative TSR performance metrics. Details of the measures and targets are provided on page 84.

The Committee considers that the overall remuneration is fair, balanced, and reasonable and takes into account the interests of all stakeholders. It is also focused on our long-term growth strategy.

### Employee Share Option Scheme (ESOS)

We reviewed the 2014 ESOS rules as they were approaching the end of their ten-year approval. Deloitte provided advice to the Committee on the updates needed to the Employee Share Option Scheme rules. No Directors receive rewards under the ESOS plan, which is used as part of the reward arrangements for Senior Executives and Managers. The Committee recommends that you support the adoption of the updated rules proposed in the Notice of the AGM.

## Key decisions

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

- Review of base salaries of the Group Executive Directors and consideration of the annual Group-wide salary increase;
- The 2023 annual bonus outcome and the measures, weightings, and targets for the 2024 annual bonus, including consideration of how the scheme encourages growth through the implementation of stretch targets;
- ESG metrics for the annual bonus were considered and agreed;
- Approval of the addition of malus and clawback clauses for cash bonuses;
- The choice of relative TSR comparator group for the LTIP awards made during the year;
- The review of financial performance criteria for the current LTIPs;
- Review of the Employee Share Option Scheme (ESOS) and update of the rules.

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

**Stephen Beechey**
**Chair of the Remuneration Committee**

3 September 2024

# Annual Report on Remuneration

The following sections show how the Remuneration Policy approved in 2023 was applied in the year ending 30 June 2024.

## Single figure of total remuneration

The remuneration of the Non-executive Directors for the 2023/24 financial year and the preceding year was as follows:

| | Base salaries/fees[2] | | Benefits in kind | | Single figure of total | Remuneration |
|---|---|---|---|---|---|---|
| Director | 2023/24 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2022/23 £'000 |
| Vijay Thakrar | 111 | 104 | 4[1] | 4[1] | 115 | 108 |
| Stephen Beechey | 50 | 47 | – | – | 50 | 47 |
| Karen McInerney | 50 | 47 | – | – | 50 | 47 |
| Total | 211 | 198 | 4 | 4 | 215 | 202 |

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

2 A fee increase of 4% was agreed for all Non-executive Directors with effect from 1 July 2024.

The remuneration of the Executive Directors for the 2023/24 financial year and the preceding year was as follows:

| | Base salaries/fees | | Benefits in kind[1] | | Pension contributions or payments in lieu of pension contributions | | Bonus | | Long-term incentives with performance period ending during the year | | Single figure of total remuneration | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Director | 2023/24 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2022/23 £'000 | 2023/24 £'000 | 2022/23 £'000 | 2023/24[2] £'000 | 2022/23[3] £'000 | 2023/24 £'000 | 2022/23 £'000 |
| Paul Hooper | 338 | 307 | 7 | 7 | 30 | 39 | 45 | 50 | 113 | 226 | 533 | 629 |
| Gilbert Jackson | 228 | 216 | 4 | 4 | 20 | 19 | 147 | 147 | 20 | 51 | 419 | 437 |
| Michael Leaf | 213 | 201 | 2 | 1 | 21 | 20 | 76 | 150 | 36 | 91 | 348 | 463 |
| Simon Dray | 194 | 183 | 12 | 12 | 17 | 16 | 43 | 31 | 47 | – | 313 | 242 |
| Total | 973 | 907 | 25 | 24 | 88 | 94 | 311 | 378 | 216 | 368 | 1,613 | 1,771 |

1 Benefits in kind includes a car or car allowance, health benefits, life cover and a disability insurance policy valued at the tax benefits in kind or cash value received.

2 The 2023/24 LTIP values are based on estimated vesting outcomes as the TSR performance period had not completed by the date this report was signed off. The estimated vesting percentages were 68% for Paul Hooper and Simon Dray, 25% for Gilbert Jackson and 48% for Michael Leaf. The values are based on a three-month average to 30 June 2024 at the price of 182.5p.

3 In last year's report the 2020 LTIPs were estimated to vest at 83.2%, 51.8% and 100% for Paul Hooper, Gilbert Jackson and Michael Leaf respectively. The TSR performance period ended on 6 September 2024 and the actual overall vesting percentages were 83.2% LTIP vesting being 130,251 shares for Paul Hooper, 51.8% LTIP vesting being 29,510 shares for Gilbert Jackson and 100% LTIP vesting being 52,308 shares for Michael Leaf. Due to being in a closed period, these awards vested on 18 December 2023. The 2022/23 LTIP figures in the single figure of total remuneration table reflect the actual vesting outcomes and the share price on 18 December 2023 (173.5 pence).

Mr Paul Hooper is a director of Titon Holdings plc, and he retains the fees from that appointment. Subject to Nomination Committee approval, Executive Directors are permitted to accept external board or committee appointments provided they do not interfere with their obligations to the Company.

## Benefits

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

## Pensions

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

Pension contributions are aligned with the wider workforce and are as follows:

| Director | Pension contribution as at 30 June 2024 (% of base salary) |
|---|---|
| Paul Hooper | 10% |
| Gilbert Jackson | 10% |
| Michael Leaf | 10% |
| Simon Dray | 10% |

# Annual Report on Remuneration continued

## Annual bonus outcome for 2023/24

For the year ended 30 June 2024, the maximum bonus opportunity for Executive Directors was 100% of base salary.

### Paul Hooper, Chief Executive

The Chief Executive was set targets based on Group (60%) and Water Management division (40%), for each component 90% was based on profit and 10% on ESG objectives. Profit measures were based on Group underlying profit before tax (UPBT) and underlying Water Management operating profit, adjusted to remove bonus accruals and the contribution from the ARP acquisition. ESG measures were based on reductions in the Group's greenhouse gas emission intensity (Scope 1, 2 and 3 market-based emissions, expressed as tonnes of $CO_2$e per £m of revenue); the number of lost time accidents (LTAs); and the number of days lost to LTAs. The ESG elements were only payable subject to achievement of target performance under the profit measures. The targets and performance against them are set out in the tables below (the Water Management division targets are considered commercially sensitive and have not been disclosed).

| Performance measure | Proportion of bonus determined by measure | Threshold performance | Target performance | Maximum performance | Actual performance | % of bonus payable |
|---|---|---|---|---|---|---|
| Group UPBT (pre-ARP, pre-bonus) | 54.0% | £11.7m 0% earned | £13.3m 15% earned | £16.7m 54% earned | £13.1m | 13.39% |
| Group ESG: GHG reduction | 3.0% | | <18.87t $CO_2$e/£m revenue | | 18.77t $CO_2$e/£m | 0.0%* |
| Group ESG: number of LTAs | 1.5% | | <=2 LTAs | | 3 LTAs | 0.0% |
| Group ESG: LTA days lost | 1.5% | | <50 days lost | | 5 days lost | 0.0%* |
| Water Management UPBT (pre-ARP, pre-bonus) | 36% | 0% | 10% | 36% | | 0.0% |
| Water Management ESG | 4% | | | | | 0.0%* |
| Total | 100.0% | | | | | 13.39% |

* ESG targets met but no bonus payable as Target profit performance not met.

Based on performance against the above objectives, Paul Hooper was awarded a bonus of 13.39% of salary.

### Simon Dray, Group Finance Director

The Group's Finance Director's bonus was based on Group performance with 90% based on UPBT adjusted to remove bonus accruals and the contribution from the ARP acquisition; and 10% on ESG objectives.

| Performance measure | Proportion of bonus determined by measure | Threshold performance | Target performance | Maximum performance | Actual performance | % of bonus payable |
|---|---|---|---|---|---|---|
| Group UPBT (pre-ARP, pre-bonus) | 90% | £11.7m 0% earned | £13.3m 25% earned | £16.7m 90% earned | £13.1m | 22.31% |
| ESG: GHG reduction | 5.0% | | <18.87t $CO_2$e/£m revenue | | 18.77t $CO_2$e/£m | 0.0%* |
| ESG: number of LTAs | 2.5% | | <=2 LTAs | | 3 LTAs | 0.0% |
| ESG: LTA days lost | 2.5% | | <50 days lost | | 5 days lost | 0.0%* |
| Total | 100.0% | | | | | 22.31% |

* ESG targets met but no bonus payable as Target profit performance not met.

Based on performance against the above objectives, Simon Dray was awarded a bonus of 22.31% of salary.

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

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

| | Gilbert Jackson | | Michael Leaf | |
|---|---|---|---|---|
| | Maximum | % of bonus payable | Maximum | % of bonus payable |
| Group UPBT | 22.5% | 5.58% | 22.5% | 5.58% |
| Group ESG | 2.5% | 0.0%* | 2.5% | 0.0%* |
| Divisional underlying operating profit | 67.5% | 51.41% | 67.5% | 22.53% |
| Divisional ESG | 7.5% | 7.5% | 7.5% | 7.5% |
| Total | 100.0% | 64.49% | 100.0% | 35.61% |

* ESG target met but no bonus payable as Target profit performance not met.

## 2021 LTIP outturn

Awards were made to Paul Hooper, Simon Dray, Gilbert Jackson, and Michael Leaf under the LTIP in October 2021. These were subject to UPBT and TSR performance criteria.

| Measure | Threshold | Maximum | Actual | Vesting (Percentage of maximum granted) |
|---|---|---|---|---|
| UPBT | RPI+2.5%p.a. | RPI+10%p.a. | £13.0m UPBT<br>RPI + 4.1%p.a. | 43% for Paul Hooper and Simon Dray<br>25% for Gilbert Jackson and Michael Leaf[1] |
| Relative TSR (estimated 30 June 2024) | Median | Upper quartile | 25% TSR<br>Ranked in upper quartile | 25% estimated[2] |
| Building Envelope Divisional UPBT 75% | RPI+2.5%p.a. | RPI+10%p.a. | £4.6m UPBT<br>Threshold not met | 0% for Gilbert Jackson only |
| Housebuilding Products Divisional UPBT 75% | RPI+2.5%p.a. | RPI+10%p.a. | £3.8m UPBT | 23% for Michael Leaf only |

1 The UPBT measure for Gilbert Jackson and Michael Leaf was based on achieving the Threshold outcome.

2 The relative TSR measure is on track for full vesting although the final position will not be known until October 2024.

Paul Hooper and Simon Dray's LTIP awards are based 75% on Group UPBT and 25% on relative TSR. Their estimated vesting outcome is 68% of maximum.

Gilbert Jackson and Michael Leaf's LTIP awards are based 75% on divisional UPBT and 25% on achieving the Group UPBT threshold. Gilbert Jackson's vesting outcome is 25% of maximum and Michael Leaf's is 48% of maximum.

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

| Director | Date of vesting | No of awards granted | Estimated vesting | No of awards estimated to vest |
|---|---|---|---|---|
| Paul Hooper | 19 October 2024 | 90,823 | 68% | 61,787 |
| Simon Dray | 19 October 2024 | 37,538 | 68% | 25,538 |
| Gilbert Jackson | 19 October 2024 | 44,503 | 25% | 11,126 |
| Michael Leaf | 19 October 2024 | 41,156 | 48% | 19,668 |

# Annual Report on Remuneration continued

## Scheme interests awarded during the year

LTIP awards were granted on 18 December 2023 as detailed in the table below.

| | Scheme | Basis of award grant | No. of shares awarded | Face value of award[1] | % vesting for threshold performance | Vesting and performance period |
|---|---|---|---|---|---|---|
| Paul Hooper | 2023 LTIP | 75% of base salary at a price of 160.30p | 157,994 | £253,264 | 25% | 3 years |
| Simon Dray | 2023 LTIP | 40% of base salary at a price of 160.30p | 48,371 | £77,538 | 25% | 3 years |
| Gilbert Jackson | 2023 LTIP | 40% of base salary at a price of 160.30p | 57,073 | £91,488 | 25% | 3 years |
| Michael Leaf | 2023 LTIP | 40% of base salary at a price of 160.30p | 53,034 | £85,013 | 25% | 3 years |

1 Based on share price of 160.30p in accordance with the Scheme rules.

These awards will vest on 31 October 2026 and are subject to two measures and an underpin. The underpin requires a baseline UPBT of £11.2m to grow by at least RPI plus 2.5% p.a. to be achieved (in the year ending 30 June 2026) below which no award would vest. However, if this is achieved, 75% out of the award granted is based on UPBT growth targets (threshold of RPI+ 2.5% p.a. growth and maximum of RPI+ 10% p.a.) and the remaining 25% for all Directors is based on relative Total Shareholder Return (TSR) performance against the constituents of the FTSE All Share Index.

## Statement of Directors' shareholdings and share interests

### Directors' shareholdings

| | At the date of this report | At 30 June 2023 |
|---|---|---|
| Vijay Thakrar | 50,000 | 50,000 |
| Paul Hooper | 1,189,737 | 1,059,486 |
| Simon Dray | 50,000 | 20,000 |
| Gilbert Jackson | 52,460 | 22,950 |
| Michael Leaf[1] | 122,929 | 60,621 |
| Stephen Beechey | 41,034 | 27,418 |
| Karen McInerney | Nil | Nil |

1 Michael Leaf holds shares in part via his PCA.

## Long Term Incentive Plans

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

| | Date of award | Market price at award date* | Earliest exercise date | Interest as at 1 July 2023 | of which vested in year | of which exercised in year | of which were granted in year | of which lapsed in year | Interest as at 30 June 2024 |
|---|---|---|---|---|---|---|---|---|---|
| Paul Hooper | Oct 2019 | 83.5p | Oct 2022 | 148,186 | – | (148,186) | – | – | – |
| | Oct 2020 | 79.0p | Oct 2023 | 156,529[1] | 130,251 | (130,251) | – | (26,278) | – |
| | Oct 2021 | 240.0p | Oct 2024 | 90,823 | – | – | – | – | 90,823 |
| | Oct 2022 | 150.0p | Oct 2025 | 147,491 | – | – | – | – | 147,491 |
| | Dec 2023 | 160.3p | Oct 2026 | – | – | – | 157,994 | – | 157,994 |
| Total | | | | 543,029 | 130,251 | (278,437) | 157,994 | (26,278) | 396,308 |
| Gilbert Jackson | Oct 2020 | 79.0p | Oct 2023 | 56,923 | 29,510 | (29,510) | – | (27,413) | – |
| | Oct 2021 | 240.0p | Oct 2024 | 44,503 | – | – | – | – | 44,503 |
| | Oct 2022 | 150.0p | Oct 2025 | 57,541 | – | – | – | – | 57,541 |
| | Dec 2023 | 160.3p | Oct 2026 | – | – | – | 57,073 | – | 57,073 |
| Total | | | | 158,967 | 29,510 | (29,510) | 57,073 | (27,413) | 159,117 |
| Michael Leaf | Oct 2020 | 79.0p | Oct 2023 | 52,308[1] | 52,308 | (52,308) | – | – | – |
| | Oct 2021 | 240.0p | Oct 2024 | 41,156 | – | – | – | – | 41,156 |
| | Oct 2022 | 150.0p | Oct 2025 | 53,467 | – | – | – | – | 53,467 |
| | Dec 2023 | 160.3p | Oct 2026 | – | – | – | 53,034 | – | 53,034 |
| Total | | | | 146,931 | 52,308 | (52,308) | 53,034 | – | 147,657 |
| Simon Dray | Oct 2021 | 240.0p | Oct 2024 | 37,538 | – | – | – | – | 37,538 |
| | Oct 2022 | 150.0p | Oct 2025 | 48,767 | – | – | – | – | 48,767 |
| | Dec 2023 | 160.3p | Oct 2026 | – | – | – | 48,371 | – | 48,371 |
| Total | | | | 86,305 | – | – | 48,371 | – | 134,676 |

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

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

## Performance graph

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

# Annual Report on Remuneration continued

## Non-executive Directors

The policy of the Board is that the remuneration of the Non-executive Directors should be consistent with the levels of remuneration paid by companies of a similar size and complexity. Non-executive Directors receive an annual fee and are reimbursed expenses incurred in performing their duties. They do not receive any performance-related remuneration, or pension contributions.

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

## Chief Executive's remuneration

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

| Year | Chief Executive single figure of total remuneration £000 | Annual bonus pay-out against maximum opportunity % | Long-term incentive vesting against maximum opportunity % |
|---|---|---|---|
| 2023/24 | 533 | 13.4% | 68%[2] |
| 2022/23 | 609 | 17% | 83.2% |
| 2021/22 | 704 | 68% | 99.4% |
| 2020/21 | 565 | 100% | 75% |
| 2019/20 | 352 | 3.7%[1] | 0% |
| 2018/19 | 343 | 3.8% | 0% |
| 2017/18 | 332 | 0% | 0% |
| 2016/17 | 510 | 22% | 72%[3] |
| 2015/16 | 493 | 20% | 50% |
| 2014/15 | 633 | 71% | 50% |

1 This represents a bonus relating to 2019 in respect of the sale of the Façades business.

2 This is based on an assumption that the TSR target will be achieved in October 2024.

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

## Percentage change in Chief Executive's remuneration

The table below shows the percentage change in remuneration (excluding LTIPs) between the years ended 30 June 2023 and 30 June 2024 for the Chief Executive and all Group employees.

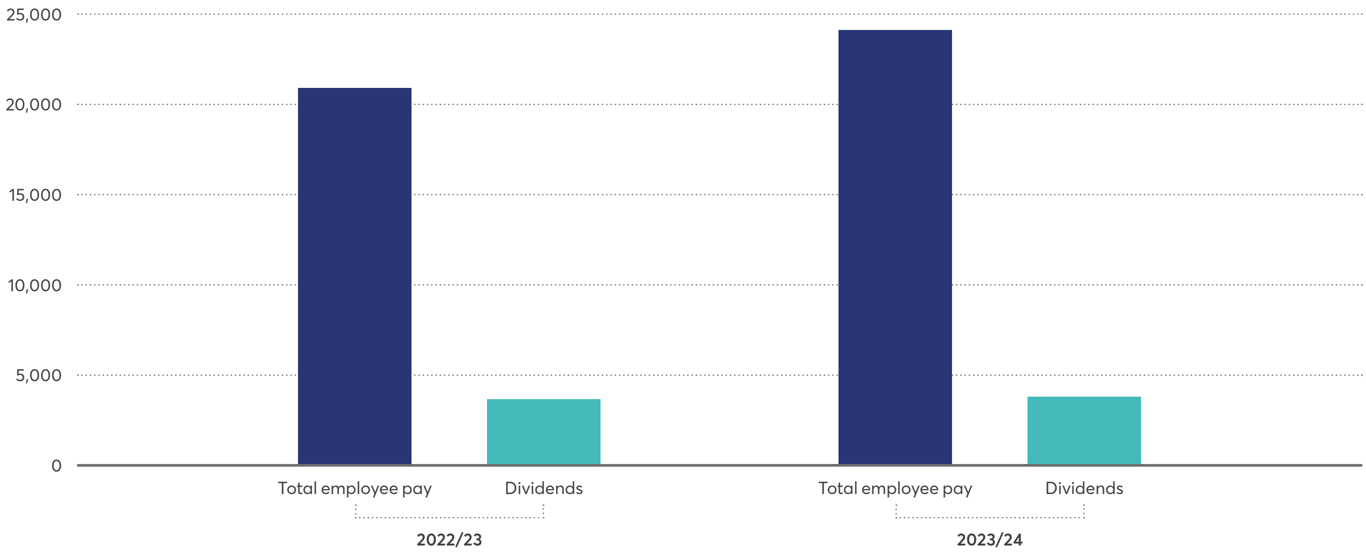
| | Chief Executive[1] | Employees[2] |
|---|---|---|
| Salary | 10.1% | 8.0% |
| Benefits | (19.6)% | 4.8% |
| Bonus | (10.0)% | 22.1% |

1 The Chief Executive's salary increased by 6% on 1 July 2023, in line with the general workforce. The year-on-year change also reflects an increase in his salary, and a reduction in his pension contributions, effective from 1 January 2023.

2 All employees in general received a 6% salary increase from 1 July 2023, the year-on-year change reflects employee churn and the acquisition of ARP in December 2023.

