5 August 2021

Brickability Group plc
("Brickability" or "the Group")

Preliminary results for the year ended 31 March 2021

Strong performance despite economic challenges

Brickability Group plc (AIM: BRCK), the leading construction materials distributor, is pleased to announce its preliminary results for the twelve-month period ended 31 March 2021.

Financial Highlights

- Strong recovery following initial COVID-19 lockdown
- Group revenue of £181.1 million (2020: £187.1 million)
- Decline of 13.2% in like-for-like revenue impacted by trading restrictions
- Adjusted EBITDA of £17.5 million (2020: £19.5 million)
- Improved gross margin to 21.0% (2020: 20.1%)
- Reduction in bank borrowings of £9.1 million, with £14.1 million facility headroom remaining as at 31 March 2021
- Continued, disciplined approach to cost management
- Final dividend declared of 1.0850p per share giving a total dividend for the year of 1.9528p

	2021 £m	2020 £m	% Change
Revenue	181.1	187.1	(3.2)
Gross profit	38.0	37.7	0.8
Adjusted EBITDA [1]	17.5	19.5	(10.1)
Profit before tax	11.2	12.2	(8.4)
Adjusted profit before tax [2]	15.0	17.0	(11.8)
EPS	4.19p	4.79p	(12.5)
Adjusted EPS [3]	5.56p	7.27p	(23.5)
Net (debt)/ cash [4]	(7.3)	2.3	
Annual dividends paid and proposed per share	1.9528p	1.9528p	

Operational Summary

- Two new acquisitions completed in the year
- Investment in new 63,000 sq. ft warehouse within Heating, Plumbing and Joinery division
- Launch of new ceramic tile business in January 2021
- Strong acquisition pipeline continues provide opportunities to add to the Group's distribution and product offering
- COVID-19 Health and Safety protocols successfully implemented
- Adapted well to new customs and import procedures post Brexit

Post Period and Outlook

- Acquisitions of Taylor Maxwell, in June 2021, and Leadcraft, as announced in August 2021
- Oversubscribed share placing, raising equity finance of £55 million
- Borrowing facility limit increased to £60 million following re-financing
- Further expansion of the Bricks and Building Materials division, with property purchased to facilitate a new branch opening within the U Plastics business
- Increased output in construction and housebuilding forecast for the remainder of 2021 and 2022
- Ongoing review and progression of acquisition opportunities
- Trading in first quarter of FY2022 encouraging
- Robust and improving construction market and the order book is strong
- Acquisition pipeline going forward looks promising

(1) Earnings before interest, tax, depreciation, amortisation and non-underlying items (See Financial Review and note 5).

(2) Statutory profit before tax excluding non-underlying items (see Financial Review and note 5).

(3) Adjusted profit after tax (statutory profit after tax before non-underlying items) divided by the weighted average number of shares in the year.

(4) Bank borrowings less cash (2020: cash less bank borrowings).

John Richards, Chairman, said:

"FY2021 has been another strong year for Brickability Group. In a challenging and uncertain year for the economy at-large Brickability showed its ability to adapt quickly and successfully as well as maintain focus – a real testament to the strength and diversity of the business, and the management team we have. This is underscored by the two strategic acquisitions we made during the year.

Post year end the acquisition of Taylor Maxwell further underpinned our strategic diversification, adding to the Group's product offering and its ability to provide timely customer service.

Against this backdrop we believe that the Group is well-positioned to take full advantage of a robust and improving construction market and the order book is strong. The pipeline going forward looks encouraging."

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Chairman's Statement

The response of the Group and everybody working within it since the arrival of the COVID-19 pandemic in March 2020 has been outstanding. I am extremely pleased with what has been achieved and, considering the very significant challenges faced, the financial performance of the Group is one of which we can be very proud.