## Relative importance of spend on pay

| | Total employee pay | Dividends |
|---|---|---|
| 2022/23 | 20,894 | 3,599 |
| 2023/24 | 24,117 | 3,724 |
| Percentage increase | 15.43% | 3.47% |




## Implementation of the Directors' Remuneration Policy for the financial year 2024/25

The information below sets out how the Company intends to implement the Directors' Remuneration Policy for the year in 2024/25.

### Base salary

The salaries of the Executive Directors have been reviewed and increased in line with the workforce average from 1 July 2024 at the rate of 4%. The provision of benefits will remain unchanged.

### Non-executive Directors

The Board's policy is that the remuneration of the Non-executive Directors should be consistent with the levels of remuneration paid by companies of a similar size and complexity. Non-executive Directors receive an annual fee and are reimbursed for expenses incurred in performing their duties. They have been awarded a 4% increase in line with the workforce average.

### 2024/25 bonus

Targets for the annual 2024/25 bonus for the Executive Directors will be determined by performance against a sliding scale of challenging Underlying Profit Before Tax targets set at the beginning of the financial year and ESG targets related to GHG emissions and Health & Safety/ accident improvements.

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

# Annual Report on Remuneration continued

## 2024 Long Term Incentive Plan

It is intended that the awards under the 2024 LTIP will be made to the Executive Directors in October 2024. Awards with a face value of 75% of salary will be granted to the CEO and 40% of salary for the other Executive Directors.

For any of the 2024 LTIP awards to vest, a Group UPBT underpin will need to be met. The underpin will be measured against the UPBT for the year ending 30 June 2027, and will require growth of RPI + 2.5% p.a. above the baseline UPBT for 2024 (£13.0m), adjusted to annualise the contribution from ARP Group.

Subject to achieving the UPBT growth underpin, the awards will vest depending on the achievement of challenging UPBT and TSR measures.

## Underlying PBT

75% of the award will be dependent on Group UPBT growth targets.

Awards will vest depending on growth achieved using a notional base UPBT figure of £13.0 million plus an adjustment to annualise the contribution from ARP Group. Performance is based on the third year of the performance period, being the financial year ending 30 June 2027.

Awards will vest according to the following targets:

| UPBT growth (from a base of £13.0 million) | Proportion of the award that vests |
|---|---|
| Less than RPI + 2.5% p.a. | 0.0% |
| Between RPI + 2.5% p.a. and RPI + 10% p.a. | 25% to 100% on a straight-line basis |
| RPI + 10% p.a. or higher | 75% |

## Total shareholder return

25% of the award is subject to a relative TSR measure.

If the Company's TSR is below the FTSE All Share index median, no part of this award will vest. If performance is at median/index, then 6.25% will vest. For performance at upper quartile or higher, this part of the award will vest in full. For performance between median/index and upper quartile, vesting will be on a straight-line basis.

## Statement of voting – 2023 AGM

At the 2023 AGM the Directors' Remuneration Report received the following vote from shareholders:

| | Total number of votes cast | % of votes cast |
|---|---|---|
| For | 17,398,132 | 99.58% |
| Against | 74,131 | 0.42% |
| Total votes cast (for and against) | 17,472,263 | 100% |
| Voted withheld | 106,022 | |

The votes received for the Remuneration Policy were as follows:

| | Total number of votes cast | % of votes cast |
|---|---|---|
| For | 17,389,521 | 99.53% |
| Against | 82,985 | 0.47% |
| Total votes cast (for and against) | 17,472,506 | 100% |
| Voted withheld | 105,779 | |

At the year end, the Employee Benefit Trust, established to hold shares in relation to the ESOS and the LTIP, held 180,849 Ordinary shares. The market value of the shares held in trust as at 28 June 2024 was £345,422.

This Report was approved by the Board of Directors on 3 September 2024 and signed on its behalf by the Remuneration Committee Chair.

**Stephen Beechey**
**Chair of the Remuneration Committee**

3 September 2024

# Directors' Report

The Directors present their Annual Report and the consolidated financial statements for The Alumasc Group plc for the financial year ended 30 June 2024. The report also includes the Corporate Governance Report on pages 58 to 67, and the Audit Committee Report and Remuneration Report forms part of the Directors' Report and is incorporated by reference.

## Results and dividend

The results of the Group for the year ended 30 June 2024 are set out on pages 96 to 146.

The Directors are recommending a final dividend of 7.3 pence per Ordinary share (2022/23: 6.9 pence) which will, if approved at the AGM, be paid to shareholders on the register at the close of business on 27 September 2024, being a total of 10.75 pence for the year. The interim dividend of 3.45 pence was paid on 8 April 2024.

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

The right to receive any dividend has been waived by the Trustees of the Company's Employee Benefit Trust over any shares that the Trustees may hold from time to time. Details of the Employee Trust's current holding can be found in the Directors' Remuneration Report on page 85.

## Strategic Report

The Company is required to prepare a Strategic Report to present a fair, balanced and understandable view of Alumasc's business during the year ended 30 June 2024 and of the position of the Group at the end of the financial period, together with a description of the principal risks and uncertainties facing the business. The Company has taken advantage of section 414C (11) of the CA 2006 to include disclosures in the Strategic Report on these items and the further items listed in the 'Additional Shareholder Information' section on pages 147 and 148. The Strategic Report can be found on pages 1 to 55. Our principal risks and uncertainties are set out on pages 47 to 50 and include each risk and details on how we manage or mitigate these risks. The Directors carried out an assessment of how we manage these risks, including those that could threaten our business model, future performance, or liquidity.

A statement on engagement with our stakeholders and how the Board complied with section 172 of the Companies Act is included on pages 51 to 55.

## Corporate Governance Statement

Certain information needs to be included in a corporate governance statement in the Directors' Report. Information that fulfils these requirements can be found in the Corporate Governance Statement on pages 58 to 67 and is incorporated into the Directors' Report by reference.

## Management report

For the purposes of compliance with Rule 4.15R (2) and Rule 4.18 of the FCAs Disclosure Guidance and Transparency Rules, the Directors Report on pages 86 to 88, and the Strategic Report on pages 1 to 55 together comprise the Management Report.

## Directors

The Directors who served during the financial year were:

| | |
|---|---|
| Vijay Thakrar | (Chair) |
| Paul Hooper | (Chief Executive and Managing Director of Water Management) |
| Stephen Beechey | (Non-executive Director and Chair of the Remuneration Committee) |
| Karen McInerney | (Non-executive Director and Chair of the Audit Committee) |
| Simon Dray | (Group Finance Director) |
| Gilbert Jackson | (Executive Director and Managing Director of Building Envelope) |
| Michael Leaf | (Executive Director and Managing Director of Housebuilding Products) |

At the AGM, all of the Directors will offer themselves for re-election in accordance with the 2023 QCA Code. The biographical details of the Directors can be found on pages 58 and 59.

Details of the Directors' service agreements can be found on our website at www.alumasc.co.uk. Information about Directors' interests in the Company's shares are shown on page 80.

## Directors' & Officers' Insurance

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

## Business ethics and combating modern slavery

Alumasc recognises the importance of the human rights of all our employees, suppliers, stakeholders, and wider communities in which we operate. This is core to how we conduct our business, and our policies can be found on our website at www.alumasc.co.uk

## Companies Act s.172

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

Information about how the Company considers its obligations under s.172 of the Companies Act are discussed in the Strategic Report (on pages 51 to 55).

## Conflicts of interest

No Director had any interest in any contract of significance in the year. The Group has procedures for managing conflicts of interest, which are set out on pages 65 and 147.

## Employees

The Group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual regardless of religion, gender, and sexual orientation, educational or professional backgrounds. An analysis of our employees by gender at 30 June 2024 can be found on page 23. Information about employees can be found on pages 22 to 25.

In the Corporate Governance Report and Strategic Report, there are disclosures on how the Company provides information to employees, how the views of employees are considered in decision-making and how strategic information is shared (see pages 23 and 52). Information on the Group's policies on recruitment and the employment of disabled persons can be found on page 23.

## Energy, and Streamlined Energy and Carbon Reporting (SECR) Compliance

In accordance with the Streamlined Energy & Carbon Reporting guidelines Alumasc is required to disclose the annual quantity of emissions in tonnes of carbon dioxide equivalents. Our data covers Scope 1 & 2 energy usage and Scope 3 (defined scope). Details of emissions are on page 27 of our Sustainability Report. In compliance with the SECR requirements, energy consumption and reduction initiatives are reported in the Sustainability section of this Report on pages 26 to 28.

## Political donations

No political donations were made during the year by the Company and its subsidiaries (2022/23: £nil).

## Research and development

The Group continues to devote effort and resources to the research and development of new products and solutions. The Group uses strong technical capabilities to design and make new products for housebuilding and rainwater solutions. This area is essential for future growth and to maintain our market position. Please see note 7 on page 110 to the financial statements for details of our research and development expenditure.

## Disclosure of information to the auditor

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

# Directors' Report continued

## Other information

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

| Information | Page | Location in Annual Report |
|---|---|---|
| Articles of association | 147 | Additional information for shareholders |
| Directors' interests | 80 | Directors' Remuneration Report |
| Long Term Incentive Plans | 79, 81, 84 | Directors' Remuneration Report |
| Financial risk management | 46, 120 and 121 | Note 21 and the significant accounting policies sections, Financial Statements |
| Future developments | 1 to 55 | Strategic Report[1] |
| Health & Safety and employee-related policies | 22, 23 | Strategic Report: Sustainability Report[1] |
| Major shareholdings | 148 | Additional information for shareholders |
| Movements in share capital | 126, 127 | Notes 24, 25 and 26, Financial statements |
| Purchase of own shares | 148 | Additional information for shareholders |
| Share capital – structure, voting, restrictions, and other rights | 148, 126 and 127 | Additional information for shareholders and in notes 24, 25 and 26 to the Financial Statements. |

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

## Auditor

Crowe U.K. LLP has indicated its willingness to continue in office. On the recommendation of the Audit Committee, as set out on page 72, resolutions are to be proposed at the Annual General Meeting for the re-appointment of Crowe U.K. LLP as auditor of The Alumasc Group plc and its subsidiaries, and to authorise the Board to set their remuneration.

## Annual General Meeting (AGM)

The Notice convening the AGM, to be held on 24 October 2024 at 10.00am at Timloc, Timloc House, Ozone Park, Howden, East Riding of Yorkshire DN14 7SD, is included within this document at the end of the Annual Report on pages 153 to 155 together with an explanation of the business to be conducted at the meeting. The Notice of the AGM contains the information about the arrangements for the meeting and specifies the deadline for exercising voting rights.

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

The Directors' Report was approved by the Board on 3 September 2024.

Signed on behalf of the Board.

**Helen Ashton**
**Group Company Secretary**

3 September 2024

# Statement of Directors' Responsibilities

## Statement of Directors' Responsibilities

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

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

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

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

The Directors confirm that:

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

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

The Strategic Report was approved by the Board on 3 September 2024.

Signed on behalf of the Board.

G Paul Hooper

**Paul Hooper**
**Chief Executive**

3 September 2024

# Financial
# **Statements**

# Financial Statements

# Independent Auditor's Report

## to the Members of The Alumasc Group plc
## For the year ended 30 June 2024

### Opinion

We have audited the financial statements of The Alumasc Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2024, which comprise:

- the Consolidated statement of comprehensive income for the year ended 30 June 2024;
- the Consolidated and Parent Company statements of financial position as at 30 June 2024;
- the Consolidated and Parent Company statements of cash flows for the year then ended;
- the Consolidated and Parent Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including material accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been properly prepared in accordance with the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

- Reviewing management's financial projections for the Group and parent company for the period to 30 September 2025;
- Checking the numerical accuracy of management's financial projections;
- Challenging the key assumptions used in the forecasts, including downside sensitivities of reduced sales volumes;
- Reviewed the availability of facilities and cash reserves in the context of both the financial projections and downside scenarios, including an assessment of compliance with applicable covenants;
- Performing procedures to review and evaluate the historical accuracy of management's past projections by comparing actuals to budgets and challenging management where differences have arisen; and
- Reviewing the disclosures made in the financial statements relating to going concern and agreeing it is consistent with management's assessment.

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

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

## Overview of our audit approach

### Materiality

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

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £600,000, based on approximately 5% of profit before tax (2023 – £500,000). The Parent Company materiality was determined as £400,000 (2023 – £350,000), based on 1% of net assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment and is approximately £420,000 (2023 – £350,000). The Parent Company performance materiality is approximately £280,000 (2023 – £250,000).

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

We agreed with the Audit Committee to report to it all identified errors in excess of £30,000 (2023 – £25,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

### Overview of the scope of our audit

The Group and its subsidiaries are accounted for at one location, being the Parent Company's registered office. We performed full scope audits of the complete financial information of The Alumasc Group plc and the four components, Alumasc Building Products Limited, Benjamin Priest Limited, Alumasc Precision Limited and Alumasc Limited. The work was performed directly by the Group audit team. The operations that were subject to full-scope audit procedures made up 99% of the consolidated revenues, total profit before tax on continuing operations and total assets and liabilities. The Group's other subsidiary, Elkington China Limited, was subject to a desktop review as it is not a significant component. Specific procedures were performed over the ARP Group Limited, acquired by the Group on 21 December 2023.

### Key Audit Matters

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

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

| Key audit matter | How the scope of our audit addressed the key audit matter |
|---|---|
| **Valuation of defined benefit pension scheme net asset (note 22)** | |
| The group operates a defined benefit pension scheme that provides benefits to a number of current and former employees. At 30 June 2024, the defined benefit pension schemes' net assets were £0.8 million. The gross value of pension scheme assets amounted to £74.6 million, with net liabilities of £73.8 million. The valuation of the defined benefit pension scheme net asset in accordance with IAS 19 'Employee Benefits' involves significant judgement and is subject to complex actuarial assumptions. Small variations in those actuarial assumptions can lead to a materially different defined benefit pension scheme asset or liability being recognised within the group financial statements. Therefore, we identified the valuation of the defined benefit pension scheme as a significant risk, which was one of the most significant assessed risks of material misstatement. | Our audit procedures included:<br>• Documenting our understanding of the processes surrounding the valuation of pension scheme assets and defined benefit obligations;<br>• Evaluating the independence and competence of management's actuary;<br>• Using an actuarial expert to inform our challenge of the assumptions used, including discount rates, growth rates, mortality rates and the calculation methods employed in the calculation of the pension liability;<br>• Testing a sample of the pension scheme assets to underlying documentation to confirm ownership and valuation at the reporting date;<br>• Assessing disclosures made in the financial statements to determine compliance with IAS 19; and<br>• Assessing the accounting treatment of the pension scheme asset under IFRIC 14, and whether the group has an unconditional right to a surplus, including a review of the legal opinion obtained by management. |

# Independent Auditor's Report continued

## to the Members of The Alumasc Group plc
## For the year ended 30 June 2024

| Key audit matter | How the scope of our audit addressed the key audit matter |
|---|---|
| **Business Combination (note 14)** | |
| The relevant related disclosures are given in note 14 of the financial statements. A business combination was undertaken in the year with the acquisition of the ARP Group. Judgement is applied by management in estimating the fair value of the consideration transferred, and the assets and liabilities acquired, in the business combination. The consideration transferred included contingent consideration of £1.5m and significant fair value adjustments were made in respect of recognition of intangible assets; Brand (£3.4m) and Key and other customer accounts (£1.1m). | Our audit procedures included:<br>• Confirming that the acquisition met the definition of a business combination in accordance with IFRS3 Business Combinations;<br>• Reviewing management's accounting paper, and the relevant aspects of the SPA, to verify:<br>– the nature and amount of the Purchase price, and<br>– that the Purchase price met the definition of consideration, in accordance with IFRS 3;<br>• Challenging the assumptions underpinning the estimation of the contingent consideration;<br>• Utilising a valuation expert to assess the value of the brand and intangible asset recognised in respect of customer relationships;<br>• The valuation methodology applied by management;<br>• The models used to value the intangible assets; and<br>• The discount rates used in the models;<br>• Challenging the inputs and assumptions underlying the methodology and models;<br>• We documented and assessed the design and implementation of controls over the accounting and disclosure of the acquisition transaction;<br>• Challenging the judgements made by management in respect of the useful life attributed to each intangible asset; and<br>• Considering whether the disclosures in the financial statements provide sufficient understanding of the business combination and are in accordance with IFRS 3. |

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

### Other information

The directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 89, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were relevant company law and taxation legislation in the UK being the principal jurisdiction in which the Group operates and QCA Corporate Governance Code.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities, used data analytics techniques to identify any unusual transactions and journals. Additionally, we reviewed accounting estimates for biases where significant judgements are involved (see Key Audit Matters above).

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

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

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

## Use of our report

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

**Mark Evans (Senior Statutory Auditor)**
**for and on behalf of Crowe U.K. LLP**

Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

3 September 2024

# Consolidated Statement of Comprehensive Income
## For the year ended 30 June 2024

| | | Year ended 30 June 2024 | | | Year ended 30 June 2023 | | |
|---|---|---|---|---|---|---|---|
| **Continuing operations** | **Notes** | **Underlying £'000** | **Non-underlying £'000** | **Total £'000** | **Underlying £'000** | **Non-underlying £'000** | **Total £'000** |
| **Revenue** | 3, 4 | **100,724** | **–** | **100,724** | 89,135 | – | 89,135 |
| Cost of sales | | **(62,444)** | **–** | **(62,444)** | (56,406) | – | (56,406) |
| **Gross profit** | | **38,280** | **–** | **38,280** | 32,729 | – | 32,729 |
| Net operating expenses | | | | | | | |
| Net operating expenses before non-underlying items | | **(24,043)** | **–** | **(24,043)** | (20,620) | – | (20,620) |
| Other non-underlying items | 5 | **–** | **(1,041)** | **(1,041)** | – | (585) | (585) |
| **Net operating expenses** | | **(24,043)** | **(1,041)** | **(25,084)** | (20,620) | (585) | (21,205) |
| **Operating profit** | 4, 5 | **14,237** | **(1,041)** | **13,196** | 12,109 | (585) | 11,524 |
| Net finance costs | 9 | **(1,266)** | **(195)** | **(1,461)** | (937) | (48) | (985) |
| **Profit before taxation** | 5 | **12,971** | **(1,236)** | **11,735** | 11,172 | (633) | 10,539 |
| Tax expense | 10, 12 | **(3,308)** | **321** | **(2,987)** | (2,234) | 48 | (2,186) |
| **Profit for the year from continuing operations** | | **9,663** | **(915)** | **8,748** | 8,938 | (585) | 8,353 |
| **Discontinued operations:** | | | | | | | |
| Loss after taxation for the year from discontinued operations | 6 | **–** | **–** | **–** | – | (1,750) | (1,750) |
| **Profit/(loss) for the year** | | **9,663** | **(915)** | **8,748** | 8,938 | (2,335) | 6,603 |
| **Other comprehensive income:** | | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | | |
| Actuarial gain/(loss) on defined benefit pensions, net of tax | | | | **3,083** | | | (2,796) |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | | | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | | | | **(38)** | | | (285) |
| Exchange differences on retranslation of foreign operations | | | | **(30)** | | | (18) |
| | | | | **(68)** | | | (303) |
| **Other comprehensive profit/(loss) for the year, net of tax** | | | | **3,015** | | | (3,099) |
| **Total comprehensive profit for the year, net of tax** | | | | **11,763** | | | 3,504 |

| **Earnings per share** | | **Pence** | **Pence** |
|---|---|---|---|
| **Basic earnings per share** | | | |
| – Continuing operations | | **24.3** | 23.3 |
| – Discontinued operations | | **–** | (4.9) |
| | 12 | **24.3** | 18.4 |
| **Diluted earnings per share** | | | |
| – Continuing operations | | **24.1** | 23.1 |
| – Discontinued operations | | **–** | (4.9) |
| | 12 | **24.1** | 18.2 |

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

# Consolidated Statement of Financial Position

## At 30 June 2024

| | Notes | 2024 £'000 | 2024 £'000 | 2023 £'000 | 2023 £'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment – owned assets | 13 | **15,670** | | 13,227 | |
| Property, plant and equipment – right-of-use assets | 13 | **5,569** | | 5,007 | |
| Goodwill | 14 | **12,678** | | 8,526 | |
| Other intangible assets | 15 | **6,621** | | 2,073 | |
| Employee benefits asset | 22 | **794** | | – | |
| Deferred tax assets | 10 | **–** | | 1,081 | |
| | | | **41,332** | | 29,914 |
| **Current assets** | | | | | |
| Inventories | 16 | **13,153** | | 11,561 | |
| Trade and other receivables | 17 | **21,518** | | 20,748 | |
| Cash at bank | 27 | **6,410** | | 5,995 | |
| | | | **41,081** | | 38,304 |
| **Total assets** | | | **82,413** | | 68,218 |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Interest bearing loans and borrowings | 19, 27 | **(13,662)** | | (8,848) | |
| Lease liability | 20 | **(4,769)** | | (4,366) | |
| Employee benefits obligations | 22 | **–** | | (4,323) | |
| Provisions | 23 | **(1,880)** | | (1,185) | |
| Deferred tax liabilities | 10 | **(3,772)** | | (1,614) | |
| | | | **(24,083)** | | (20,336) |
| **Current liabilities** | | | | | |
| Trade and other payables | 18 | **(21,519)** | | (19,120) | |
| Lease liability | 20 | **(1,078)** | | (868) | |
| Provisions | 23 | **(307)** | | (612) | |
| Derivative financial liabilities | 21 | **(81)** | | (30) | |
| Deferred consideration | 14 | **(755)** | | – | |
| Corporation tax payable | | **(1,052)** | | (1,505) | |
| | | | **(24,792)** | | (22,135) |
| **Total liabilities** | | | **(48,875)** | | (42,471) |
| **Net assets** | | | **33,538** | | 25,747 |
| **Equity** | | | | | |
| Share capital | 24 | **4,517** | | 4,517 | |
| Share premium | 25 | **445** | | 445 | |
| Capital reserve – own shares | 25 | **(321)** | | (577) | |
| Hedging reserve | 25 | **(60)** | | (22) | |
| Foreign currency reserve | 25 | **168** | | 198 | |
| Profit and loss account reserve | | **28,789** | | 21,186 | |
| **Total equity** | | | **33,538** | | 25,747 |

The financial statements were approved by the Board of Directors and authorised for issue on 3 September 2024.

**Paul Hooper**
**Director**

**Simon Dray**
**Director**

3 September 2024
Company number 1767387

# Consolidated Statement of Cash Flows

## For the year ended 30 June 2024

| | Notes | Year ended 30 June 2024 £'000 | Year ended 30 June 2023 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | **13,196** | 11,524 |
| Adjustments for: | | | |
| Depreciation | 7, 13 | **2,663** | 2,681 |
| Amortisation | 7, 15 | **478** | 247 |
| Loss on disposal of property, plant and equipment | | **4** | 1 |
| (Increase)/decrease in inventories | | **(199)** | 1,833 |
| Decrease in receivables | | **610** | 1,897 |
| Increase/(decrease) in trade and other payables | | **470** | (3,948) |
| Movement in provisions | | **(78)** | (624) |
| Cash contributions to retirement benefit schemes | 22 | **(1,200)** | (1,567) |
| Share based payments | 26 | **251** | 182 |
| **Cash generated by operating activities of continuing operations** | | **16,195** | 12,226 |
| Tax paid | | **(2,073)** | (530) |
| **Net cash inflow from operating activities** | | **14,122** | 11,696 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | **(3,131)** | (2,545) |
| Payments to acquire intangible fixed assets | | **(505)** | (194) |
| Proceeds from sales of property, plant and equipment | | **8** | 24 |
| Acquisition of subsidiary | | **(10,730)** | – |
| Cash acquired on acquisition of subsidiary | | **2,223** | – |
| Loss on disposal of subsidiary | | **–** | (1,750) |
| **Net cash outflow from investing activities** | | **(12,135)** | (4,465) |
| **Financing activities** | | | |
| Bank interest paid | | **(909)** | (671) |
| Equity dividends paid | 11 | **(3,724)** | (3,599) |
| Draw down/(repayment) of amounts borrowed | 27 | **4,700** | (4,000) |
| Principal paid on lease liabilities | | **(837)** | (765) |
| Interest paid on lease liabilities | | **(176)** | (154) |
| Purchase of own shares | | **(647)** | (51) |
| Exercise of share options | | **129** | – |
| Refinancing costs | 27 | **(78)** | (262) |
| **Net cash outflow from financing activities** | | **(1,542)** | (9,502) |
| **Net increase/(decrease) in cash at bank and bank overdraft** | 27 | **445** | (2,271) |
| Net cash at bank and bank overdraft brought forward | | **5,995** | 8,284 |
| Net increase/(decrease) in cash at bank and bank overdraft | | **445** | (2,271) |
| Effect of foreign exchange rate changes | | **(30)** | (18) |
| **Net cash at bank and bank overdraft carried forward** | 27 | **6,410** | 5,995 |

# Consolidated Statement of Changes in Equity

## For the year ended 30 June 2024

| | Notes | Share capital £'000 | Share premium £'000 | Capital reserve – own shares £'000 | Hedging reserve £'000 | Foreign currency reserve £'000 | Profit and loss account reserve £'000 | Total equity £'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 July 2022 | | 4,517 | 445 | (601) | 263 | 216 | 20,892 | 25,732 |
| Profit for the year | | – | – | – | – | – | 6,603 | 6,603 |
| Exchange differences on retranslation of foreign operations | | – | – | – | – | (18) | – | (18) |
| Net loss on cash flow hedges | | – | – | – | (355) | – | – | (355) |
| Tax on derivative financial liability | | – | – | – | 70 | – | – | 70 |
| Actuarial loss on defined benefit pensions, net of tax | | – | – | – | – | – | (2,796) | (2,796) |
| Tax on share options | | – | – | – | – | – | (21) | (21) |
| Acquisition of own shares | | – | – | (72) | – | – | – | (72) |
| Own shares used to satisfy exercise of share awards | | – | – | 96 | – | – | – | 96 |
| Share based payments | | – | – | – | – | – | 182 | 182 |
| Dividends | 11 | – | – | – | – | – | (3,599) | (3,599) |
| Exercise of share based incentives | | – | – | – | – | – | (75) | (75) |
| At 1 July 2023 | | 4,517 | 445 | (577) | (22) | 198 | 21,186 | 25,747 |
| Profit for the year | | **–** | **–** | **–** | **–** | **–** | **8,748** | **8,748** |
| Exchange differences on retranslation of foreign operations | | **–** | **–** | **–** | **–** | **(30)** | **–** | **(30)** |
| Net loss on cash flow hedges | | **–** | **–** | **–** | **(51)** | **–** | **–** | **(51)** |
| Tax on derivative financial liability | | **–** | **–** | **–** | **13** | **–** | **–** | **13** |
| Actuarial gain on defined benefit pensions, net of tax | | **–** | **–** | **–** | **–** | **–** | **3,083** | **3,083** |
| Tax on share options | | **–** | **–** | **–** | **–** | **–** | **19** | **19** |
| Acquisition of own shares | | **–** | **–** | **(647)** | **–** | **–** | **–** | **(647)** |
| Own shares used to satisfy exercise of share awards | | **–** | **–** | **903** | **–** | **–** | **–** | **903** |
| Share based payments | | **–** | **–** | **–** | **–** | **–** | **251** | **251** |
| Dividends | 11 | **–** | **–** | **–** | **–** | **–** | **(3,724)** | **(3,724)** |
| Exercise of share based incentives | | **–** | **–** | **–** | **–** | **–** | **(774)** | **(774)** |
| **At 30 June 2024** | | **4,517** | **445** | **(321)** | **(60)** | **168** | **28,789** | **33,538** |

# Notes to the Financial Statements

For the year ended 30 June 2024

## 1 Basis of preparation

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

The Group's financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2024. All subsidiaries have a reporting date of 30 June.

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

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

### Going concern

At 30 June 2024 the Group had cash and cash equivalents of £6.4 million and had utilised £13.7 million of the committed £25.0 million revolving credit facility. This provided total headroom of some £17.7 million against committed facilities and, together with £4.0 million overdraft facilities, there is headroom of some £21.7 million against total facilities at 30 June 2024. In August 2024 the Group exercised the second of its two single year extension options, which extended the expiry date of its £25.0 million committed revolving credit facility to August 2027.

In assessing going concern to take account of the continued uncertainties caused by the current challenging macroeconomic environment, the Group has modelled a base case trading scenario on a 'bottom up' basis. The Group has also modelled stress test scenarios which assume 10% and 20% reductions in revenue, with no cost reduction or cash conservation measures. Under the lowest point in these stress tested scenarios, the Group retains adequate headroom against its total banking facilities for at least the next 13 months to the end of September 2025, with no breach of banking covenants across this period.

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

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

## 2 Summary of material accounting policies

The accounting policies adopted are consistent with those of the previous financial year. The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2023 and have been adopted for the Group financial statements where appropriate with no material impact on the disclosures and results made by the Group:

- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

### Judgements and estimates

The main sources of estimation uncertainty that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities at 30 June 2024 within the next financial year are the valuation of defined benefit pension obligations and the valuation of the Group's acquired goodwill.

The assumptions applied in determining the defined benefit pension obligation are particularly sensitive. Advice is taken from a qualified actuary to determine appropriate assumptions at each reporting date. The actuarial valuation involves making assumptions about discount rate, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long–term nature of these plans, such estimates are subject to significant uncertainty. A sensitivity analysis is shown in note 22.

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

### Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is recognised as an intangible asset and includes business processes, buyer-specific synergies, know-how and workforce-related industry-specific knowledge and technical skills. When the excess is negative (negative goodwill), it is recognised immediately in the consolidated statement of comprehensive income. Costs related to an acquisition are expensed as incurred. Contingent consideration is measured at fair value at the acquisition date, with subsequent changes recognised in the consolidated statement of comprehensive income.

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

### Other intangible assets

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

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

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

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

| | | |
|---|---|---|
| Computer software | – | 2 to 5 years |
| Brands | – | 10 to 25 years |
| Customer relationships | – | 5 to 10 years |

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

### Property, plant and equipment

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

Freehold land is not depreciated.

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

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

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

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 2 Summary of material accounting policies continued

### Impairment of fixed assets

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

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

### Leases

#### i) Identification of a lease

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

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

#### ii) As a lessee

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

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

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

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

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

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

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

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

##### Short-term leases and leases of low-value assets

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

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

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

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

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

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

## Financial assets
When financial assets are recognised initially under IFRS 9, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements continued
For the year ended 30 June 2024

## 2 Summary of material accounting policies continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 2 Summary of material accounting policies continued

### Alternative performance measures

The Group uses a range of non-IFRS performance measures to monitor the performance of the business. The Group believes these provide information on the ongoing trading of the business to help investors and other stakeholders evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses measures that reflect the underlying performance on the basis that this aids the user in understanding the core business performance of the Group.

The Group reports underlying profit and underlying earnings in addition to the financial information prepared under IFRS. The Board believes that underlying profit and underlying earnings provide additional and consistent measures of underlying performance by removing items that are not closely related to the Group's day-to-day trading activities and which would typically be excluded in assessing the value of the business.

Underlying profit and underlying earnings are used by the Board for internal performance analysis, planning and employee compensation arrangements. 'Underlying profit' and 'underlying earnings' are not defined terms under IFRS, and may therefore not be comparable with similarly titled measures reported by other companies. They are therefore not intended to be a substitute for, or superior to, IFRS measures of profit and earnings. A reconciliation of underlying to IFRS profit and earnings are included in notes 5 and 12 respectively.

The Board uses its judgement to consider the classification of items as non-underlying at the beginning of each financial year and prior to commencement of any significant restructuring or similar event, subject to the relevant criteria. The items treated as non-underlying, and consequently disclosed separately from underlying profit and earnings, are non-trading and/or exceptional by their size or incidence, and fall into the following categories:

*Amortisation of acquired intangible assets*

Amortisation of intangible assets that are acquired through business combinations are treated as non-underlying, as they are non-cash items that are based on judgements about their value and economic life and are not related to the Group's underlying trading performance.

*IAS 19 net pension scheme finance costs*

The net finance costs associated with the Group's legacy defined benefit pension scheme are considered non-underlying as they are notional non-cash items; and as they are past service costs they are not related to current trading activities.

*Acquisition items*

Costs related to the acquisition of businesses and charges and credits arising from changes in the estimates of contingent and deferred consideration are considered non-trading and one-off in nature, so are excluded from underlying profit. Integration costs, where they relate to the cost of exiting pre-existing arrangements of the acquired business, do not reflect the acquired business's trading performance so are treated as non-underlying to ensure consistency between periods.

*Other non-underlying items*

Significant one-off items such as restructuring costs, gains and losses on disposal of assets, impairment charges and their reversal, the costs of litigation and its outcome, and one-off non-trading income and costs, may be shown as non-underlying to facilitate a better understanding of the ongoing financial performance of the Group. Restructuring costs, which may include redundancy costs, property-related gains and losses, asset impairment charges and associated professional fees, are only included as non-underlying when they will not be incurred in the ongoing business and they are incremental to normal operations undertaken to add value to the business.

The Group also uses the following non-IFRS measures on a consistent basis and they are defined as follows:

Underlying operating margin:

Underlying operating margin is defined as underlying operating profit as a percentage of revenue.

Underlying EBITDA:

Underlying EBITDA is underlying operating profit before interest, taxation, depreciation and amortisation.

Underlying operating cash conversion:

Underlying operating cash conversion is cash generated by operating activities, before non-underlying cash flows, as a percentage of underlying operating profit.

Net bank debt:
Net debt as defined under the Group's banking facility agreement before the impact of IFRS 16: Leases.

Leverage ratio:
The leverage ratio is the ratio of net bank debt to underlying EBITDA and is consistent with the calculation of the Group's banking covenants.

### New standards and interpretations not applied

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period 1 July 2024 onwards:

- Amendments to the Classification and Measurement of Financial Instruments; and
- Lack of Exchangeability (Amendments to IAS 21).

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

## 3 Revenue

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Revenue from continuing operations arising from: | | |
| Goods transferred to customers, recognised at a point in time | **100,724** | 88,773 |
| Contracts recognised over time | **–** | 362 |
| **Revenue (per consolidated statement of comprehensive income)** | **100,724** | 89,135 |
| Rental income | **40** | 40 |
| **Total income** | **100,764** | 89,175 |

## 4 Segmental analysis

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

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

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

| | 2023/24 | | 2022/23 | |
|---|---|---|---|---|
| | Revenue £'000 | Segmental operating result £'000 | Revenue £'000 | Segmental operating result £'000 |
| Water Management | **48,316** | **7,628** | 39,841 | 5,765 |
| Building Envelope | **37,602** | **4,627** | 34,559 | 4,084 |
| Housebuilding Products | **14,806** | **3,750** | 14,735 | 3,518 |
| **Trading** | **100,724** | **16,005** | 89,135 | 13,367 |
| Unallocated costs | | **(1,768)** | | (1,258) |
| **Total from continuing operations** | **100,724** | **14,237** | 89,135 | 12,109 |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 4 Segmental analysis continued

| | £'000 | £'000 |
|---|---|---|
| Segmental operating result | **14,237** | 12,109 |
| Acquired intangible asset amortisation (see note 5) | **(239)** | (70) |
| Restructuring & legal costs (see note 5) | **(453)** | (262) |
| Acquisition costs (see note 5) | **(349)** | (253) |
| **Total operating profit from continuing operations** | **13,196** | 11,524 |

| | | | Capital expenditure | | | |
|---|---|---|---|---|---|---|
| **Year to 30 June 2024** | **Segment Assets £'000** | **Segment Liabilities £'000** | **Property, Plant & Equipment £'000** | **Other Intangible Assets £'000** | **Depreciation £'000** | **Amortisation £'000** |
| Water Management | **40,462** | **(11,354)** | **2,202** | **271** | **1,352** | **405** |
| Building Envelope | **17,106** | **(9,353)** | **77** | **213** | **157** | **25** |
| Housebuilding Products | **16,165** | **(6,926)** | **991** | **21** | **1,129** | **48** |
| **Trading** | **73,733** | **(27,633)** | **3,270** | **505** | **2,638** | **478** |
| Unallocated | **8,680** | **(21,242)** | **7** | **–** | **25** | **–** |
| **Total** | **82,413** | **(48,875)** | **3,277** | **505** | **2,663** | **478** |

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

### Sales to external customers by geographical segment

| | **United Kingdom £'000** | **Europe £'000** | **North America £'000** | **Middle East £'000** | **Far East £'000** | **Rest of World £'000** | **Total £'000** |
|---|---|---|---|---|---|---|---|
| Year to 30 June 2024 | **90,622** | **3,044** | **85** | **664** | **5,309** | **1,000** | **100,724** |
| Year to 30 June 2023 | 84,079 | 2,515 | 126 | 769 | 944 | 702 | 89,135 |

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

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

## 5 Underlying to profit before tax reconciliation

| | 2023/24 | | 2022/23 | |
|---|---|---|---|---|
| | Operating profit £'000 | Profit before tax £'000 | Operating profit £'000 | Profit before tax £'000 |
| **Underlying operating profit & profit before tax from continuing operations** | **14,237** | **12,971** | 12,109 | 11,172 |
| Acquired intangible asset amortisation | **(239)** | **(239)** | (70) | (70) |
| IAS 19 net pension scheme finance costs (note 9) | **–** | **(195)** | – | (48) |
| Restructuring & legal costs | **(453)** | **(453)** | (262) | (262) |
| Acquisition costs | **(349)** | **(349)** | (253) | (253) |
| Profit before tax from continuing operations | **13,196** | **11,735** | 11,524 | 10,539 |
| Underlying operating loss of Levolux (note 6) | **–** | **–** | (350) | (350) |
| Write back of assets held for sale (note 6) | **–** | **–** | 350 | 350 |
| Loss on disposal of Levolux (note 6) | **–** | **–** | – | (1,750) |
| **Operating profit & profit before tax** | **13,196** | **11,735** | 11,524 | 8,789 |

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

In addition, management has presented the following specific items that arose in 2023/24 and 2022/23 financial years as non-underlying as they are non-recurring items that are judged to be significant enough to affect the understanding of the year-on-year evolution of the underlying trading performance of the business:

- One-off restructuring and legal costs representing the costs of a restructuring of the Water Management division including the planned closure of the division's site in Dover and relocation of its activities to the division's site in Halstead, and a restructuring of the division's sales and commercial teams. Prior year costs relate to the resolution of a commercial dispute.
- Acquisition expenses relating to professional fees incurred in the Group's acquisition activities, primarily in connection with the acquisition of ARP Group announced on 25 July 2023 (see note 14).
- The Group anticipates incurring further restructuring costs of approximately £800,000 in 2024/25 in connection with the closure of the Dover site, which should be offset by the profit on sale of the land and buildings.

### Impact on cashflow

Of the £1,236,000 (2022/23: £633,000) non-underlying expenses recognised, £942,000 (2022/23: £515,000) was settled in cash. The remaining £294,000 (2022/23: £118,000) relates to non-cash amortisation of acquired brands, IAS 19 pension costs and surplus provision releases.

## 6 Discontinued operations

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

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Revenue | **–** | 436 |
| Underlying operating loss | **–** | (350) |
| Write back of Assets held for sale | **–** | 350 |
| Loss on disposal | **–** | (1,750) |
| **Loss before taxation** | **–** | (1,750) |
| Tax credit (see note 10) | **–** | – |
| **Loss after taxation** | **–** | (1,750) |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 7 Expenses by nature

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Raw materials and consumables | **52,164** | 48,660 |
| Depreciation of property, plant & equipment | **2,663** | 2,681 |
| Amortisation of other intangible assets | **239** | 177 |
| Acquired intangible asset amortisation | **239** | 70 |
| Loss on disposal of property, plant and equipment | **4** | 1 |
| Unsettled foreign exchange (gains)/losses | **(5)** | 4 |
| Employee benefit expense | **23,922** | 20,846 |
| Restructuring & legal costs | **453** | 262 |
| Acquisition costs | **349** | 253 |
| Short-term and low-value lease payments | **968** | 717 |
| Research & development | **355** | 258 |
| Research & development expenditure credit | **(525)** | (852) |
| Auditor's remuneration: | | |
| Audit of these financial statements | **93** | 73 |
| Audit of the subsidiary financial statements | **47** | 37 |
| Other operating charges | **6,562** | 4,424 |
| | **87,528** | 77,611 |

The research & development expenditure credit was claimed against spend of £3,773,000 (2022/23: £4,064,000), representing qualifying items included within research and development costs, cost of sales and employee benefit expenses.