COVID-19
At the start of the COVID-19 pandemic, we immediately took actions to comply with government legislation and guidelines to protect the health and safety of our employees and customers. Strict new protocols were introduced and the vast majority of our employees worked from home. This in itself presented several technical challenges and I am pleased to note that those challenges were quickly overcome. April 2020 saw significant reductions in homebuilding and construction activity before rebounding in May 2020. In June, sales returned to 83% of June 2019 volumes and in the subsequent months of the year, performance was broadly at the levels of the previous year.

As government guidelines changed and our markets opened up, we adapted our COVID-19 protocols accordingly. As we stand today, we still have employees working from home on rota along with robust social distancing and hand sanitising procedures in place amongst other health and safety policies.

The Group has a flexible cost base which enabled us to cut overheads quickly as restrictions took hold and, as activity has become stronger, we have continued to focus robustly on our costs.

I am, therefore, pleased to confirm for the year to 31 March 2021 revenue of £181.1 million and an adjusted EBITDA of £17.5 million. Considering the nature of market conditions during the early months of this financial year, we are very satisfied with the Group's performance.

Stuart Overend
November proved to be a challenging month in a very unexpected way. The Group's Chief Financial Officer, Stuart Overend, passed away very suddenly at the age of 50. Stuart had made an extremely important contribution to the Group and working with him during our IPO and subsequent roadshows proved to be an absolute pleasure for Alan Simpson, our Chief Executive, and I. Stuart was a tremendous colleague and friend and we are all grateful to have had the opportunity to have known him and worked with him. Our thoughts continue to be with his wife, Jennifer, and his three children.

Following an extensive executive search, Mike Gant was appointed Chief Financial Officer in January 2021, initially on an interim basis, with his permanent appointment following in April 2021. Mike has made a very positive contribution to the Group since joining and we look forward to working with him in the years ahead.

Acquisitions
The Group's strategy of bolt-on acquisitions funded by cash generation has continued during the year. Details of these acquisitions and indeed our ceramic tile start-up business can be found in the Chief Executive's report, however, I would like to dwell briefly on the acquisition of our haulage business, McCann Logistics. This business specialises in the haulage of construction materials from Continental Europe to the UK. While such an acquisition is outside of our normal focus, we viewed Brexit as a potential problem for haulage and customs delays. The management believed the best way around this was to bring such a business in-house. This has proved to be a strong decision with the haulage delays experienced by some hardly affecting our Group. The business is performing at such a strong pace that additional trailers have had to be ordered.

I must also mention the acquisition of Taylor Maxwell which has taken place since the year end. This transformative deal significantly diversifies the Group's product offering and customer base. We now have a strong position in both timber and cladding distribution and have access to many new customers, particularly in the contractor arena. The brand, reputation and employees of Taylor Maxwell are very welcome and will no doubt add significantly to the performance of the Group. Taylor Maxwell's senior managers will be represented on the Group's Management Board.

The pipeline for further acquisitions continues to be strong.

Market
The construction market in general and the homebuilding market, in particular, were areas that recovered quickly in 2020. This recovery is forecast to continue into 2021 and beyond. The market is strongly supported by government initiatives including Help to Buy Version 2, the Affordable Homes Programme and the Housing Accelerator Fund. Forecasts are also positive for other parts of the construction market with the CPA Winter 2020/21 forecast showing:

- Construction output will rise 14.0% in 2021 and 4.9% in 2022;
- Private housing output will rise by 15.5% in 2021 and 6.0% in 2022;
- Public housing output will rise by 14.8% in 2021 and 10.0% in 2022;
- Private housing (RMI) will rise by 10.1% in 2021 and 3.0% in 2022;
- Public housing (RMI) will rise by 20.6% in 2021 and 2.0% in 2022; and
- Infrastructure output will rise by 32.1% in 2021 and 6.0% in 2022.

Shareholder Returns and Dividends
The Group paid an interim dividend of 0.8678p per share on 25 February 2021. This was possible due to the recovery from a difficult start to the year, the Group's rigorous cost control and our strong cash conversion.