## 8 Employee costs and numbers

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Employee benefit expense from continuing operations: | | |
| Wages and salaries | **20,451** | 17,765 |
| Social security | **1,983** | 1,722 |
| Defined contribution pension costs (note 22) | **1,488** | 1,359 |
| | **23,922** | 20,846 |
| IAS 19 net defined benefit pension scheme finance costs | **195** | 48 |
| **Total** | **24,117** | 20,894 |

| | 2023/24 Number | 2022/23 Number |
|---|---|---|
| Average number of employees in continuing operations: | | |
| Operational | **210** | 222 |
| Administrative, support and management | **258** | 194 |
| | **468** | 416 |

## 9 Net finance costs

| | | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|---|
| Finance costs | – Bank overdrafts | **16** | 29 |
| | – Revolving credit facility | **1,074** | 754 |
| | – Interest on lease liabilities | **176** | 154 |
| | | **1,266** | 937 |
| | – IAS 19 net pension scheme finance costs | **195** | 48 |
| | | **1,461** | 985 |

## 10 Tax expense

### (a) Tax on profit

Tax charged in the consolidated statement of comprehensive income

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Current tax: | | |
| UK corporation tax | **2,062** | 1,704 |
| Overseas tax | **200** | (6) |
| Amounts (over)/under provided in previous years | **(199)** | 175 |
| **Total current tax** | **2,063** | 1,873 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | **639** | 404 |
| Amounts under/(over) provided in previous years | **285** | (206) |
| Rate change adjustment | **–** | 115 |
| **Total deferred tax** | **924** | 313 |
| **Total tax expense** | **2,987** | 2,186 |
| Tax recognised in other comprehensive income | | |
| Deferred tax: | | |
| Actuarial gains/(losses) on pension schemes | **1,029** | (932) |
| Cash flow hedge | **(12)** | (70) |
| Tax charged/(credited) to other comprehensive income | **1,017** | (1,002) |
| **Total tax charge in the consolidated statement of comprehensive income** | **4,004** | 1,184 |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 10 Tax expense continued

### (b) Reconciliation of the total tax charge

The total tax rate applicable to the tax expense shown in the statement of total comprehensive income of 25.5% (2022/23: 24.9%) is higher than the standard rate of corporation tax in the UK of 25.0% (2022/23: 20.5%).

The differences are reconciled below:

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Profit before tax from continuing operations | **11,735** | 10,539 |
| Loss before tax from discontinued operations | **–** | (1,750) |
| Accounting profit before tax | **11,735** | 8,789 |
| Current tax at the UK standard rate of 25.0% (2022/23: 20.5%) | **2,934** | 1,802 |
| Expenses not deductible for tax purposes | **226** | 486 |
| Income not taxable | **(139)** | (186) |
| Overseas tax rates | **(120)** | – |
| Rate change adjustment | **–** | 115 |
| Tax (over)/under provided in previous years – current tax | **(199)** | 175 |
| Tax under/(over) provided in previous years – deferred tax | **285** | (206) |
| | **2,987** | 2,186 |

### (c) Unrecognised tax losses

The Group has tax capital losses in the UK amounting to £16.3 million (2023: £16.3 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. The capital losses are able to be carried forward indefinitely. Revaluation gains on land and buildings amount to £1 million (2023: £1 million). These have been offset in the prior year against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £15.3 million (2023: £15.3 million) as they do not meet the criteria for recognition.

### (d) Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

| | Accelerated capital allowances £'000 | Short-term temporary differences £'000 | Acquired intangible assets £'000 | Hedging £'000 | Share options £'000 | Total deferred tax liability £'000 | Pension deferred tax (asset)/ liability £'000 |
|---|---|---|---|---|---|---|---|
| At 1 July 2022 | 1,446 | (135) | 529 | 62 | (172) | 1,730 | (529) |
| Charged/(credited) to the statement of comprehensive income – current year | 216 | (36) | (18) | – | (23) | 139 | 380 |
| (Credited)/charged to the statement of comprehensive income – prior year | (14) | 25 | (217) | – | – | (206) | – |
| (Credited)/charged to equity | – | – | – | (70) | 21 | (49) | (932) |
| At 30 June 2023 | 1,648 | (146) | 294 | (8) | (174) | 1,614 | (1,081) |
| Charged/(credited) to the statement of comprehensive income – current year | **491** | **(22)** | **(60)** | **–** | **(21)** | **388** | **251** |
| Charged to the statement of comprehensive income – prior year | **220** | **65** | **–** | **–** | **–** | **285** | **–** |
| Acquisition of subsidiary | **193** | **–** | **1,124** | **–** | **–** | **1,317** | **–** |
| (Credited)/charged to equity | **–** | **–** | **–** | **(12)** | **(19)** | **(31)** | **1,029** |
| **At 30 June 2024** | **2,552** | **(103)** | **1,358** | **(20)** | **(214)** | **3,573** | **199** |

Deferred tax assets and liabilities are presented as non-current in the consolidated statement of financial position.

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £3.8 million (2023: £3.8 million) in respect of net capital losses of £15.3 million (2023: £15.3 million) have not been recognised, see note 10 (c).

## 11 Dividends

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Interim dividend for 2024 of 3.45p paid on 8 April 2024 | 1,242 | – |
| Final dividend for 2023 of 6.90p paid on 3 November 2023 | 2,482 | – |
| Interim dividend for 2023 of 3.40p paid on 6 April 2023 | – | 1,217 |
| Final dividend for 2022 of 6.65p paid on 4 November 2022 | – | 2,382 |
| | 3,724 | 3,599 |

A final dividend of 7.3 pence per equity share, at a cash cost of £2,624,000, has been proposed for the year ended 30 June 2024, payable on 1 November 2024. This dividend has not been accrued in these consolidated financial statements as it was proposed after the year end.

## 12 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, after allowing for the exercise of outstanding share options. The following sets out the income and share data used in the basic and diluted earnings per share calculations:

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Net profit attributable to equity holders of the parent – continuing operations | 8,748 | 8,353 |
| Net loss attributable to equity holders of the parent – discontinued operations | – | (1,750) |
| | 8,748 | 6,603 |

| | 000s | 000s |
|---|---|---|
| Weighted average number of shares | 35,964 | 35,806 |
| Dilutive potential ordinary shares – employee share options | 296 | 386 |
| | 36,260 | 36,192 |

| **Basic earnings per share:** | 2023/24 Pence | 2022/23 Pence |
|---|---|---|
| Continuing operations | 24.3 | 23.3 |
| Discontinued operations | – | (4.9) |
| | 24.3 | 18.4 |

| **Diluted earnings per share:** | 2023/24 Pence | 2022/23 Pence |
|---|---|---|
| Continuing operations | 24.1 | 23.1 |
| Discontinued operations | – | (4.9) |
| | 24.1 | 18.2 |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 12 Earnings per share continued

Calculation of underlying earnings per share:

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Reported profit before taxation from continuing operations | **11,735** | 10,539 |
| Brand amortisation | **239** | 70 |
| IAS 19 net pension scheme finance costs | **195** | 48 |
| Restructuring & legal costs | **453** | 262 |
| Acquisition costs | **349** | 253 |
| Underlying profit before taxation from continuing operations | **12,971** | 11,172 |
| Tax at underlying Group tax rate of 25.5% (2022/23: 20.0%) | **(3,308)** | (2,234) |
| Underlying earnings from continuing operations | **9,663** | 8,938 |
| Weighted average number of shares | **35,964** | 35,806 |
| Basic underlying earnings per share from continuing operations | **26.9p** | 25.0p |
| Diluted underlying earnings per share from continuing operations | **26.6p** | 24.7p |

## 13 Property, plant and equipment

| | Right-of-use assets £'000 | Freehold land and buildings £'000 | Long leasehold improvements £'000 | Short leasehold improvements £'000 | Plant & equipment £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 July 2022 | 6,909 | 5,899 | 1,232 | 155 | 17,618 | 31,813 |
| Additions | 1,060 | 291 | – | 10 | 2,103 | 3,464 |
| Disposals | – | (35) | – | – | (411) | (446) |
| At 1 July 2023 | 7,969 | 6,155 | 1,232 | 165 | 19,310 | 34,831 |
| Additions | **–** | **710** | **–** | **–** | **2,567** | **3,277** |
| Acquisition through business combination | **1,450** | **427** | **–** | **–** | **1,168** | **3,045** |
| Disposals | **(374)** | **(75)** | **–** | **(12)** | **(961)** | **(1,422)** |
| **At 30 June 2024** | **9,045** | **7,217** | **1,232** | **153** | **22,084** | **39,731** |
| **Accumulated depreciation and impairment losses** | | | | | | |
| At 1 July 2022 | 1,983 | 1,591 | 522 | 97 | 10,121 | 14,314 |
| Depreciation charge for year | 979 | 129 | 67 | 25 | 1,481 | 2,681 |
| On disposals | – | (31) | – | – | (367) | (398) |
| At 1 July 2023 | 2,962 | 1,689 | 589 | 122 | 11,235 | 16,597 |
| Depreciation charge for year | **888** | **143** | **67** | **14** | **1,551** | **2,663** |
| Acquisition through business combination | **–** | **290** | **–** | **–** | **352** | **642** |
| On disposals | **(374)** | **(75)** | **–** | **(12)** | **(949)** | **(1,410)** |
| **At 30 June 2024** | **3,476** | **2,047** | **656** | **124** | **12,189** | **18,492** |
| **Net book value at 30 June 2024** | **5,569** | **5,170** | **576** | **29** | **9,895** | **21,239** |
| Net book value at 30 June 2023 | 5,007 | 4,466 | 643 | 43 | 8,075 | 18,234 |
| Net book value at 1 July 2022 | 4,926 | 4,308 | 710 | 58 | 7,497 | 17,499 |

## 14 Goodwill

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| **Cost:** | | |
| At 1 July | **9,249** | 19,428 |
| Additions | **4,152** | – |
| Disposals | **–** | (10,179) |
| At 30 June | **13,401** | 9,249 |
| **Impairment:** | | |
| At 1 July | **723** | 10,902 |
| Disposals | **–** | (10,179) |
| At 30 June | **723** | 723 |
| **Net book value at 30 June** | **12,678** | 8,526 |

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Alumasc Roofing (Building Envelope) | **3,820** | 3,820 |
| Timloc (Housebuilding Products) | **2,264** | 2,264 |
| Rainclear (Water Management) | **225** | 225 |
| Wade (Water Management) | **2,217** | 2,217 |
| ARP (Water Management) | **4,152** | – |
| At 30 June | **12,678** | 8,526 |

### Impairment testing of acquired goodwill

The Group considers each of the operating businesses that have goodwill allocated to them, which are those units for which a separate cashflow is computed, to be a cash generating unit (CGU). Each CGU is reviewed annually for impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Each of the CGUs are either operating segments as shown in note 4, or sub-sets of those operating segments.

For the purpose of impairment testing, the recoverable amount of CGUs is based on value in use calculations. The value in use is derived from discounted management cash flow forecasts for the businesses, based on budgets and plans covering a five year period. The growth rate used to extrapolate the cash flows beyond this period was 1% (2023: 1%) for each CGU.

Key assumptions included in the recoverable amount calculation are the discount rate applied and the cash flows generated by:

(i) Revenues

(ii) Gross margins

(iii) Overhead costs

Each assumption has been considered in conjunction with the local management of the relevant operating businesses who have used their past experience and expectations of future market and business developments in arriving at the figures used.

The pre-tax rate used to discount the cash flows of these cash generating units with on-balance sheet goodwill was 15% (2023: 15%). This rate was based on the Group's estimated weighted average cost of capital (WACC) of 11% (2023: 11%), which was risk-adjusted for each CGU taking into account both external and internal risks. The Group's WACC in 2024 was in line with the rate used in 2023.

The surplus headroom above the carrying value of goodwill at 30 June 2024 was significant for all CGUs, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cash flows; or a reduction of 25% in the cash flow generated in the terminal year.

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 14 Goodwill continued

### Business combinations

On 21 December 2023 the Group acquired the entire issued share capital of ARP Group Limited ('ARP'), a manufacturer and distributor of specialist metal rainwater and architectural aluminium products, for an initial cash and debt free consideration of £8.5 million together with a £1.5 million adjustment for net debt and working capital. Contingent consideration of up to £1.5 million was payable subject to ARP's profit for the two years ending 30 November 2024. The first payment of £750,000 was made in January 2024 and the final payment is due in January 2025 and has been accrued in full. Fair value adjustments were recorded to align ARP's accounting policies with Alumasc's, and to recognise the value of acquired intangible assets relating to the trade name (£3.4 million) and customer relationships (£1.1 million). The residual goodwill value of £4.2 million represents cross-selling, operational and procurement synergies available to the Group as a result of the acquisition, the industry knowledge and technical skills of ARP's workforce, and their business processes.

ARP's consolidated unaudited results for the year ended February 2023 showed revenue of £10.8 million and adjusted EBITDA of £1.3 million. Reported net assets at completion were £4.6 million, including £2.2 million of net cash. In addition to the cash consideration above, the group incurred £349,000 of acquisition costs relating to stamp duty and legal fees (note 5). From the date of acquisition to 30 June 2024 ARP reported revenue of £5,786,000 and profit of £973,000. Interest on debt attributable to the transaction was £0.4 million. If the combination had taken place at the beginning of the year, 1 July 2023, the revenue for the Group for the 2023/24 financial year would have been £105,594,000 and the profit before taxation would have been £11,972,000.

An analysis of the provisional fair value of the ARP net assets acquired and the fair value of the consideration paid is set out below:

| | Book value £'000 | Fair value adjustments £'000 | Fair value to Group £'000 |
|---|---|---|---|
| Net assets at date of acquisition: | | | |
| Property, plant and equipment | 2,403 | - | 2,403 |
| Intangible assets | 26 | – | 26 |
| Inventories | 1,548 | (155) | 1,393 |
| Trade and other receivables | 1,966 | (30) | 1,936 |
| Cash | 2,223 | – | 2,223 |
| Trade and other payables | (1,797) | – | (1,797) |
| Income tax payable | (111) | – | (111) |
| Lease liabilities | (1,450) | – | (1,450) |
| Provisions | (42) | (426) | (468) |
| Deferred tax liabilities | (193) | (1,124) | (1,317) |
| Net assets | 4,573 | (1,735) | 2,838 |
| Goodwill | | | 4,152 |
| Brand acquired on acquisition | | | 3,354 |
| Customer relationships acquired on acquisition | | | 1,141 |
| | | | **11,485** |
| Satisfied by: | | | |
| Completion consideration | | | **8,500** |
| Net debt and working capital adjustments – paid | | | **1,480** |
| Net debt and working capital adjustments – accrued | | | **5** |
| Contingent consideration – paid | | | **750** |
| Contingent consideration – accrued | | | **750** |
| Total purchase consideration | | | **11,485** |

## 15 Other intangible assets

| | Brands £'000 | Customer relationships £'000 | Computer software £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost:** | | | | |
| At 1 July 2022 | 5,843 | – | 3,081 | 8,924 |
| Additions | – | – | 194 | 194 |
| Disposals and retirements | (4,289) | – | (549) | (4,838) |
| At 1 July 2023 | 1,554 | – | 2,726 | 4,280 |
| Additions | **–** | **–** | **505** | **505** |
| Acquisition through business combination | **3,354** | **1,141** | **247** | **4,742** |
| Disposals and retirements | **–** | **–** | **(765)** | **(765)** |
| **At 30 June 2024** | **4,908** | **1,141** | **2,713** | **8,762** |
| **Accumulated amortisation:** | | | | |
| At 1 July 2022 | 4,598 | – | 2,200 | 6,798 |
| Amortisation for the year | 70 | – | 177 | 247 |
| Disposals and retirements | (4,289) | – | (549) | (4,838) |
| At 1 July 2023 | 379 | – | 1,828 | 2,207 |
| Amortisation for the year | **182** | **57** | **239** | **478** |
| Acquisition through business combination | **–** | **–** | **221** | **221** |
| Disposals and retirements | **–** | **–** | **(765)** | **(765)** |
| **At 30 June 2024** | **561** | **57** | **1,523** | **2,141** |
| **Net book value at 30 June 2024** | **4,347** | **1,084** | **1,190** | **6,621** |
| Net book value at 30 June 2023 | 1,175 | – | 898 | 2,073 |
| Net book value at 1 July 2022 | 1,245 | – | 881 | 2,126 |

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

The ARP brand is being amortised over a life of 15 years and the acquired customer relationship asset is being amortised over a life of 10 years from January 2024.

## 16 Inventories

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Raw materials | **2,780** | 3,213 |
| Work in progress | **236** | 275 |
| Finished goods | **10,137** | 8,073 |
| | **13,153** | 11,561 |

During the year, the Group's inventory provision increased by £225,000 (2022/23: increased by £285,000). At 30 June 2024, the Group's inventory provision was £1,676,000 (2023: £1,451,000).

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 17 Trade and other receivables

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Trade receivables | **18,438** | 17,400 |
| Other receivables | **846** | 1,474 |
| Prepayments | **2,234** | 1,874 |
| | **21,518** | 20,748 |

Trade receivables are non-interest bearing, are generally on terms of 30–90 days and are shown net of provisions for lifetime expected credit losses.

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

The Group calculates the rate of provision for each customer based on the risk score assigned by reputable credit management agencies. The risk score assigned is input into the Group's expected credit loss matrix with a higher risk customer attracting a higher level of provision. The Group's matrix is designed such that the level of provision increases as the receivable balance ages as overdue receivables are of inherently higher risk.

As at 30 June 2024, trade receivables and other receivables of £409,000 (2023: £356,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **356** | 410 |
| Charge/(credit) for the year | **119** | (26) |
| Amounts written off | **(96)** | (28) |
| Acquisition through business combination | **30** | – |
| At 30 June | **409** | 356 |

The table below sets out the ageing of the gross trade receivable and contract asset balances against terms and the level of provision held against each ageing category:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Gross receivable £'000 | Loss provision £'000 | Gross receivable £'000 | Loss provision £'000 |
| Current | **15,645** | **323** | 15,133 | 255 |
| Less than 30 days past due | **2,361** | **16** | 1,653 | 13 |
| Less than 60 days past due | **485** | **39** | 565 | 33 |
| Less than 90 days past due | **231** | **13** | 64 | 27 |
| Greater than 90 days past due | **125** | **18** | 341 | 28 |
| | **18,847** | **409** | 17,756 | 356 |

## 18 Trade and other payables

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Trade payables | **15,400** | 13,305 |
| Other taxation and social security | **2,208** | 2,343 |
| Other payables | **1,658** | 1,463 |
| Accruals | **2,253** | 2,009 |
| | **21,519** | 19,120 |

## 19 Borrowings

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Non-current liabilities: | | |
| Non-current instalments due on bank debt | **13,662** | 8,848 |

At 30 June 2024 the Group had a £25.0 million committed revolving credit facility which has an expiry date of August 2026 and a further single year extension option to August 2027. In August 2024 the Group exercised its single year extension option, which extends the £25.0 million committed revolving credit facility expiry date to August 2027. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension option are subject to request by the Group and acceptance by the lender.

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

At 30 June 2024 the Group also had £4.0 million (2023: £4.0 million) of bank overdraft facilities, renewed until August 2025 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

## 20 Lease liabilities

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Non-current lease liabilities | **4,769** | 4,366 |
| Current lease liabilities | **1,078** | 868 |
| Total lease liabilities | **5,847** | 5,234 |

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **5,234** | 5,132 |
| Additions | **–** | 1,060 |
| Disposals | **–** | (194) |
| Acquisition through business combination | **1,450** | – |
| Interest on lease liabilities | **176** | 154 |
| Amounts paid on lease liabilities | **(1,013)** | (918) |
| **At 30 June** | **5,847** | 5,234 |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 21 Financial instruments

### Financial risk management

The Group's treasury activities are carried out in accordance with policies set by the Board and are managed on a centralised basis across the Group. The purpose of treasury activities is to ensure that adequate, cost effective funding is available to the Group at all times and that exposure to interest rate, foreign exchange and counterparty risks are managed within acceptable levels. The Group uses derivative financial instruments as economic hedges to manage foreign exchange and, where necessary, interest rate risks. It is the Group's policy that no speculative trading in financial instruments is undertaken. Hedge accounting treatment has been applied to all of these hedging activities. All derivative financial instruments are measured at fair value at each reporting date.

### Financial assets and liabilities

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

| | 30 June 2024 | | 30 June 2023 | |
|---|---|---|---|---|
| | Carrying amount £'000 | Fair value £'000 | Carrying amount £'000 | Fair value £'000 |
| **Financial assets:** | | | | |
| Cash at bank | **6,410** | **6,410** | 5,995 | 5,995 |
| Trade receivables | **18,438** | **18,438** | 17,400 | 17,400 |
| Other receivables | **846** | **846** | 1,474 | 1,474 |
| | **25,694** | **25,694** | 24,869 | 24,869 |
| **Financial liabilities:** | | | | |
| Bank loans | **13,662** | **13,662** | 8,848 | 8,848 |
| Lease liabilities | **5,847** | **5,847** | 5,234 | 5,234 |
| Trade and other payables | **19,315** | **19,315** | 16,777 | 16,777 |
| Derivative financial liabilities | **81** | **81** | 30 | 30 |
| | **38,905** | **38,905** | 30,889 | 30,889 |

Derivative financial assets and liabilities are carried at fair value as a designated hedge instrument. The other financial assets and liabilities are measured at amortised cost.

Trade and other payables balances do not include other taxation and social security costs or contract liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2024 and 2023 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, while the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

| | On demand £'000 | Less than 1 year £'000 | 1 to 2 years £'000 | 2 to 5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 30 June 2024** | | | | | | |
| Interest bearing loans and borrowings | **–** | **1,228** | **1,228** | **15,030** | **–** | **17,486** |
| Lease liabilities | **–** | **1,313** | **985** | **2,837** | **2,495** | **7,630** |
| Trade and other payables | **6,567** | **12,748** | **–** | **–** | **–** | **19,315** |
| | **6,567** | **15,289** | **2,213** | **17,867** | **2,495** | **44,431** |
| **At 30 June 2023** | | | | | | |
| Interest bearing loans and borrowings | – | 612 | 612 | 9,000 | – | 10,224 |
| Lease liabilities | – | 1,041 | 806 | 2,279 | 2,625 | 6,751 |
| Trade and other payables | 5,224 | 11,553 | – | – | – | 16,777 |
| | 5,224 | 13,206 | 1,418 | 11,279 | 2,625 | 33,752 |

### Liquidity risk management

The Group manages liquidity risk by monitoring its net cash/debt position regularly and ensuring that committed and uncommitted banking facilities are in place to provide adequate liquidity for day-to-day transactions as well as sufficient headroom for anticipated future cash flows. Details of the facilities are given above. The Group's net bank debt position at 30 June 2024 was £7.3 million (2023: £2.9 million).

Details of the Group's approach to capital structure are given within the Financial Review on page 45. The maturity profile of the Group's interest bearing financial liabilities is as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Floating rate interest bearing financial liabilities: | | |
| In two to five years | **13,662** | 8,848 |
| | **13,662** | 8,848 |

### Interest rate risk

The Group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2024 under the banking facilities in existence at that time was approximately 6.4% (2023: 6.2%).

The floating rate financial liabilities comprise the drawn down element of the revolving credit facility in existence at the reporting date that bears interest based on SONIA. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings):

| | Basis points | Effect on profit before tax |
|---|---|---|
| Increase | +50 | (51) |
| Decrease | -50 | 51 |

### Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the Group provides goods and services on deferred payment terms. There are no concentrations of credit risk which amount to more than 10% of Group revenues. The maximum credit risk exposure relating to financial assets is represented by its carrying value less amounts recoverable from credit insurance contracts as at the reporting date. The Group's cash deposits and derivative transactions are only lodged with approved institutions that have strong credit ratings.

Group policies are aimed at minimising credit losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy procedures to assess their creditworthiness. Individual exposures are monitored with customers subject to credit terms to ensure that the Group's exposure to bad debts is minimised. Goods may be sold on a payment with order basis to mitigate credit risk. Most Group businesses purchase credit insurance.

The ageing of gross trade receivables is set out in note 17.

### Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating companies in currencies other than the Companies' operating currency (mainly Pounds Sterling). Transactional currency risks are managed by offsetting as far as possible purchases and sales by Group companies in the same currency. A proportion of the residual risk is managed, where appropriate, through the use of forward currency contracts.

None of the derivative financial instruments held at 30 June 2024 or 30 June 2023 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the consolidated statement of comprehensive income when the losses or gains on the hedged transactions are recognised in the consolidated statement of comprehensive income.

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 21 Financial instruments continued

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

| | 2024 | | | | 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| | Receivable ccy' 000 | Payable ccy' 000 | Cash ccy' 000 | Net total ccy' 000 | Receivable ccy' 000 | Payable ccy' 000 | Cash ccy' 000 | Net total ccy' 000 |
| Euros | **170** | **(2,212)** | **28** | **(2,014)** | 480 | (1,686) | 35 | (1,171) |
| US Dollars | **373** | **(1,202)** | **2** | **(827)** | 573 | (341) | 39 | 271 |
| Hong Kong Dollars | **21,987** | **(575)** | **8,892** | **30,304** | 5,062 | (120) | 5,222 | 10,164 |

The following table demonstrates the impact on the Group's profit after tax and equity when the fair value of unhedged monetary assets and liabilities at 30 June are retranslated at exchange rates either 10% above or below the year end exchange rate:

| | | | Effect on profit after tax and equity in Sterling | | |
|---|---|---|---|---|---|
| | | Exchange rate change | US $ £'000 | Euro £'000 | Hong Kong $ £'000 |
| **2024** | **Increase** | **+10%** | **105** | **155** | **278** |
| | **Decrease** | **-10%** | **(128)** | **(190)** | **(340)** |
| 2023 | Increase | +10% | 26 | 91 | 99 |
| | Decrease | -10% | (32) | (112) | (121) |

### Hedging activities

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Forward foreign exchange contracts | **(81)** | (30) |

At 30 June 2024 the Group had forward foreign exchange contracts with principal amounts equivalent to £6,201,000 (2023: £6,384,000). The forward foreign exchange contracts hedge foreign currency cost and price risks of various currency purchases and sales across the Group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 18 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS 7.

## 22 Retirement benefit obligations

The Group operates a number of defined contribution schemes and a defined benefit pension scheme, funded by the payment of contributions into separately administered funds. The defined benefit scheme, which has been closed to future accrual since 2010, provides defined benefits based on a career average revalued earnings (CARE) basis.

### Defined contribution schemes

Of the amount charged to operating profit in the consolidated statement of comprehensive income for pension contributions, £1,488,000 (2023: £1,359,000) was in respect of defined contribution schemes. At 30 June 2024 there was an accrual of £117,000 payable in respect of defined contribution scheme contributions (2023: £114,000).

### Defined benefit schemes

The level of Company cash contributions agreed with the Pension Trustees is £1.2 million per annum, to include deficit reduction contributions and scheme running expenses, over a 7–8 year period from October 2022. These contribution levels are reviewed every three years, with the next review due in April 2025.

The Scheme's investments, including the asset allocation, is the responsibility of the Trustees of the Scheme. At 30 June 2024 the assets were allocated with around 60% in matching assets and 40% in growth assets. The matching assets include annuity policies that make up around 1.5% of the total assets. It is expected that the matching assets will respond to changes in interest rates and inflation expectations in a similar way to the defined benefit obligations.

Risks associated with the Scheme include asset volatility, inflation increases, increase in life expectancy beyond the allowances already made in the assumptions and changes in bond yields. The weighted average duration of the defined benefit obligation at 30 June 2024 is 11 years (2023: 15 years).

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

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

| | The Alumasc Group Scheme 2024 % | The Alumasc Group Scheme 2023 % |
|---|---|---|
| Discount rate | **5.10** | 5.25 |
| Expected rate of deferred pension increases | **2.65** | 2.60 |
| Future pension increases | **3.10 – 3.65** | 3.10 – 3.65 |
| Retail Price Index inflation rate | **3.20** | 3.20 |
| Consumer Price Index inflation rate | **2.65** | 2.60 |

| | Years | Years |
|---|---|---|
| Post retirement mortality | | |
| Current pensioners at 65 – male | **21.1** | 21.6 |
| Current pensioners at 65 – female | **23.6** | 24.0 |
| Future pensioners at 65 in 2044 – male | **22.4** | 22.9 |
| Future pensioners at 65 in 2044 – female | **25.0** | 25.5 |

A discount rate of 5.10% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2024. A 0.1% change to this rate would have changed the present value of the gross pension fund liabilities at that date by approximately £776,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.65% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2024. A 0.1% change to these rates would have changed the present value of the gross pension fund liabilities at that date by approximately £202,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2024, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2024 would have increased by approximately £2,457,000 before tax.

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

| | 2024 £'000 | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 |
|---|---|---|---|---|---|
| Scheme assets at fair value: | | | | | |
| Equities | **20,530** | 22,443 | 30,160 | 50,653 | 44,222 |
| Liability driven investment funds | **27,983** | 6,759 | 10,425 | 14,277 | 17,922 |
| Corporate bonds and insured annuities | **13,414** | 20,331 | 17,347 | 13,021 | 13,135 |
| Multi-asset fund | **5,460** | 14,736 | 18,945 | 23,142 | 19,576 |
| Property | **6,229** | 6,520 | 7,696 | 7,217 | 7,019 |
| Cash | **984** | 661 | 2,659 | 4,319 | 1,594 |
| | **74,600** | 71,450 | 87,232 | 112,629 | 103,468 |
| Present value of scheme liabilities | **(73,806)** | (75,773) | (89,346) | (117,210) | (122,737) |
| IAS19 defined benefit pension asset/(deficit) | **794** | (4,323) | (2,114) | (4,581) | (19,269) |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 22 Retirement benefit obligations continued

Of the above assets, all have a quoted market price with the exception of £875,000 of insured annuities (2023: £1,039,000) and £845,000 of property (2023: £845,000).

The Group has considered the requirements of IFRIC 14 and has determined that it has an unconditional right to a refund under the plans. Accordingly, IFRIC 14 has no practical impact on the scheme so no allowance for it (in particular, no allowance for the asset ceiling) has been made in the calculated figures, and the whole of the defined benefit pension deficit is shown as a non-current asset (2023: liability).

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Included in net finance costs: | | |
| Net pension scheme finance costs | **(195)** | (48) |
| Included in other comprehensive income: | | |
| Movements on retirement benefit obligations: | | |
| Actuarial gain arising from change in demographic assumptions | **1,510** | 105 |
| Actuarial (loss)/gain arising from change in financial assumptions | **(1,052)** | 12,847 |
| Experience losses | **(81)** | (1,154) |
| Actuarial gain on retirement benefit obligations | **377** | 11,798 |
| Actuarial gain/(loss) on plan assets | **3,735** | (15,526) |
| Net actuarial gain/(loss) (pre-tax) | **4,112** | (3,728) |
| Total recognised in the consolidated statement of comprehensive income (pre-tax) | **3,917** | (3,776) |

The actual return on plan assets for 2023/24 was a gain of £7,377,000 (2022/23: loss of £12,319,000).

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **(75,773)** | (89,346) |
| Interest cost | **(3,837)** | (3,255) |
| Benefits paid | **5,427** | 5,030 |
| Actuarial gain | **377** | 11,798 |
| At 30 June | **(73,806)** | (75,773) |

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **71,450** | 87,232 |
| Expected return on plan assets | **3,642** | 3,207 |
| Actuarial gain/(loss) | **3,735** | (15,526) |
| Contributions by employer | **1,200** | 1,567 |
| Benefits paid | **(5,427)** | (5,030) |
| At 30 June | **74,600** | 71,450 |

The cumulative amount of pre-tax actuarial losses recognised since 1 July 2004 in the consolidated statement of comprehensive income is £11,218,000 (2022/23: losses of £15,330,000).

## 23 Provisions

| | Dilapidations £'000 Note (i) | Warranty £'000 Note (ii) | Restructuring £'000 Note (iii) | Total £'000 |
|---|---|---|---|---|
| At 1 July 2022 | 1,461 | 203 | 757 | 2,421 |
| Charge for the year | 75 | 25 | – | 100 |
| Utilised | (63) | (21) | (640) | (724) |
| At 1 July 2023 | 1,473 | 207 | 117 | 1,797 |
| Charge for the year | **87** | **29** | **–** | **116** |
| Acquisition of subsidiary | **468** | **–** | **–** | **468** |
| Utilised | **(140)** | **(43)** | **(11)** | **(194)** |
| **At 30 June 2024** | **1,888** | **193** | **106** | **2,187** |
| **At 30 June 2024** | | | | |
| Current liabilities | **234** | **48** | **25** | **307** |
| Non-current liabilities | **1,654** | **145** | **81** | **1,880** |
| | **1,888** | **193** | **106** | **2,187** |
| At 30 June 2023 | | | | |
| Current liabilities | 443 | 52 | 117 | 612 |
| Non-current liabilities | 1,030 | 155 | – | 1,185 |
| | 1,473 | 207 | 117 | 1,797 |

### (i) Dilapidations
The provision is in respect of a number of the Group's properties where the Group has obligations to make good dilapidations and undertake restoration. The non-current liabilities are estimated to be payable over periods from one to fifteen years.

### (ii) Warranty
Warranty provisions are generally utilised within five years. Provisions are not discounted to present values since the impact of reflecting the time value of money on these balances is not considered to be material.

### (iii) Restructuring
Restructuring provisions at 30 June 2024 are held mainly in respect of the restructuring of the Roofing business in the year to 30 June 2022 and are expected to be utilised within 24 months.

## 24 Share capital

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Allotted, called up and fully paid: | | |
| 36,133,558 (2023: 36,133,558) ordinary shares of 12.5p each | **4,517** | 4,517 |

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 25 Movements in equity

### Share capital and share premium

The balances classified as share capital and share premium are the proceeds of the nominal value and premium value respectively on issue of the Company's equity share capital net of issue costs.

### Capital reserve – own shares

The capital reserve – own shares relates to 180,846 (2023: 322,418) ordinary own shares held by the Company. The market value of shares at 30 June 2024 was £345,416 (2023: £475,567). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive and Executive Share Option Plans. During the year, 520,255 (2023: 52,630) shares with an original cost of £903,000 (2023: £96,000) were used to satisfy the exercise of awards. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group bears the expenses of the Trust.

### Hedging reserve

This reserve records the post-tax portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

### Foreign currency reserve

This foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

## 26 Share based payments

The Company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 74 to 85.

| | As at 1 July 2023 | Weighted average exercise price (pence) | Granted | Weighted average exercise price (pence) | Exercised | Weighted average exercise price (pence) | Lapsed | Weighted average exercise price (pence) | As at 30 June 2024 | Weighted average exercise price (pence) |
|---|---|---|---|---|---|---|---|---|---|---|
| LTIP(i) | **935,230** | **nil** | **316,472** | **nil** | **(360,255)** | **nil** | **(53,691)** | **nil** | **837,756** | **nil** |
| ESOS(ii) | **535,000** | **143** | **210,000** | **160** | **(140,000)** | **81** | **(25,000)** | **180** | **580,000** | **163** |

| | As at 1 July 2022 | Weighted average exercise price (pence) | Granted | Weighted average exercise price (pence) | Exercised | Weighted average exercise price (pence) | Lapsed | Weighted average exercise price (pence) | As at 30 June 2023 | Weighted average exercise price (pence) |
|---|---|---|---|---|---|---|---|---|---|---|
| LTIP(i) | 698,858 | nil | 307,264 | nil | (22,175) | nil | (48,717) | nil | 935,230 | nil |
| ESOS(ii) | 460,000 | 130 | 225,000 | 150 | (35,380) | 82 | (114,620) | 116 | 535,000 | 143 |

(i) Long term incentive plan.

(ii) Executive share option scheme.

### LTIP

The October 2021 LTIP awards are expected to vest in October 2024. The weighted average share price of options exercised during the year at date of exercise was 170 pence (2023: 138 pence).

### ESOS

For the share options outstanding at 30 June 2024, the weighted average remaining contractual life is 8.3 years (30 June 2023: 8.2 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 50,000 share options are exercisable at 30 June 2024 (30 June 2023: 80,000). The weighted average share price of options exercised during the year at date of exercise was 169 pence (2023: 160 pence).

### Fair value of awards

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

| | ESOS | | LTIP | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Share price at grant date | **160p** | 150p | **168p** | 150p |
| Exercise price | **160p** | 150p | **nil** | nil |
| Expected volatility | **25%** | 25% | **25%** | 25% |
| Expected life (years) | **3** | 3 | **3** | 3 |
| Risk free rate | **3.0%** | 3.0% | **3.0%** | 3.0% |
| Dividend yield at date of grant | **5.8%** | 6.8% | **5.8%** | 6.8% |
| Fair value per option | **20p** | 16p | **141p** | 122p |

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2024 was £251,000 (2022/23: £182,000). Of this, £222,000 (2022/23: £162,000) is in respect of key management personnel, which are the Directors of The Alumasc Group plc.

## 27 Movement in borrowings

| | Cash at bank / bank overdrafts £'000 | Bank loans £'000 | Net bank (debt)/cash £'000 | Lease liabilities £'000 | Total borrowings £'000 |
|---|---|---|---|---|---|
| At 1 July 2022 | 8,284 | (13,000) | (4,716) | (5,132) | (9,848) |
| Cash flow movements | (2,271) | 4,262 | 1,991 | 765 | 2,756 |
| Non-cash movements | – | (110) | (110) | (867) | (977) |
| Effect of foreign exchange rates | (18) | – | (18) | – | (18) |
| At 1 July 2023 | 5,995 | (8,848) | (2,853) | (5,234) | (8,087) |
| Cash flow movements | **445** | **(4,622)** | **(4,177)** | **837** | **(3,340)** |
| Non-cash movements | **–** | **(192)** | **(192)** | **(1,450)** | **(1,642)** |
| Effect of foreign exchange rates | **(30)** | **–** | **(30)** | **–** | **(30)** |
| **At 30 June 2024** | **6,410** | **(13,662)** | **(7,252)** | **(5,847)** | **(13,099)** |

## 28 Financial commitments

### (i) Capital commitments

At 30 June 2024, £170,000 (2023: £1,579,000) of capital expenditure had been authorised but not contracted, and no capital expenditure had been authorised and contracted but not provided for by the Group (2023: £nil).

### (ii) Lease commitments

The Group has entered into commercial leases which predominantly relate to certain properties within the Group. The Group also leases a number of motor vehicles and items of plant and equipment. The leases have varying terms and renewal rights.

# Notes to the Financial Statements continued

For the year ended 30 June 2024

## 29 Related party disclosure

The Group's principal actively trading subsidiaries at 30 June 2024 are listed below:

| Principal subsidiaries | Principal activity | Country of incorporation | % of equity interest and votes held 2024 | 2023 |
|---|---|---|---|---|
| Alumasc Building Products Limited | Building products | England | **100** | 100 |
| Aluminium Roofline Products Limited | Building products | England | **100** | – |
| Cast Iron Superstore Limited | Building products | England | **100** | – |
| Envelope Solutions Limited | Building products | England | **100** | – |

A full list of the Group's subsidiaries is shown on pages 149 and 150.

### Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at arms-length market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

### Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of the Directors compensation are detailed in the Directors' Remuneration Report on pages 44 to 51. No other transactions were made during the financial period between the Company and the Directors.

## 30 Contingent liabilities

At the reporting date there existed contingent liabilities amounting to £657,000 (2023: £657,000) in relation to outstanding Guarantees and £nil (2023: £nil) in relation to outstanding Performance Bonds.