Following the continued V-shaped recovery in our markets, the successful integration of acquisitions and the success of our Brexit preparations, our performance enables the Board to recommend the payment of a final dividend for the year ended 31 March 2021 of 1.0850p per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be payable on 23 September 2021, with a record date of 27 August 2021 and an ex-dividend date of 26 August 2021.

Board and Corporate Governance
The Board remains committed to the highest standards of Corporate Governance, not only at Board level but throughout out Group. The Group continues to comply in full with the Quoted Companies Alliance's Ten Principles of Corporate Governance. Further details of the activities of our Board and its Committees during the year can be found in later sections of the report.

2020 was unusual in all sorts of ways and the Group's Board and Committees had to quickly adapt to meeting online. This proved successful and, during the most demanding periods of lockdown and market changes, meetings were held on a fortnightly basis.

Sustainability
We take our obligations to protect the environment seriously and are pleased to include our Sustainability Report within this Annual Report.

We are in the process of finalising our ESG roadmap. This activity will increasingly be core to all that we do, not least in identifying those manufacturers with strong ESG credentials and indeed those potential acquisitions who would benefit from having them.

A group has been convened to drive our efforts in this area which will be chaired by me.

Our People
I have already referenced the remarkable performance, dedication and flexibility displayed by the Group's employees. They have embraced the robust and regularly changing health and safety protocols, while helping to drive the business to a speedy performance recovery. They and their Group are well placed to take advantage of the robust house building and construction market and its encouraging outlook.

Our staff have driven the setting up of the Brickability Group Foundation which will raise funds to support charities close to the Group's areas of operation. It will have 3 Trustees; Paul Hamilton and Andrew Wilson, 2 of our Divisional Managing Directors, and myself.

John Richards
Chairman

Chief Executive's Review

The COVID-19 pandemic, and the consequent lockdowns and restrictions, provided the Group with great challenges during the year ended 31 March 2021. Despite those challenges, we were still able to deliver revenues of £181.1 million and EBITDA of £17.5 million. Bearing in mind the virtual loss of 1.5 months of trading, we are encouraged with this result. We were also able to deliver against our strategy of bolt-on acquisitions with two businesses joining the Group, on which I will elaborate later in my review. Our strategy of supporting start-up businesses also continued with Forum Tiles joining Alfiam and Architectural Facades. These acquisitions and start-ups became possible due to our strong balance sheet and cash conversion, and we expect more to come.

Acquisition Strategy
Two further strategic acquisitions were made during the year. Bathroom Barn, a West Midlands based supplier of radiator valves, elements and traditional valves was acquired on 30 November 2020 and immediately began its integration into the Towelrads business. McCann Limited (now McCann Logistics) was acquired in early December 2020 as the Group sought to protect the significant levels of imported bricks and roof tiles from any potential delays following Brexit. Established in 1972, McCann specialises in transporting building materials from factories in Europe to the UK, with its acquisition giving the Group control in this critical area. McCann's ability to provide timely continuity of deliveries has been impressive to date.

As outlined in the Chairman's Statement, the Group has completed the significant acquisition of Taylor Maxwell since the year end. The Group has also subsequently acquired Leadcraft Limited, which will expand the Group's Roofing Services division. Leadcraft was founded in 1997 and provides a full range of roofing services including tiling, slate, zinc, copper, felt and lead works.

Our acquisition pipeline continues to be strong and we are currently processing or evaluating several opportunities. Our demanding criteria, as outlined in last year's Annual Report and Accounts, remains our guide and we have the financial headroom and cash conversion levels to press ahead with those that pass our stringent assessments.

Organic Development
Our cladding business, Architectural Facades, continues to make progress with the addition of a new showroom in the North West, additional sales staff and some very exciting and profitable contracts confirmed. Similarly, we are equally excited by the launch of our ceramic tile business, Forum Tiles. We have recruited an expert sales team, with significant experience in their industry, and have established working relationships with many high-quality suppliers from Italy, Spain, India and other geographies which look to be extremely beneficial.