# Company Statement of Financial Position
## At 30 June 2024

| | Notes | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant & equipment – owned assets | 5 | **409** | 416 |
| Property, plant & equipment – right-of-use assets | 5 | **438** | 450 |
| Investments in Group companies | 6 | **67,056** | 55,571 |
| Employee benefits receivable | 13 | **50** | – |
| Deferred tax assets | 9 | **209** | 259 |
| | | **68,162** | 56,696 |
| **Current assets** | | | |
| Trade and other receivables | 7 | **1,428** | 1,747 |
| Cash and cash equivalents | 19 | **1,345** | 1,052 |
| | | **2,773** | 2,799 |
| **Total assets** | | **70,935** | 59,495 |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | 10, 19 | **(13,662)** | (8,848) |
| Lease liability | 11 | **(467)** | (470) |
| Amounts due to subsidiary undertakings | 20 | **(14,528)** | (12,358) |
| Employee benefits payable | 13 | **–** | (232) |
| Provisions | 14 | **(599)** | (739) |
| Deferred tax liabilities | 9 | **–** | (21) |
| | | **(29,256)** | (22,668) |
| **Current liabilities** | | | |
| Lease liability | 11 | **(3)** | (3) |
| Deferred consideration | | **(755)** | – |
| Trade and other payables | 8 | **(1,482)** | (1,142) |
| | | **(2,240)** | (1,145) |
| **Total liabilities** | | **(31,496)** | (23,813) |
| **Net assets** | | **39,439** | 35,682 |
| **Equity** | | | |
| Share capital | 15 | **4,517** | 4,517 |
| Share premium | 16 | **445** | 445 |
| Capital reserve – own shares | 16 | **(321)** | (577) |
| Profit and loss account reserve | 16 | **34,798** | 31,297 |
| **Total equity** | | **39,439** | 35,682 |

As permitted by Section 408 of the Companies Act 2006, the Company profit and loss account is not presented. The profit for the year after tax was £7,560,000 (2023: £4,267,000). The financial statements were approved by the Board of Directors and authorised for issue on 3 September 2024.

**Paul Hooper**
**Director**

**Simon Dray**
**Director**

3 September 2024
Company number 1767387

# Company Statement of Cash Flows

## For the year ended 30 June 2024

| | Notes | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Operating profit | | **8,105** | 4,766 |
| Adjustments for: | | | |
| Depreciation | 5 | **24** | 41 |
| Decrease/(increase) in receivables | | **319** | (942) |
| Increase/(decrease) in trade and other payables | | **458** | (294) |
| Movement in provisions | | **(140)** | 543 |
| Cash contributions to retirement benefit schemes | 13 | **(66)** | (86) |
| Share based payments | | **251** | 182 |
| **Net cash inflow from operating activities** | | **8,951** | 4,210 |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | | **(5)** | (9) |
| Acquisition of subsidiary | | **(10,730)** | – |
| **Net cash outflow from investing activities** | | **(10,735)** | (9) |
| **Financing activities** | | | |
| Bank interest paid | | **(708)** | (379) |
| Equity dividends paid | 4 | **(3,724)** | (3,599) |
| Draw down/(repayment) of amounts borrowed | 19 | **4,700** | (4,000) |
| Draw down of amounts borrowed from subsidiaries | | **2,425** | 2,535 |
| Refinancing costs | 19 | **(78)** | (262) |
| Purchase of own shares | | **(518)** | (51) |
| Payment of lease liabilities | | **(20)** | (20) |
| **Net cash inflow/(outflow) from financing activities** | | **2,077** | (5,776) |
| **Net increase/(decrease) in cash at bank and bank overdraft** | 19 | **293** | (1,575) |
| Net cash at bank and bank overdraft brought forward | | **1,052** | 2,627 |
| Net increase/(decrease) in cash at bank and bank overdraft | | **293** | (1,575) |
| **Net cash at bank and bank overdraft carried forward** | 19 | **1,345** | 1,052 |

# Company Statement of Changes in Equity

## For the year ended 30 June 2024

| | Share capital £'000 | Share premium £'000 | Capital reserve – own shares £'000 | Profit and loss account reserve £'000 | Total equity £'000 |
|---|---|---|---|---|---|
| At 1 July 2022 | 4,517 | 445 | (601) | 30,697 | 35,058 |
| Profit for the year | – | – | – | 4,267 | 4,267 |
| Actuarial loss on defined benefit pensions, net of tax | – | – | – | (154) | (154) |
| Dividends | – | – | – | (3,599) | (3,599) |
| Share based payments | – | – | – | 182 | 182 |
| Acquisition of own shares | – | – | (72) | – | (72) |
| Own shares used to satisfy exercise of share awards | – | – | 96 | – | 96 |
| Tax on share options | – | – | – | (21) | (21) |
| Exercise of share based incentives | – | – | – | (75) | (75) |
| At 1 July 2023 | 4,517 | 445 | (577) | 31,297 | 35,682 |
| Profit for the year | **–** | **–** | **–** | **7,560** | **7,560** |
| Actuarial gain on defined benefit pensions, net of tax | **–** | **–** | **–** | **169** | **169** |
| Dividends | **–** | **–** | **–** | **(3,724)** | **(3,724)** |
| Share based payments | **–** | **–** | **–** | **251** | **251** |
| Acquisition of own shares | **–** | **–** | **(647)** | **–** | **(647)** |
| Own shares used to satisfy exercise of share awards | **–** | **–** | **903** | **–** | **903** |
| Tax on share options | **–** | **–** | **–** | **19** | **19** |
| Exercise of share based incentives | **–** | **–** | **–** | **(774)** | **(774)** |
| **At 30 June 2024** | **4,517** | **445** | **(321)** | **34,798** | **39,439** |

# Notes to the Company Financial Statements

For the year ended 30 June 2024

## 1 Basis of preparation

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

The Company financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards.

The financial statements are prepared on the historical cost basis except for derivative financial instruments and equity settled share based payments which are stated at their ongoing fair value.

The financial statements are prepared on a consistent basis with The Alumasc Group plc consolidated financial statements.

### Going concern

See note 1 to the Group accounts for details.

## 2 Summary of material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

See note 2 of the Group accounts for details of new standards and interpretations applied and not applied during the period beginning 1 July 2023.

### Judgements and estimates

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

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

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

### Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

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

### Impairment of fixed assets

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

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

### Leases

#### i) Identification of a lease

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

To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

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

#### ii) As a lessee

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

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

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

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

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

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

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

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

#### Short-term leases and leases of low-value assets

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

# Notes to the Company Financial Statements continued

For the year ended 30 June 2024

## 2 Summary of material accounting policies continued

### iii) As a lessor

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

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

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

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

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

### Financial assets

When financial assets are recognised initially under IFRS 9, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

### Pension costs

The Company operates a defined benefit pension scheme, which is constituted as a separately administered fund and which is closed to future accrual. Deficit reduction contributions are agreed with the pension trustees on the basis of actuarial advice to fund this scheme. The Company also operates a defined contribution scheme where agreed contractual contributions are paid into a separately administered fund.

### (i) Defined benefit pensions

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

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

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

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

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

### (ii) Defined contribution pensions

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

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

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

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

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

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

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

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

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

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

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

# Notes to the Company Financial Statements continued

For the year ended 30 June 2024

## 2 Summary of material accounting policies continued

### Derivative financial instruments and hedging

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

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

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

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

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

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

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

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

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

### Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full.

### Cash and cash equivalents

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

### Interest bearing loans and borrowings

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

### Provisions

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

## 3 Expenses by nature

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Auditor's remuneration – audit of the financial statements of the Company | **23** | 18 |

## 4 Dividends

See note 11 to the Group accounts for details.

## 5 Property, plant and equipment

| | Right-of-use asset (property) £'000 | Freehold land and buildings £'000 | Long leasehold property £'000 | Plant and equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 1 July 2022 | 485 | 749 | 235 | 589 | 2,058 |
| Additions | – | – | – | 9 | 9 |
| Disposals | – | – | – | – | – |
| At 30 June 2023 | 485 | 749 | 235 | 598 | 2,067 |
| Additions | **–** | **–** | **–** | **5** | **5** |
| Disposals | **–** | **–** | **–** | **–** | **–** |
| **At 30 June 2024** | **485** | **749** | **235** | **603** | **2,072** |
| Depreciation: | | | | | |
| At 1 July 2022 | 29 | 341 | 235 | 555 | 1,160 |
| Charge for the year | 6 | 8 | – | 27 | 41 |
| Disposals | – | – | – | – | – |
| At 1 July 2023 | 35 | 349 | 235 | 582 | 1,201 |
| Charge for the year | **12** | **8** | **–** | **4** | **24** |
| Disposals | **–** | **–** | **–** | **–** | **–** |
| **At 30 June 2024** | **47** | **357** | **235** | **586** | **1,225** |
| **Net book value:** | | | | | |
| **At 30 June 2024** | **438** | **392** | **–** | **17** | **847** |
| At 30 June 2023 | 450 | 400 | – | 16 | 866 |
| At 1 July 2022 | 456 | 408 | – | 34 | 898 |

Included within freehold land and buildings is land of £336,000 (2023: £336,000) which is not depreciated.

# Notes to the Company Financial Statements continued

## For the year ended 30 June 2024

### 6 Investments in Group companies

| | £'000 |
|---|---|
| Cost: | |
| At 1 July 2022 | 89,911 |
| Amounts written off | (14,423) |
| At 30 June 2023 | 75,488 |
| Acquisition of subsidiary | **11,485** |
| **At 30 June 2024** | **86,973** |
| Provisions: | |
| At 1 July 2022 | 34,340 |
| Amounts written off | **(14,423)** |
| **At 30 June 2023 and 30 June 2024** | **19,917** |
| **Net book value:** | |
| **At 30 June 2024** | **67,056** |
| At 30 June 2023 | 55,571 |
| At 1 July 2022 | 55,571 |

On 21 December 2023 the Company acquired the entire issued share capital of ARP Group ('ARP'), a manufacturer and distributor of specialist metal rainwater and architectural aluminium products.

The investment in Levolux was written off in the year to 30 June 2023, to reflect the sale of the business on 26 August 2022.

All subsidiary companies are wholly owned and owned directly or indirectly by The Alumasc Group plc and have a registered office of Burton Latimer, Kettering, Northamptonshire, NN15 5JP.

### 7 Trade and other receivables

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Other receivables | **1,199** | 1,512 |
| Prepayments | **229** | 235 |
| | **1,428** | 1,747 |

### 8 Trade and other payables

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Other payables | **735** | 704 |
| Other taxation and social security | **148** | 138 |
| Accruals | **599** | 300 |
| | **1,482** | 1,142 |

## 9 Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

| | Pension deferred tax asset £'000 | Accelerated capital allowances £'000 | Short-term temporary differences £'000 | Share options £'000 | Total deferred tax asset £'000 |
|---|---|---|---|---|---|
| At 1 July 2022 | 28 | (24) | 22 | 172 | 198 |
| (Charged)/credited to the statement of comprehensive income | (21) | 3 | 5 | 23 | 10 |
| Credited/(charged) to equity | 51 | – | – | (21) | 30 |
| At 30 June 2023 | 58 | (21) | 27 | 174 | 238 |
| (Charged)/credited to the statement of comprehensive income | **(14)** | **1** | **1** | **21** | **9** |
| (Charged)/credited to equity | **(57)** | **–** | **–** | **19** | **(38)** |
| **At 30 June 2024** | **(13)** | **(20)** | **28** | **214** | **209** |

## 10 Borrowings

See note 19 to the Group accounts for details.

## 11 Lease liabilities

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Non-current lease liabilities | **467** | 470 |
| Current lease liabilities | **3** | 3 |
| Total lease liabilities | **470** | 473 |

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

## 12 Financial instruments

### Financial assets and liabilities

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

| | 30 June 2024 | | 30 June 2023 | |
|---|---|---|---|---|
| | Carrying amount £'000 | Fair value £'000 | Carrying amount £'000 | Fair value £'000 |
| Financial assets: | | | | |
| Trade and other receivables | **646** | **646** | 1,512 | 1,512 |
| Cash at bank | **1,345** | **1,345** | 1,052 | 1,052 |
| | **1,991** | **1,991** | 2,564 | 2,564 |
| Financial liabilities: | | | | |
| Bank loans | **13,662** | **13,662** | 8,848 | 8,848 |
| Lease liabilities | **470** | **470** | 473 | 473 |
| Trade, intercompany and other payables | **15,862** | **15,862** | 13,362 | 13,362 |
| | **29,994** | **29,994** | 22,683 | 22,683 |

# Notes to the Company Financial Statements continued

For the year ended 30 June 2024

## 12 Financial instruments continued

Financial assets and liabilities are measured at amortised cost. Trade and other receivables exclude prepayments and accrued income, which do not meet the definition of a financial asset. Market values have been used to determine the fair value of bank borrowings.

The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2024 and 2023 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, while the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

| | On demand £'000 | Less than 1 year £'000 | 1 to 2 years £'000 | 2 to 5 years £'000 | More than 5 years £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **At 30 June 2024** | | | | | | |
| Interest bearing loans and borrowings | **–** | **1,228** | **1,228** | **15,030** | **–** | **17,486** |
| Lease liabilities | **–** | **3** | **3** | **9** | **455** | **470** |
| Trade, intercompany and other payables | **–** | **1,334** | **1,500** | **4,500** | **8,528** | **15,862** |
| | **–** | **2,565** | **2,731** | **19,539** | **8,983** | **33,818** |
| **At 30 June 2023** | | | | | | |
| Interest bearing loans and borrowings | – | 612 | 612 | 9,000 | – | 10,224 |
| Lease liabilities | – | 3 | 3 | 9 | 458 | 473 |
| Trade, intercompany and other payables | – | 1,739 | 1,500 | 4,500 | 5,623 | 13,362 |
| | – | 2,354 | 2,115 | 13,509 | 6,081 | 24,059 |

### Liquidity risk management

The Company's liquidity risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements. The Company's net debt position at 30 June 2024 was £12.3 million (2023: £7.8 million).

The Company's overdraft and revolving credit banking facilities are part of the Group's overall credit facilities and are subject to cross guarantees from other Group companies. The Group as a whole had net bank debt at 30 June 2024 of £7.3 million (2023: £2.9 million).

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Floating rate interest bearing financial liabilities: | | |
| In less than one year | **–** | – |
| In two to five years | **13,662** | 8,848 |
| | **13,662** | 8,848 |

### Interest rate risk management

The Company's interest rate risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements.

### Credit risk

The Company's credit risk management is consistent with that of the Group as outlined in the notes to the consolidated financial statements.

## 13 Retirement benefit obligations

### Defined contribution schemes

£134,000 (2023: £138,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2024 there was an accrual of £117,000 payable in respect of the defined contribution scheme (2023: £108,000).

### Defined benefit scheme

The Company participates in a defined benefit scheme, The Alumasc Group Pension Scheme, which has been closed to future accrual since 2010.

The defined benefit scheme maintained by the Company is a part of a plan that shares risks between various Group entities under common control. In determining the allocation of net defined benefit cost and contributions between the various sponsoring employers, the Directors have used as a basis the sponsoring employer at the date the scheme was closed to future accrual.

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

| | 2024 % | 2023 % |
|---|---|---|
| Discount rate | **5.10** | 5.25 |
| Expected rate of deferred pension increases | **2.65** | 2.60 |
| Future pension increases | **3.10 – 3.65** | 3.10 – 3.65 |
| Retail Price Index inflation rate | **3.20** | 3.20 |
| Consumer Price Index inflation rate | **2.65** | 2.60 |

| | Years | Years |
|---|---|---|
| Post retirement mortality: | | |
| Current pensioners at 65 – male | **21.1** | 21.6 |
| Current pensioners at 65 – female | **23.6** | 24.0 |
| Future pensioners at 65 in 2044 – male | **22.4** | 22.9 |
| Future pensioners at 65 in 2044 – female | **25.0** | 25.5 |

A discount rate of 5.10% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2024. A 0.1% change to this rate would have changed the present value of the gross pension fund liabilities at that date by approximately £32,000 before tax.

A Retail Price Index inflation rate of 3.20% and a Consumer Price Index inflation rate of 2.65% have been used in calculating the present value of liabilities of the gross pension scheme at 30 June 2024. A 0.1% change to these rates would have changed the present value of the gross pension fund liabilities at that date by approximately £8,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2024, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2024 would have increased by approximately £102,000 before tax.

The following information relates to the Company's element of the assets and liabilities of the scheme.

# Notes to the Company Financial Statements continued

For the year ended 30 June 2024

## 13 Retirement benefit obligations continued

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

| | 2024 £'000 | 2023 £'000 | 2022 £'000 | 2021 £'000 | 2020 £'000 |
|---|---|---|---|---|---|
| Equities | **858** | 925 | 1,318 | 2,344 | 2,012 |
| Liability driven investment funds | **1,169** | 278 | 458 | 661 | 815 |
| Bonds and insured annuities | **560** | 838 | 758 | 602 | 598 |
| Multi-asset fund | **228** | 607 | 827 | 1,071 | 891 |
| Property and cash | **301** | 296 | 452 | 533 | 391 |
| Total market value of assets | **3,116** | 2,944 | 3,813 | 5,211 | 4,707 |
| Actuarial value of liability | **(3,066)** | (3,176) | (3,923) | (5,457) | (5,761) |
| Defined benefit pension asset/(deficit) | **50** | (232) | (110) | (246) | (1,054) |

Of the above assets, all have a quoted market price with the exception of £37,000 of insured annuities (2023: £43,000) and £37,000 of property (2023: £37,000).

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

| | 2023/24 £'000 | 2022/23 £'000 |
|---|---|---|
| Included in net finance costs: | | |
| Net pension scheme finance costs | **(10)** | (3) |
| Included in other comprehensive income: | | |
| Actuarial gain/(loss) on plan assets | **205** | (854) |
| Actuarial gain on retirement benefit obligations | **21** | 649 |
| | **226** | (205) |
| Total recognised in the statement of comprehensive income | **216** | (208) |

The actual return on plan assets for 2023/24 was a gain of £405,000 (2022/23: loss of £678,000).

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **(3,176)** | (3,923) |
| Interest cost | **(210)** | (179) |
| Benefits paid | **299** | 277 |
| Actuarial gain | **21** | 649 |
| At 30 June | **(3,066)** | (3,176) |

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

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| At 1 July | **2,944** | 3,813 |
| Expected return on plan assets | **200** | 176 |
| Actuarial gain/(loss) | **205** | (854) |
| Contributions by employer | **66** | 86 |
| Benefits paid | **(299)** | (277) |
| At 30 June | **3,116** | 2,944 |

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £713,000 (2022/23: losses of £939,000).

## 14 Provisions

| | £'000 |
|---|---|
| At 1 July 2022 | 196 |
| Charged | 543 |
| At 30 June 2023 | 739 |
| Credited | **(140)** |
| At 30 June 2024 | **599** |

The Company has provided £599,000 (2023: £739,000) in relation to the anticipated cost of dilapidations and required restoration to its leasehold properties.

## 15 Share capital

See note 24 to the Group accounts for details.

## 16 Movements in equity

See note 25 to the Group accounts for details.

### Distributable reserves

The Company's profit and loss account reserve shown on the balance sheet is £34,798,000 (2023: £31,297,000).

Cumulative actuarial losses relating to defined benefit pension schemes of £713,000 (2023: losses of £939,000) have been deducted in calculating the distributable reserves figure above.

## 17 Share-based payments

The Company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 74 to 85.

| | As at 1 July 2023 | Weighted average exercise price (pence) | Granted | Weighted average exercise price (pence) | Exercised | Weighted average exercise price (pence) | Lapsed | Weighted average exercise price (pence) | As at 30 June 2024 | Weighted average exercise price (pence) |
|---|---|---|---|---|---|---|---|---|---|---|
| LTIP[(i)] | **629,334** | **nil** | **206,365** | **nil** | **(278,437)** | **nil** | **(26,278)** | **nil** | **530,984** | **nil** |
| ESOS[(ii)] | **100,000** | **135** | **30,000** | **160** | **(30,000)** | **81** | **–** | **–** | **100,000** | **159** |

| | As at 1 July 2022 | Weighted average exercise price (pence) | Granted | Weighted average exercise price (pence) | Exercised | Weighted average exercise price (pence) | Lapsed | Weighted average exercise price (pence) | As at 30 June 2023 | Weighted average exercise price (pence) |
|---|---|---|---|---|---|---|---|---|---|---|
| LTIP[(i)] | 503,968 | nil | 196,258 | nil | (22,175) | – | (48,717) | nil | 629,334 | nil |
| ESOS[(ii)] | 70,000 | 129 | 30,000 | 150 | – | – | – | – | 100,000 | 135 |

(i) Long term incentive plan.

(ii) Executive share option scheme.

### LTIP

The October 2021 LTIP awards are expected to vest in October 2024. The weighted average share price of options exercised during the year at date of exercise was 164 pence (2023: 137 pence).

### ESOS

For the share options outstanding at 30 June 2024 the weighted average remaining contractual life is 7.9 years (30 June 2023: 7.7 years). The exercise price of the options outstanding ranges between 79 pence and 226 pence. 20,000 share options are exercisable at 30 June 2024 (30 June 2023: 30,000). The weighted average share price of options exercised during the year at date of exercise was 183 pence (2023: nil pence).

# Notes to the Company Financial Statements continued

For the year ended 30 June 2024

## 17 Share-based payments continued

### Fair value of awards

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

| | ESOS | | LTIP | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| Share price at grant date | **160p** | 150p | **168p** | 150p |
| Exercise price | **160p** | 150p | **nil** | nil |
| Expected volatility | **25%** | 25% | **25%** | 25% |
| Expected life (years) | **3** | 3 | **3** | 3 |
| Risk free rate | **3.0%** | 3.0% | **3.0%** | 3.0% |
| Dividend yield at date of grant | **5.8%** | 6.8% | **5.8%** | 6.8% |
| Fair value per option | **20p** | 16p | **141p** | 122p |

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity date of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2024 is £251,000 (2022/23: £182,000).

## 18 Financial commitments

### (i) Capital commitments

The Company had no capital commitments at the year end (2023: £nil).

### (ii) Lease commitments

The Company has entered into commercial leases on certain properties and items of plant and equipment. The leases have varying terms and renewal rights.

The total future minimum sub-lease receipts under non-cancellable leases where the Company acts as a lessor are as follows:

| | Property 2024 £'000 | Property 2023 £'000 |
|---|---|---|
| Less than one year | **40** | 40 |
| Between one and five years | **160** | 160 |
| After five years | **320** | 360 |
| | **520** | 560 |

## 19 Movement in borrowings

| | Bank overdrafts / cash £'000 | Bank loans £'000 | Net bank (debt)/cash £'000 | Lease liabilities £'000 | Total borrowings £'000 |
|---|---|---|---|---|---|
| At 1 July 2022 | 2,627 | (13,000) | (10,373) | (476) | (10,849) |
| Cash flow movements | (1,575) | 4,262 | 2,687 | 3 | 2,690 |
| Non-cash movements | – | (110) | (110) | – | (110) |
| At 1 July 2023 | 1,052 | (8,848) | (7,796) | (473) | (8,269) |
| Cash flow movements | **293** | **(4,622)** | **(4,329)** | **3** | **(4,326)** |
| Non-cash movements | **–** | **(192)** | **(192)** | **–** | **(192)** |
| At 30 June 2024 | **1,345** | **(13,662)** | **(12,317)** | **(470)** | **(12,787)** |

The Company is part of a Group offset banking arrangement, together with its subsidiary undertakings.

## 20 Related party disclosure

### Terms and conditions of transactions with related parties

A full list of the Company's subsidiaries is shown on pages 149 and 150.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2024 was a £14,528,000 liability (2023: £12,358,000 liability).

Amounts owed to subsidiary undertakings have no fixed repayment date and accrue interest at a rate equivalent to the Alumasc Group's effective rate of interest. The Directors believe that in substance these amounts are non-current.

### Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of transactions with the Directors and their compensation are detailed in the Directors' Remuneration Report on pages 74 to 85. No further transactions were made during the financial period between the Company and the Directors.

## 21 Contingent liabilities

The Company is party to, together with subsidiary undertakings, cross guarantee banking arrangements in favour of the Group's relationship banks. At the year end, subsidiary undertakings had utilised none (2023: none) of the overdraft facilities guaranteed by the Company.

# Financial Summary

| | 2017/18 £'000 | 2018/19 £'000 | 2019/20 £'000 | 2020/21 £'000 | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 |
|---|---|---|---|---|---|---|---|
| **Income Statement Summary** | | | | | | | |
| **Continuing operations:** | | | | | | | |
| **Revenue** | 65,091 | 71,315 | 60,299 | 77,805 | 89,381 | 89,135 | **100,724** |
| **Gross profit** | 22,353 | 24,184 | 20,432 | 29,441 | 33,366 | 32,729 | **38,280** |
| *Gross margin* | 34.3% | 33.9% | 33.9% | 37.8% | 37.3% | 36.7% | **38.0%** |
| **Underlying operating profit** | 5,438 | 6,973 | 5,053 | 10,506 | 13,333 | 12,109 | **14,237** |
| *Underlying operating margin* | 8.4% | 9.8% | 8.4% | 13.5% | 14.9% | 13.6% | **14.1%** |
| Net interest cost on borrowings | (212) | (281) | (343) | (311) | (439) | (783) | **(1,090)** |
| Interest on lease liabilities | – | – | (153) | (178) | (169) | (154) | **(176)** |
| **Underlying profit before tax** | 5,226 | 6,692 | 4,557 | 10,017 | 12,725 | 11,172 | **12,971** |
| Non-underlying items* | (914) | (4,431) | (1,138) | (546) | (694) | (633) | **(1,236)** |
| **Profit before taxation** | 4,312 | 2,261 | 3,419 | 9,471 | 12,031 | 10,539 | **11,735** |
| Taxation | (967) | (256) | (442) | (2,118) | (2,421) | (2,186) | **(2,987)** |
| **Profit for the year from continuing operations** | 3,345 | 2,005 | 2,977 | 7,353 | 9,610 | 8,353 | **8,748** |
| Discontinued operations – Profit/(loss) after tax | 972 | 1,636 | (721) | 233 | (16,657) | (1,750) | **–** |
| **Profit/(loss) for the year** | 4,317 | 3,641 | 2,256 | 7,586 | (7,047) | 6,603 | **8,748** |
| **Underlying earnings per share from continuing operations (pence)** | 11.6 | 14.8 | 10.2 | 22.5 | 28.6 | 25.0 | **26.9** |
| **Basic earnings per share (pence)** | 12.0 | 10.1 | 6.3 | 21.2 | (19.7) | 18.4 | **24.3** |
| **Dividends per share (pence)** | 7.35 | 7.35 | 2.0 | 9.5 | 10.0 | 10.3 | **10.75** |
| **Balance Sheet Summary at 30 June** | | | | | | | |
| Shareholders' funds | 24,421 | 25,445 | 19,841 | 36,145 | 25,732 | 25,747 | **33,538** |
| Net debt/(cash) | 4,812 | 5,095 | 4,333 | 937 | 4,716 | 2,853 | **7,252** |
| Lease liabilities | – | – | 5,924 | 5,606 | 5,132 | 5,234 | **4,397** |
| Pension deficit/(asset) (net of tax) | 12,566 | 10,749 | 15,608 | 3,436 | 1,585 | 3,242 | **(595)** |
| Discontinued operations | (714) | 359 | – | (11,221) | – | – | **–** |
| Capital invested – continuing operations | 41,085 | 41,648 | 45,706 | 34,903 | 37,165 | 37,076 | **44,592** |
| Underlying return on capital invested (post-tax)** | 12.0% | 13.4% | 9.2% | 21.0% | 29.8% | 26.1% | **26.0%** |
| Underlying tax rate | 20.2% | 20.4% | 20.3% | 19.5% | 19.4% | 20.0% | **25.5%** |

Notes

* Non-underlying items comprise brand amortisation and IAS 19 pension costs in all years. Further details of the 2022/23 and 2023/24 non underlying items can be found in note 5 of the Report and Accounts 2024.

** Underlying operating profit after tax from continuing operations calculated using the underlying tax rate, as a percentage of average capital invested from continuing operations.

# Additional Shareholder Information

In accordance with the requirements of the Companies Act 2006 (Act) the following section describes the matters that are required for inclusion in the Directors' Report. Further details of matters required to be included in the Directors' Report that are incorporated by reference into this report are set out below.

## Directors

The names of the members of the Board as at the date of this report and their biographical details are set out on pages 58 and 59.

## Share capital

The issued share capital of the Company and the details of the movements in the Company's share capital during the year are shown in notes 24 and 25 to the financial statements.

The holders of Ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report and Accounts, to attend and speak at general meetings of the Company and to appoint proxies and exercise voting rights.

## Articles of association

The articles of association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors and the conduct of the Board and general meetings. Copies are available upon request from the Group Company Secretary and are available at the Company's AGM. Further powers are granted by members in general meeting and those currently in place are set out in detail in the appropriate section of this report.

## Directors' interests

Other than the Directors' service agreements or letters of appointment, none of the Directors of the Company had a personal interest in any business transactions of the Company or its subsidiaries. Directors' interests in shares and share awards of the Company, in respect of which transactions are notifiable to the Company and the FCA under Article 19 of the Market Abuse Regulation, are disclosed in the Remuneration Report on page 80.

## Directors' powers

The Directors are responsible for the strategic management of the Company and their powers to do so are determined by the provisions of the Act and the Company's articles of association.

## Employee benefit trust

A waiver of dividend exists in respect of 180,849 shares held by the Alumasc Group Employee Share Ownership Trust (Trust) as of 30 June 2024.

The rights attached to shares in the Company are provided by the articles of association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by UK legislation and by the Company's articles of association.

No Ordinary shares carry any special rights about control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid.

Shares are admitted to trading on the AIM market of London Stock Exchange and may be traded through the CREST system.

## Allotment of shares

At the AGM in 2023, the Directors were empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed at the forthcoming AGM.

It is the Board's intention, in line with guidance issued by the Pre-Emption Group, to also propose the renewal of the additional special resolution to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital. This is applicable when the Board determines a transaction to be an acquisition or other capital investment, as defined by the Pre-Emption Group's Statement of Principles and is announced contemporaneously with the allotment or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

# Additional Shareholder Information continued

## Purchase of own shares

Shareholders also approved the authority for the Company to buy back up to 14.9% of its own Ordinary shares by market purchase until 24 October 2024. The Directors will seek to renew this authority at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the Group as a result of the purchase and, therefore, that the purchase is in the interests of shareholders. The Directors will also give careful consideration to the financial position of the Company and its general financial position. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital.

Where treasury shares are used to satisfy share awards they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a ten-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

## Significant agreements – change of control

The Group has agreements in place with its relationship banks, which contain certain termination rights that would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and consider that its disclosure would be prejudicial to the Group. Accordingly, they do not intend to disclose specific details. In addition, the Group's share schemes contain provisions that, in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes. There are no agreements between the Group and its Directors nor its employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The total amount owing under the Group's credit facilities as at 30 June 2024 is shown in note 19 to the financial statements. These agreements contain clauses such that, in the event of a change of control, subject to the lender, the Company can offer to or must repay all such borrowings together with accrued interest, fees and other sums owing as required by the individual agreements.

The rules of the Company's incentive plans contain clauses relating to a change of control resulting from a takeover and in such an event awards would vest subject to the satisfaction of any associated performance criteria.

## Major shareholders

At 30 June 2024, the following persons had disclosed an interest in the issued Ordinary share capital of the Company in accordance with the requirements of rules 5.1.2 or 5.1.5 of the UK Listing Authority's Disclosure Guidance and Transparency Rules.

| Shareholder | Number of Ordinary shares | % of issued share capital |
|---|---|---|
| John McCall | 4,062,980 | 11.24 |
| Mr Philip H R Gwyn | 2,735,605 | 7.57 |
| Hargreaves Lansdown | 2,557,845 | 7.08 |
| Charles Stanley | 1,825,088 | 5.05 |
| AXA Framlington Investment Managers | 1,800,000 | 4.98 |

## Employment

Information about the Group's employees, employment of disabled persons and employment practices is contained within our Sustainability Report, the Section 172 Statement and the Directors' Report on pages 51 to 55 and 22 to 24.

## Greenhouse gas emissions (GHG)

Information about the Group's greenhouse gas emissions is given in the Sustainability Report on pages 26 and 27.

## Annual General Meeting

The Notice of the AGM, to be held on 24 October 2024, is available in this Report and Accounts on pages 153 to 155 and copies are also available from the Company's website at www.alumasc.co.uk/investors. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

## Statement of disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director of the Company to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# List of Subsidiaries

The Group's subsidiary undertakings as at 30 June 2024 are shown below. Unless otherwise shown below all subsidiary undertakings are incorporated in the UK. All subsidiaries are 100% owned. The UK registered offices are located at The Alumasc Group plc registered office address, at Burton Latimer, Kettering, Northamptonshire NN15 5JP.

| Subsidiary | Principal activity | Country of incorporation |
|---|---|---|
| Alumasc Building Products Limited | Building products | UK |
| Elkington China Limited | Building products | Hong Kong |
| Alumasc Limited | Building products | UK |
| Aluminium Roofline Products Limited | Building products | UK |
| ARP Group Holdings Limited | Building Products | UK |
| Rainwater Online Holdings Limited | Building Products | UK |
| Gatic (Middle East) FZ-LLC | Building Products | United Arab Emirates |
| Cast Iron Superstore Ltd | Online sales | UK |
| Envelope Solutions Ltd | Design solutions | UK |
| Alumasc Precision Limited | Building Products | UK |
| Benjamin Priest Limited | Building Products | UK |
| Wade International Limited | Dormant | UK |
| A G Standard Company Limited | Dormant | UK |
| Access Floor Systems Limited | Dormant | UK |
| AEBP Walling Limited | Dormant | UK |
| AIBP 2 Limited | Dormant | UK |
| ALK Limited | Dormant | UK |
| Alumasc Exterior Building Products Limited | Dormant | UK |
| Alumasc Construction Products Limited | Dormant | UK |
| Alumasc D Developments Limited | Dormant | UK |
| Alumasc D D Limited | Dormant | UK |
| Alumasc-Grundy Limited | Dormant | UK |
| Alumasc Holdings Limited | Dormant | UK |
| Alumasc Interior Building Products Limited | Dormant | UK |
| Apex Gutter & Drainage Limited | Dormant | UK |
| Benion Limited | Dormant | UK |
| Benjamin Priest Group Limited | Dormant | UK |
| Blackdown Horticultural Consultants Ltd | Dormant | UK |
| BLK Limited | Dormant | UK |
| BLL Limited | Dormant | UK |
| Building Products Next Day Ltd | Dormant | UK |
| C C Realisations Limited | Dormant | UK |
| Cleomack (One) Limited | Dormant | UK |
| Cleomack (Three) Limited | Dormant | UK |
| Cleomack Limited | Dormant | UK |
| Condyle Limited | Dormant | UK |
| Copal Casting Limited | Dormant | UK |
| D E Limited | Dormant | UK |
| Doranda Limited | Dormant | UK |
| Drew Street Limited | Dormant | UK |
| Elkington Gatic Limited | Dormant | UK |
| Engird Limited | Dormant | UK |

# List of Subsidiaries continued

| Subsidiary | Principal activity | Country of incorporation |
|---|---|---|
| Euroroof Limited | Dormant | UK |
| Green Roof Solutions Limited | Dormant | UK |
| Harmer Holdings Limited | Dormant | UK |
| Harvey Reed Top Table Limited | Dormant | UK |
| Justcredit Limited | Dormant | UK |
| Kett Limited | Dormant | UK |
| Powke Limited | Dormant | UK |
| Rainclear Systems Limited | Dormant | UK |
| Roof-Pro Limited | Dormant | UK |
| Sillavan Anodes Limited | Dormant | UK |
| Sillavan Industries Limited | Dormant | UK |
| Sorrel 009 Limited | Dormant | UK |
| Sure-Foot Supports Limited | Dormant | UK |
| Technical Building Products Limited | Dormant | UK |
| The Green Building Products Company Limited | Dormant | UK |
| The Paint Factory Limited | Dormant | UK |
| Thermex AFC Limited | Dormant | UK |
| Thermex Industries Limited | Dormant | UK |
| Timloc Building Products Limited | Dormant | UK |
| Wade International (UK) Limited | Dormant | UK |
| Wade Drainage Products Limited | Dormant | UK |
| Wergs Limited | Dormant | UK |
| Yenots Limited | Dormant | UK |

# Business and Operating Locations

## Water Management

**Skyline, Alumasc Rainwater & Harmer**
Station Road
Burton Latimer, Kettering
Northamptonshire NN15 5JP
Tel: **+44 (0)1536 383810**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

**ARP – Aluminium Roofline Products Limited**
Unit 2 Vitruvius Way
Meridian Business Park
Leicester LE19 1WA
Tel: **+44 (0)116 289 4400**
Email: **sales@arp-ltd.com**
Web: **www.arp-ltd.com**

**Rainclear Systems**
Unit 34 A
Techno Trading Estate
Ganton Way
Swindon SN2 8ES
Tel: **+44 (0)800 644 4426**
Email: **sales@rainclear.co.uk**
Web: **www.rainclear.co.uk**

**Wade & Gatic (Slotdrain)**
Third Avenue
Halstead
Essex CO9 2SX
Tel: **+44 (0)1787 475151**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

**Gatic (Covers)**
Hammond House
Poulton Close, Dover
Kent CT17 0UF
Tel: **+44 (0)1304 203545**
Email: **info@alumascwms.co.uk**
Web: **www.alumascwms.co.uk**

**Elkington China Ltd**
Unit 2, 16/F, Cheung Tat Centre
18 Cheung Lee Street
Chai Wan
Hong Kong
Tel: **+(852) 2305 0100**
Email: **ecl@biznetvigator.com**
Web: **www.alumascwms.co.uk**

**Gatic (Middle East) FZ-LLC**
Dubai Media City
Commercial Building 5
Dubai
United Arab Emirates
Tel: **+971 (0) 58 539 2730**
Web: **www.alumascwms.co.uk**

## Building Envelope

### Waterproofing Systems

**Alumasc Roofing**
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: **+44 (0)1744 648 400**
Email: **info@alumascroofing.com**
Web: **www.alumascroofing.com**

### Rooftop management systems

**Roof Pro Systems**
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: **+44 (0)1744 648 400**
Email: **cad@roof-pro.co.uk**
Web: **www.roof-pro.co.uk**

## Housebuilding Products

### Ventilation products, access panels/doors cavity closers/ dry roof verge products

**Timloc Building Products**
Timloc House
Ozone Park
Howden
East Riding of Yorkshire DN14 7SD
Tel: **+44 (0)1405 765567**
Email: **sales@timloc.co.uk**
Web: **www.timloc.co.uk**

# Company Information and Advisers

## Registered Office

**The Alumasc Group plc**
Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Tel: **+44 (0)1536 383844**
Web: **www.alumasc.co.uk**
Email: **info@alumasc.co.uk**

Registered No: 1767387

## Company Advisers

### Registrars

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

### Auditors

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

### Investment Bankers

**Rothschild & Co**
3 Lombard Street
London
EC3V 9AA

### Bankers

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

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

### Solicitors

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

**DLA Piper UK LLP**
160 Aldersgate Street
London
EC1A 4HT

### Brokers

**Peel Hunt LLP**
100 Liverpool Street
London
EC2M 2AT

### Nominated Adviser (NOMAD)

**Cavendish**
One Bartholomew Close
London
EC1A 7BL

# Notice of Annual General Meeting

Notice is given that the 2024 Annual General Meeting (AGM) of The Alumasc Group plc (the Company) will be held at Timloc, Timloc House, Unit 2, Ozone Park, East Riding of Yorkshire, DN14 7SD at 10am on Thursday 24 October 2024 to consider the following:

## Ordinary business

Resolutions 1 to 14 will be proposed as ordinary resolutions.