Divisional Performance

Bricks and Building Materials
With a turnover of £144.2 million, the Brick division managed to exceed the full-year turnover of the year ended 31 March 2020 (£144.0 million). Considering the lost turnover in April, and the much-reduced turnover in May, this was a remarkable achievement. Our flexible cost base was demonstrated by a c.£2 million reduction in cost of sales, giving an EBITDA of £11.7 million versus £11.5 million in the previous year.

Heating, Plumbing and Joinery
Turnover was reduced in the year and stood at £24.5 million against the previous £26.1 million. EBITDA fell to £5.8 million from the previous £6.2 million, despite reductions in cost of sales. It was a relatively slow start to the year for Towelrads which then gathered more sales strength as the year progressed and indeed continues to do so. Towelrads operated from several warehouse facilities and, during the year, the Group purchased a 63,000 square foot warehouse in Southam, Warwickshire, which is ideally located for the business and provides the scale for future growth. We also added Bathroom Barn to the business in December to virtually double our scale of valves.

A number of window suppliers experienced production/financial issues during the year restricting our performance in that market. New suppliers have been identified and the right agreements to supply have been put in place.

Our Spanish door supplier gradually improved their delivery performance during the year, while our agreement to sell Deanta Doors fills our need to have a mid-range, high volume door supplier. This is already proving successful with the supplier holding excellent levels of inventory.

Roofing Services
With the roofing industry appearing to have been particularly hard hit by COVID-19 driven workplace regulations, roofing turnover fell from £17.1 million to £12.4 million. Despite lower cost of sales which reduced by c.£3.3 million, EBITDA was still reduced to £2.6 million, down from £3.7 million in the previous year. Notwithstanding subsequent improvements in the market, when the market finally began to improve, it was further impacted by supply problems from manufacturers who had lengthy shutdowns. This shortage of supply continues into the current year, however, the Group does have the advantage of its supply of European-made roof tiles.

Health and Safety
The health and safety of our staff, suppliers, contractors, customers and visitors is core to the values of our Group. Having worked with our external partner, Safety Forward, in the year to 31 March 2020 to re-evaluate all of our health and safety processes and procedures, along with the training required to embed them into the business, the arrival of COVID-19 meant a rapid re-evaluation and implementation of our health and safety operations and standards.

New office/yard/warehouse/showroom procedures were agreed as were risk assessments in line with government guidance at every location. As restrictions began to be lifted, we reacted accordingly, however, we maintain a high standard of health and safety discipline.

Our new warehouse in Southam, Warwickshire, is now fully operational. As it moves towards optimum operational capacity, a facility of that scale has demanded a thorough health and safety review and risk assessments. It is fully up to speed in its health and safety protocols and we intend it to be a standard-setter inside and outside of the Group.

Outlook
The outlook for construction including house building is very positive. Construction output is forecast to rise 14.0% in 2021 and 4.9% in 2022, while the RIBA Future Trends workload index for May put confidence at the highest level since 2009.

The fundamentals for house building remain strong in both the private and public arenas with both benefitting from government support.

Current demand is such that many building materials are on extended availabilities and while this presents the Group with challenges, the strength of our supplier relationships and supply chains enables us to continue to provide reliable product supply.

The Group's trading in the first quarter of the 2022 financial year was encouraging and we continue to review and progress a number of acquisition opportunities.

Alan Simpson
Chief Executive

Financial Review

The financial results for the year ended 31 March 2021 reflect the impact of COVID-19 on the business. This impact was mitigated by careful cost control and the utilisation of around £1.3 million of the Government's Coronavirus Job Retention Scheme (CJRS).

Revenue
Revenue totalled £181.1 million for the year ended 31 March 2021. This represented a decrease of 3.2% compared to the previous year (2020: £187.1 million).

Gross Profit
Gross profit for the year increased to £38.0 million from £37.7 million, with a slight improvement in gross margin of 0.8% to 21.0% (2020: 20.1%)

Adjusted profit and adjusted EBITDA

Statutory profit before tax of £11.2 million (2020: £12.2 million) includes other items of £3.8 million (2020: £4.8 million) which are not considered to be part of the Group's underlying operations. These are analysed as follows:

	2021 £'000	2020 £'000
Statutory profit before tax	**11,165**	**12,184**
Acquisition costs	105	-
Share based payment expense	338	56
Amortisation of intangible assets	3,619	3,059
Impairment of goodwill	-	16
Unwinding of discount on contingent consideration	127	227
Interest payable on loan notes	-	977
Interest payable on deferred consideration	-	13
Share of post-tax losses of equity accounted associates	6	32
Fair value (gains)/ losses on contingent consideration	(360)	45
Exceptional income	-	(2,000)
Exceptional expenses	-	2,407
Total other items before tax	**3,835**	**4,832**
Adjusted profit before tax	**15,000**	**17,016**

Further details regarding the above other items are disclosed in note 5 to the preliminary results.

Adjusted EBITDA is the adjusted profit before tax prior to the addition of finance income and deduction of depreciation, amortisation and finance expenses.

Adjusted EBITDA decreased by 10.1% to £17.5 million (2020: 19.5 million) for the year ended 31 March 2021. Detailed segmental analysis is per note 3 of the preliminary results. The COVID-19 pandemic has resulted in a decrease across all divisions on a like for like basis. However, as reported, the Bricks and Building Materials division adjusted EBITDA has increased from £11.5 million to £11.7 million, following acquisitions that were made during the current year and part way through the previous year.

Taxation
The charge for taxation was £1.5 million (2020: £2.9 million), an effective rate of taxation (Tax expense divided by Profit before tax) of 13.5% (2020: 23.7%). The effective rate for the year falls below the main rate of corporation tax (19%), due to research and development tax credits being claimed during the year in relation to prior years. The 2020 effective tax rate was higher than the main rate of tax following the remeasurement of deferred tax after the announcement of a change in tax rate from 17% to 19%.

Earnings per share
Basic EPS for the year was 4.19p (2020: 4.79p). The Group also reports an adjusted underlying EPS which adjusts for the impact of the other items analysed in the table above. Adjusted EPS has fallen from 7.27p to 5.56p per share.

Dividends
In light of the strength of the Group's trading performance since the easing of the initial COVID-19 related lockdown measures for the construction industry and also in recognition of the strength of the balance sheet at the year end, the Board is recommending a final dividend of 1.0850p per share.

Subject to approval by shareholders, the final dividend will be paid on 23 September 2021, with a record date of 27 August 2021 and an ex-dividend date of 26 August 2021.

Cash flow and net debt
Operating cash flows before movements in working capital decreased to £17.4 million from £21.0 million in 2020. Cash generated from operations decreased to £13.1 million from £20.9 million,

Inventories increased primarily as a result of the Group's preparations for Brexit. The initial COVID-19 lockdown hampered sales in the final month of the 2020 financial year whilst in comparison the Group was fully trading in March 2021, resulting in a higher receivables balance as at 31 March 2021. Creditor payments were also normalised following the staggered payments at 31 March 2020 during lockdown. Additional working capital requirements are also included for the new acquisitions, since their addition to the Group.

At 31 March 2021, net debt (borrowings less cash) was £7.3 million which compares to net cash of £2.3 million at the prior year end. This is after additional investment in property, plant and equipment of £5.7 million (2020: £0.9 million), tax paid of £2.4 million (2020: £4.7 million), the initial payments for two new subsidiaries of £2.5 million (2020: £11.4 million) and the payment of deferred consideration, in relation to prior year acquisitions, of £7.9 million (2020: £5.9 million). Dividends of £4.5 million (2020: £2 million) were also paid in the year. We continue to expect that the Brickability Group will remain a business that is cash generative.

Bank facilities
At the year end, the Group had debt facilities with HSBC, totalling £30 million. This consists of a £25 million revolving credit facility repayable in full in March 2023 (with the option of two one-year extensions) and a £5 million overdraft facility until March 2023.