1. **To receive the reports of the Directors and Auditor and the accounts for the year ended 30 June 2024**
2. **To receive the report of the Remuneration Committee for the year ended 30 June 2024**
3. **To declare a final dividend of 7.3 pence per share**
4. **To re-elect Vijay Thakrar as a Director**
5. **To re-elect Paul Hooper as a Director**
6. **To re-elect Stephen Beechey as a Director**
7. **To re-elect Karen McInerney as a Director**
8. **To re-elect Simon Dray as a Director**
9. **To re-elect Gilbert Jackson as a Director**
10. **To re-elect Michael Leaf as a Director**
11. **To re-appoint Crowe U.K. LLP as Auditor of the Company** to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Company
12. **That the Audit Committee be authorised to determine the Auditor's remuneration**
13. **Approval of amendments to the Alumasc 2014 Executive Share Option Scheme**

    That the amendments to the rules of the Alumasc 2014 Executive Share Option Scheme (the 'Option Scheme') shown in the marked-up version of the rules of the Option Scheme produced to the Meeting and initialled by the Chair of the Meeting for the purposes of identification be and they are hereby approved and the Directors be and are generally authorised to do all acts and things that they consider necessary or expedient to give effect to the amended Option Scheme.

## Special business

The following resolution will be proposed as an ordinary resolution.

14. **Renewal of Directors' authorities to allot shares**

    That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,505,564 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Directors shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted pursuant to any such offers or agreements after this authority had expired. All unexercised authorities previously granted to the Directors are hereby revoked.

The following three resolutions will be proposed as special resolutions.

15. **Disapplication of statutory pre-emption rights: General**

    That the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by resolution 14 and/or to sell Ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to:

    a. allotments for rights issues and other pre-emptive issues; and
    b. the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount of £225,834. This amount to be not more than 5% of the issued Ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting, such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 23 October 2025).

# Notice of Annual General Meeting continued

**16. Disapplication of statutory pre-emption rights: Acquisition or capital investment**

That if resolution 14 granting authority to allot shares is passed, the Board be authorised in addition to any authority granted under the first disapplication resolution to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell Ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

(i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £225,834. This amount to be not more than 5% of the issued Ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

**17. Company's authority to purchase its own shares**

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary shares of 12.5 pence each in the Company provided that:

(i) the maximum number of Ordinary shares hereby authorised to be acquired is 5,383,900 which represents 14.9% of the issued share capital of the Company at the date of this Notice;

(ii) the minimum price (exclusive of taxes and expenses) which may be paid for such Ordinary shares is 12.5 pence per share;

(iii) the maximum price (exclusive of taxes and expenses) which may be paid for such Ordinary shares is an amount equal to 105% of the average of the middle market quotations for Ordinary shares (derived from the Daily Official List of the London Stock Exchange plc) for the five dealing days immediately preceding the day on which such Ordinary shares are contracted to be purchased;

(iv) the authority hereby conferred shall expire on 23 October 2025, or, if earlier, on the date of the next Annual General Meeting of the Company except that the expiry of such authority shall not exclude any purchase of Ordinary shares made pursuant to a contract concluded before the authority expired and which would or might be executed wholly or partly after its expiration; and

(v) this authority supersedes the Company's authority to make market purchases granted by Special Resolution passed at the last AGM.

By order of the Board

**Helen Ashton**
**Group Company Secretary**

3 September 2024

Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Registered No:
01767387

# Explanatory Notes
## to the Notice of Annual General Meeting

**Resolutions 1 to 14 are being proposed as Ordinary resolutions and Resolutions 15 to 17 are being proposed as Special resolutions**

**Resolution 1 – Annual Report and Accounts for the year**

The Directors will present to the shareholders the Annual Report and Accounts for the year ended 30 June 2024, together with the Directors' and Auditors' report on those accounts.

**Resolution 2 – Directors' Remuneration Report**

The Directors' Remuneration Report is set out on pages 74 to 85. Resolution 2 is an advisory vote and does not affect the future remuneration paid to any Director. The Remuneration Report provides details of the remuneration paid for the year ended 30 June 2024.

**Resolution 3 – To declare a dividend**

Shareholders are being asked to approve a final dividend of 7.3 pence per Ordinary share. If the recommended final dividend is approved, it is expected to be paid on 1 November 2024 to all shareholders on the register on 27 September 2024.

**Resolutions 4 to 10 – Re-election of Directors**

All Directors will retire by rotation and seek re-election in accordance with the new 2023 QCA Code. Biographical details of each Director can be found on pages 58 to 59 of this 2024 Annual Report and Accounts.

**Resolution 4 – Re-election Vijay Thakrar as a Director**

Your Board recommends that Vijay Thakrar be re-elected as a Non-executive Director.

**Resolution 5 – Re-election Paul Hooper as a Director**

Your Board recommends that Paul Hooper be re-elected as a Director.

**Resolution 6 – Re-election Stephen Beechey as a Director**

Your Board recommends that Stephen Beechey be re-elected as a Non-executive Director.

**Resolution 7 – Re-election Karen McInerney as a Director**

Your Board recommends that Karen McInerney be re-elected as a Non-executive Director.

**Resolution 8 – Re-election Simon Dray as a Director**

Your Board recommends that Simon be re-elected as a Director.

**Resolution 9 – Re-election Gilbert Jackson as a Director**

Your Board recommends that Gilbert Jackson be re-elected as a Director.

**Resolution 10 – Re-election Michael Leaf as a Director**

Your Board recommends that Michael Leaf be re-elected as a Director.

The Board has concluded that the Directors standing for re-election are effective, committed to their role, and, subject to shareholder approval, should continue in office.

**Resolutions 11 and 12 – Re-appointment of Crowe U.K. LLP (Crowe) as Auditor and to authorise the Auditor's remuneration**

At each general meeting at which the Company's accounts are presented the Company is required to appoint the Auditor to serve until the next general meeting at which accounts are presented. The Directors are recommending that Crowe be re-appointed as Auditor. Resolution 12 authorises the Audit Committee of the Board to set the Auditor's remuneration. This resolution follows standard practice.

**Resolution 13 – Approval of amendments to the Alumasc 2014 Executive Share Option Scheme (the 'Option Scheme')**

The Option Scheme was adopted in 2014 following approval by the Company's shareholders at the 2014 Annual General Meeting. It expires, for the purposes of new option grants, in October 2024. Resolution 13 seeks approval for the amendment of the Option Scheme, including its extension for a further ten-year period on similar terms to the terms applying when it was originally adopted. Because shareholders are being asked to approve the extension of the Option Scheme for this further period, a summary of its principal terms as they are proposed to be amended is set out in the Appendix.

# Explanatory Notes continued

### Resolution 14 – Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006, the Directors require the authority of shareholders of the Company to allot shares or other relevant securities of the Company. This authorises the Directors to make allotments of up to an additional 12,044,519 shares (being approximately one-third of the issued share capital of the Company as at the date of this Notice). This authority will lapse at the conclusion of the next Annual General Meeting, unless renewed earlier. The Directors have no present intention to exercise the authority proposed to be conferred by this Resolution.

### Resolutions 15 and 16 – Disapplication of statutory pre-emption rights

Special resolutions 15 and 16 will allow the Directors to allot equity securities for cash pursuant to the authority under ordinary resolution 14, or by way of a sale of treasury shares, without in the first instance offering them to existing shareholders in proportion to their holdings.

The authority sought will authorise the Directors to issue shares in connection with: (a) a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount represents just under 5% of the total Ordinary share capital in issue at the date of this Notice (being the latest practicable date prior to publication of this Notice). In addition, (b) the financing (or re-financing, if the authority is to be used within six months after the original transaction) for an acquisition or other capital investment which the Board determines to be as contemplated by the Pre-Emption Group's Statement of Principles, to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount also represents just under 5% of the total Ordinary share capital in issue at 30 August 2024.

This disapplication authority is in line with guidance with the Pre-Emption Group's Statement of Principles. The authority will expire at the conclusion of the 2025 Annual General Meeting of the Company or, if earlier, on 23 October 2025.

The authority sought under this resolution provides the Company with greater flexibility in pursuing its strategy of building a focused premium building products company which should generate long-term growth for shareholders. It is the current intention to renew this authority annually.

The Directors have no present intention of exercising their authority under resolutions 15 and 16.

### Resolution 17 – Company's authority to purchase its own shares

The Directors consider it desirable that the Company should have the authority to make market purchases of its own shares. This resolution renews the Company's general authority to buy its own shares on similar terms to previous years' authority. The purpose of this Resolution is to authorise the Directors generally to purchase up to 5,383,900 Ordinary shares in the market (being 14.9% of the issued share capital of the Company as at 30 August 2024). The Directors will only exercise the authority granted by Resolution 14 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. This authority will lapse on 23 October 2025, unless renewed earlier.

### Recommendation

Your Directors believe that the resolutions set out in Resolutions 1 to 17 are in the best interests of the shareholders as a whole and unanimously recommend that you vote in favour of these resolutions. They intend to do so in respect of their own beneficial holdings.

### Voting at the AGM

Your vote is important, and you are encouraged to complete and return the proxy form to the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not less than 48 hours before the time fixed for holding the AGM. Please refer to the notes below and on pages 157 and 158 of this Notice for further details. Please consider appointing the Chairman of the AGM as your proxy with voting instructions, to ensure your vote is counted.

## Notes to the Notice of Annual General Meeting

(1) A member may appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you.

(2) To be valid, any proxy form or other instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed or a notarial certified or office copy of such power or authority must be received by post or (during normal business hours only) by hand by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent a member from attending and voting at the meeting instead of the proxy if they so wish. Amended instructions must also be received by Equiniti by the deadline for receipt of proxy forms. A member must inform Equiniti in writing of any termination of the authority of a proxy.

(3) As an alternative to completing and returning the printed form of proxy, a member may submit your proxy appointment electronically by accessing www.shareview.co.uk where full details of the procedure are given. You will need to create an online portfolio using your Shareholder Reference Number as printed on your Proxy Form and follow the on-screen instructions. Any such proxy appointment must be received not later than 48 hours before the time fixed for the meeting or any adjournment thereof. To appoint more than one proxy electronically, please contact Equiniti on +44 (0)371 384 2030. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

(4) If a member has more than one holding registered in their name, they should receive no more than one copy of the Annual Report and one form of proxy which will be valid in respect of all his/her shareholdings. To request a form of proxy please contact Equiniti on +44 (0)371 384 2030. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales).

(5) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 (CA2006) to enjoy information rights (a Nominated Person) may, under an agreement between them and the shareholder by whom they were nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

(6) The statement of rights of shareholders in relation to the appointment of proxies in notes 1, 2, and 3 above to this Notice of Annual General Meeting does not apply to Nominated Persons. The rights described in these sections can only be exercised by the shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

(7) The Company specifies that only those shareholders registered in the register of members of the Company as at 6.30pm on 22 October 2024 (or, in the event of any adjournment, at 6.30pm on the date which is two days before the time of the adjourned meeting) shall be entitled to attend (in person or by proxy) or vote at the meeting or any adjourned meeting in respect of the number of shares registered in their name at that time.

Changes to entries on the register of members made after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting. Please note that a proxy need not be a shareholder.

(8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 24 October 2024 and any adjournment(s) thereof by using the procedure described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions as described in the CREST manual (available at www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt for proxy appointments specified in the Notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take, (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended). If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Company's registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10am on 22 October 2024 in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

# Explanatory Notes continued

(9) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.

(10) As at 30 August 2024 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 36,133,558 Ordinary shares, carrying one vote each.

(11) Copies of the service contracts of Executive Directors, letters of appointment for Non-executive Directors, Directors' deeds of indemnity and a copy of the Company's Articles of Association are available for inspection at the Company's registered office on each business day during normal business hours and will also be available at the place of the Annual General Meeting at least 15 minutes prior to the meeting and until the conclusion of the meeting.

(12) It is possible that, pursuant to requests made by members of the Company under Section 527 of the CA 2006, the Company may be required to publish on its website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an Auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the CA 2006.

Where the Company is requested to place a statement on a website under Section 527 of the CA 2006 it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website.

The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the CA 2006 to publish on its website.

(13) A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with Section 319A of the CA 2006. The Company must cause to be answered any such question but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

(14) A copy of this Notice of Annual General Meeting and other information required by Section 311A of the CA 2006 can be found at www.alumasc.co.uk.

(15) Members who have general queries about the meeting should address such questions, in the first instance, to the Company's Registrars, Equiniti +44 (0)371 384 2030. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)). Members may not use any electronic address provided in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

(16) Voting at the meeting on all resolutions will be conducted by way of a poll. As soon as practicable following the meeting, the results of the voting at the meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions proposed at the meeting will be announced via a Regulatory Information Service and also placed on the Company's website.

**The Alumasc Group plc**
Station Road
Burton Latimer
Kettering
Northamptonshire
NN15 5JP

www.alumasc.co.uk

## Appendix

**The Alumasc 2014 Executive Share Option Scheme (the Option Scheme), see Resolution 13**

The Option Scheme was adopted in 2014 and, as referred to above, it is proposed that it be amended, including that it be extended for a further ten-year period. The summary in this Appendix reflects the terms of the Option Scheme as they are proposed to be amended.

### 1. Operation

In practice it is intended that the Option Scheme will be administered by the Remuneration Committee of the Board. For flexibility, the rules of the Option Scheme permit its operation by the Board or any committee or person authorised by it, and references to the 'Remuneration Committee' in this Appendix should be read accordingly.

### 2. Eligibility

Any employee of The Alumasc Group plc (**the Company**) or any of its subsidiaries will be eligible to participate in the Option Scheme at the discretion of the Remuneration Committee. It is currently intended that options will be granted to members of senior management who are not Executive Directors of the Company. Although the Option Scheme will permit the grant of options to Executive Directors of the Company, it is not currently intended to grant options to those Directors.

### 3. Form of awards

Awards under the Option Scheme will be granted in the form of options to acquire Ordinary shares in the Company (**Shares**), with a per share exercise price equal to the market value of a share at the date of grant (as determined by the Remuneration Committee). The Option Scheme includes an appendix under which it is proposed that options which satisfy the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 (**Qualifying Options**) can be granted, up to the limit permitted by that legislation. Qualifying Options offer beneficial tax treatment to the participant and the member of the Group employing the participant.

Options may be granted over newly issued shares, treasury shares or shares purchased in the market. Options are not transferable (other than on death). No payment will be required for the grant of an option. Options will not form part of pensionable earnings.

### 4. Performance conditions

Options will be subject to the satisfaction of a performance condition which will determine the proportion (if any) of the option which will vest following the end of a performance period. Unless the Remuneration Committee determines otherwise, a performance period shall be at least three years long.

### 5. Individual limits

Options will not be granted to a participant under the Option Scheme over shares with a market value (as determined by the Remuneration Committee) in excess of 100 per cent of salary in respect of any financial year.

### 6. Grant of options

Options may only be granted within the six-week period following approval of the amendments to the Option Scheme by shareholders at the 2024 Annual General Meeting, announcement of the Company's results for any period, in relation to any person the day on which that person first joins the Group, any day on which changes to legislation affecting employee share schemes are proposed or made or on any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting options during any such period, options may be granted in the period of six weeks following the relevant restriction being lifted.

### 7. Overall limits

The Option Scheme is subject to the following overall limits.

(a) In any ten-year period, the number of shares which may be issued under the Option Scheme and under any other employee share plan adopted by the Company may not exceed 10 per cent of the issued Ordinary share capital of the Company from time to time.

(b) In any ten-year period, the number of Shares which may be issued on a discretionary basis (as determined by the Remuneration Committee) under the Option Scheme or other discretionary share plan adopted by the Company, may not exceed 5 per cent of the issued Ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise. Existing shares, other than treasury Shares, which are transferred to an employee pursuant to an award or to which an award relates (such as shares bought in the market by the Company's employee benefit trust) shall not count towards these limits.

# Explanatory Notes continued

### 8. Reduction for malus and clawback

The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an option to:

(a) reduce the number of shares to which an option relates;

(b) cancel an option; or

(c) impose further conditions on an option;

in circumstances in which the Remuneration Committee considers such action is appropriate.

Such circumstances include, but are not limited to:

(a) a material error in or misstatement of financial results; or

(b) serious reputational damage to the Company, any Group member or a relevant business unit as a result of the participant's misconduct or otherwise.

The Remuneration Committee may determine after an option has vested and up to the fifth anniversary of its grant that clawback may be applied in respect of the option in the event of:

(a) a material error in or misstatement of financial results;

(b) information coming to light which, had it been known, would have affected the grant or vesting decision, including an error in assessing any performance condition;

(c) gross misconduct;

(d) corporate failure resulting in the appointment of a liquidator or administrator;

(e) circumstances which have a material impact on the Group's reputation.

The malus and clawback provisions will be capable of application to Qualifying Options to the extent permitted by the applicable tax legislation and having regard to HMRC practice and guidance.

### 9. Vesting and exercise

Options will normally vest at the end of any performance period (or if later on the third anniversary of grant) and then only to the extent that any performance condition has been satisfied. Options will normally be exercisable from vesting until the tenth anniversary of the grant date on payment of the aggregate exercise price.

At any time before or after the point at which an option (other than a Qualifying Option) has been exercised, but the underlying shares have yet to be issued or transferred to the participant, the Remuneration Committee may decide:

(a) to transfer a number of shares to the participant equal in value to the difference between the aggregate value of the shares over which the option is exercised and the aggregate exercise price of the option that would have been payable for those shares; or

(b) to pay a participant a cash amount equal in value to the difference between the aggregate value of the shares over which the option is exercised and the aggregate exercise price that would have been payable for those shares.

### 10. Cessation of employment

If a participant dies, any unvested option he holds will, unless the Remuneration Committee determines otherwise, vest as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition at that time and, if the Remuneration Committee so determines, the period of time that has elapsed since the option was granted until the date of death. Where options vest in these circumstances, they will normally be exercisable for 12 months after vesting.

If a participant ceases to be employed by the Group by reason of ill health, injury, disability, redundancy, sale of the entity that employs him or her out of the Group, in the case of a Qualifying Option retirement, or for any other reason at the Remuneration Committee's discretion (except where a participant is summarily dismissed), any unvested options he holds will usually continue until the normal vesting date unless (other than in the case of a Qualifying Option) the Remuneration Committee determines that the option will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by the Group.

The Remuneration Committee will decide the extent to which an unvested option vests in these circumstances, taking into account the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by the Group. Unless the Remuneration Committee in its discretion determines otherwise, the period of time that has elapsed since the option was granted until the date on which the participant ceases to be employed by the Group will also be taken into account. Where options vest in these circumstances, they will normally be exercisable for six months after vesting.

If a participant ceases employment with the Group in any other circumstances, any option he holds shall lapse on the date on which the participant ceases employment.

### 11. Corporate events

In the event of a change of control of the Company, the Remuneration Committee will determine the extent to which options will vest taking into account the extent to which any performance condition has been satisfied, and, unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the relevant event. Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require options to be exchanged for equivalent options which relate to shares in another company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of shares, the Remuneration Committee may determine that options will vest taking into account the satisfaction of any relevant performance condition and, unless the Remuneration Committee determines otherwise, prorating to reflect the period from the grant date to the date of the relevant event. The Remuneration Committee will determine in these circumstances the length of time during which options can then be exercised.

### 12. Adjustments

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of shares, the number of shares subject to an option and/or any performance condition attached to options and/or the exercise price applying to an option under the Option Scheme, may be adjusted, provided that any adjustment to a Qualifying Option under the Option Scheme may only be made in accordance with the requirements of the applicable tax legislation.

### 13. Amendment and termination

The Remuneration Committee may amend the Option Scheme at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the shares or cash comprised in an option and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the Option Scheme, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the Option Scheme unless consent is sought from the affected participants and given by a majority of them.

The Option Scheme will usually terminate on the tenth anniversary of the approval by shareholders of amendments to it at the 2024 Annual General Meeting, but the rights of existing participants will not be affected by any termination.

### 14. Documents available for inspection

The rules of the Option Scheme will be available for inspection at the Company's registered office during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the Annual General Meeting and will also be available at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

**The Alumasc Group plc**
Station Road
Burton Latimer
Kettering
Northamptonshire
NN15 5JP

www.alumasc.co.uk

Designed and produced by **emperor**
Visit us at **emperor.works**