Since the year end, the Group has re-financed into a £60 million revolving credit facility, on a club basis with HSBC and Barclays, that runs for 3 years (with the option of two one-year extensions). The Group also has access to an additional £25 million accordion.

Subsequent events
The Group completed the acquisition of Taylor Maxwell (2017) Limited in June 2021, for consideration of up to £63 million. Leadcraft Limited was also acquired in July 2021, for consideration initially expected to be up to £5.5 million. Further investment has also been made in opening a new branch, within the U Plastics business, with a new property purchased for £2.4 million. Full details of events occurring since the year end are disclosed in note 10 to the preliminary results.

Going Concern
The directors are confident, having made appropriate enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Mike Gant
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2021

	Notes	2021 Adjusted £'000	2021 Other items (Note 5) £'000	2021 Total £'000	2020 Adjusted £'000	2020 Other items (Note 5) £'000	2020 Total £'000
Revenue		**181,084**	**-**	**181,084**	187,126	-	187,126
Cost of sales		**(143,112)**	**-**	**(143,112)**	(149,442)	-	(149,442)
Gross profit		**37,972**	**-**	**37,972**	37,684	-	37,684
Other operating income		**92**		**92**	26	-	26
Administrative expenses		**(20,181)**	**(443)**	**(20,624)**	(17,710)	(56)	(17,766)
Impairment losses on financial assets		**(341)**		**(341)**	(433)	-	(433)
Depreciation and amortisation		**(1,837)**	**(3,619)**	**(5,456)**	(1,312)	(3,075)	(4,387)
Finance income		**13**	**-**	**13**	71	-	71
Finance expense		**(718)**	**(127)**	**(845)**	(1,310)	(1,217)	(2,527)
Share of post-tax (loss)/ profit of equity accounted associates		**-**	**(6)**	**(6)**	-	(32)	(32)
Fair value gains/ (losses)		**-**	**360**	**360**	-	(45)	(45)
Exceptional income	5	**-**	**-**	**-**	-	2,000	2,000
Exceptional expenses	5	**-**	**-**	**-**	-	(2,407)	(2,407)
Profit before tax	4	**15,000**	**(3,835)**	**11,165**	17,016	(4,832)	12,184
Tax expense		**(2,193)**	**687**	**(1,506)**	(2,905)	12	(2,893)
Profit for the year and total comprehensive income		**12,807**	**(3,148)**	**9,659**	14,111	(4,820)	9,291
Attributable to:							
Equity holders of the parent		**12,813**	**(3,148)**	**9,665**	14,111	(4,820)	9,291
Non-controlling interests		**(6)**	**-**	**(6)**	-	-	-
		12,807	**(3,148)**	**9,659**	14,111	(4,820)	9,291
Earnings per share							
Basic earnings per share	7			**4.19 p**			4.79 p
Diluted earnings per share	7			**4.18 p**			4.77 p
Adjusted basic earnings per share	7			**5.56 p**			7.27 p
Adjusted diluted earnings per share	7			**5.54 p**			7.25 p

All results relate to continuing operations.

Consolidated Balance Sheet
As at 31 March 2021

	Notes	2021 £'000	2020 £'000
Non-current assets			
Property, plant and equipment		**9,125**	4,173
Right of use assets		**7,945**	6,375
Intangible assets		**76,848**	78,050
Investments in equity accounted associates		**221**	352
Investments in financial assets		**125**	-
Deferred tax assets		**98**	205
Trade and other receivables		**460**	391
Total non-current assets		**94,822**	89,546
Current assets			
Inventories		**12,127**	9,791
Trade and other receivables		**42,832**	36,560
Cash and cash equivalents		**8,592**	27,269
Total current assets		**63,551**	73,620
Total assets		**158,373**	163,166
Current liabilities			
Trade and other payables		**(38,769)**	(41,912)
Current income tax liabilities		**(426)**	(277)
Lease liabilities		**(1,497)**	(776)
Total current liabilities		**(40,692)**	(42,965)
Non-current liabilities			
Trade and other payables		**(3,153)**	(2,402)
Loans and borrowings	9	**(15,750)**	(24,912)
Lease liabilities		**(6,796)**	(5,802)
Provisions		**(1,247)**	(1,389)
Deferred tax liabilities		**(5,301)**	(5,631)
Total non-current liabilities		**(32,247)**	(40,136)
Total liabilities		**(72,939)**	(83,101)
Net assets		**85,434**	80,065

Consolidated Balance Sheet *(continued)*
As at 31 March 2021

	Notes	**2021 £'000**	2020 £'000
Equity			
Called up share capital		**2,305**	2,305
Share premium account		**49,999**	49,999
Capital redemption reserve		**2**	2
Share-based payment reserve		**266**	56
Merger reserve		**1,245**	1,245
Retained earnings		**31,623**	26,458
Equity attributable to equity holders of the parent		**85,440**	80,065
Non-controlling interests		**(6)**	-
Total equity		**85,434**	80,065

Consolidated Statement of Changes in Equity
For the year ended 31 March 2021

	Share capital	Share premium account	Capital redemption	Share-based payments	Merger reserve	Retained Earnings	Total attributable to equity holders of the parent	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	4	8,970	-	-	1,245	6,167	16,386	-	16,386
Profit for the year	-	-	-	-	-	9,291	9,291	-	9,291
Total comprehensive income for the year	-	-	-	-	-	9,291	9,291	-	9,291
Dividends paid	-	-	-	-	-	(2,000)	(2,000)	-	(2,000)
Issue of paid shares	678	44,223	-	-	-	-	44,901	-	44,901
Bonus issue of shares	1,429	(1,429)	-	-	-	-	-	-	-
Conversion of debt to equity	196	13,736	-	-	-	-	13,932	-	13,932
Purchase of own shares	(2)	-	2	-	-	-	-	-	-
Increase in share-based payment reserve	-	-	-	56	-	-	56	-	56
Share issue costs	-	(2,501)	-	-	-	-	(2,501)	-	(2,501)
Share premium reduction	-	(13,000)	-	-	-	13,000	-	-	-
Total contributions by and distributions to owners	2,301	41,029	2	56	-	11,000	54,388	-	54,388
At 31 March 2020	**2,305**	**49,999**	**2**	**56**	**1,245**	**26,458**	**80,065**	**-**	**80,065**
Profit or (loss) for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Total comprehensive income for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Dividends paid	-	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Increase in share-based payment reserve	-	-	-	210	-	-	210	-	210
Total contributions by and distributions to owners	-	-	-	210	-	(4,500)	(4,290)	-	(4,290)
At 31 March 2021	**2,305**	**49,999**	**2**	**266**	**1,245**	**31,623**	**85,440**	**(6)**	**85,434**

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Operating activities			
Profit for the year		**9,659**	9,291
Adjustments for:			
Depreciation of property, plant and equipment		**726**	595
Depreciation of right of use assets		**1,111**	717
Amortisation of intangible assets		**3,619**	3,059
Loss/ (Gain) on disposal of property, plant & equipment and right of use assets		**4**	(8)
Foreign exchange (gains)/ losses		**(19)**	4
Share-based payments expense		**338**	56
Share of post-tax loss in equity accounted associates		**6**	32
Impairment of goodwill		**-**	16
Fair value changes in contingent consideration		**(360)**	45
Movements in provisions		**(142)**	(586)
Finance income		**(13)**	(71)
Finance expense		**845**	2,527
Acquisition/ exceptional expenses	5	**105**	2,407
Income tax expense		**1,506**	2,893
Amortisation of loan note issue costs		**-**	2
Operating cash flows before movements in working capital		**17,385**	20,979
Changes in working capital:			
Increase in inventories		**(2,011)**	(1,890)
(Increase)/ Decrease in trade and other receivables		**(4,077)**	6,862
Increase/ (Decrease) in trade and other payables		**1,792**	(5,024)
Cash generated from operations		**13,089**	20,927
Payment of exceptional acquisition expenses		**(105)**	(320)
Interest received		**13**	70
Interest paid		**(367)**	(6,049)
Income taxes paid		**(2,435)**	(4,710)
Net cash from operating activities		**10,195**	9,918
Investing activities			
Purchase of property, plant and equipment		**(5,669)**	(941)
Proceeds from sale of property, plant and equipment		**59**	25
Purchase of right of use assets		**-**	(32)
Proceeds from sale of right of use assets		**9**	-
Acquisition of subsidiaries	8	**(2,548)**	(11,426)
Net cash acquired with subsidiary undertakings	8	**2,274**	5,146
Dividends received from associates		**-**	33
Net cash used in investing activities		**(5,875)**	(7,195)

Consolidated Statement of Cash Flows *(continued)*
For the year ended 31 March 2021

	Notes	**2021 £'000**	2020 £'000
Financing activities			
Equity dividends paid	6	**(4,500)**	(2,000)
Proceeds from issue of ordinary shares		**-**	43,923
Payment of share issue costs		**-**	(414)
Payment of exceptional financing costs		**-**	(490)
Proceeds from bank borrowings		**3,400**	13,015
Repayment of bank borrowings		**(12,500)**	(25,000)
Repayment of loan notes		**-**	(14,562)
Payment of lease liabilities		**(1,398)**	(871)
Payment of deferred and contingent consideration		**(7,883)**	(5,885)
Payment of transaction costs relating to loans and borrowings		**(90)**	(70)
Settlement of derivative financial instruments		**-**	(105)
Net cash flows from financing activities		**(22,971)**	7,541
Net increase in cash and cash equivalents		**(18,651)**	10,264
Cash and cash equivalents at beginning of year		**27,269**	17,001
Effect of changes in foreign exchange rates		**(26)**	4
Cash and cash equivalents at end of year		**8,592**	27,269

Notes to the Preliminary Results
Year ended 31 March 2021

1. General information

This announcement was approved by the Board of Directors on 4 August 2021.

Brickability Group plc is a company incorporated in England and Wales (registration number 11123804). The address of the registered office is South Road, Bridgend Industrial Estate, Bridgend, United Kingdom CF31 3XG.

The financial information set out above does not constitute the Group's statutory financial statements for the year ended 31 March 2021 or 2020 but is derived from these financial statements. Statutory financial statements for 2020 have been delivered to the Registrar of Companies and those for 2021 will be delivered by 30 September 2021. The auditors have reported on those financial statements; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (30) of the Companies Act 2006.

2. Basis of preparation

The consolidated financial information has been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial information is presented in pounds sterling, which is the functional currency of the Group. Amounts are rounded to the nearest thousand, unless otherwise stated.

The financial information is prepared on the historical cost basis, with the exception of certain financial assets and liabilities (including derivative financial instruments) which are stated at fair value.

Going concern

The Group has a formalised process of monthly reporting and review, and information is provided to the Board of Directors in order to allow sufficient review to be performed to enable the Board to ensure the adequacy of resources available for the Group to achieve its business objectives and in particular the ongoing impact of COVID-19.

Budget scenarios have been prepared comparing a number of outcomes, however, the Board focussed on three cases to determine how COVID-19 could continue to impact the Group over the 12 months following approval of the financial statements. The three scenarios assessed a percentage drop in sales compared to the Group's trading forecasts as follows: a) 40%; b) 50% and c) 60%. The three scenarios represent various levels of reducing trading in response to local lockdowns and periods of total lockdown enforced by the Government in response to rising cases of COVID-19. In determining these the Group considered macro-economic and industry wide projections as well as matters specific to the Group.

The models demonstrated that annual turnover would have to fall by 50% before the Group would breach bank covenants. If turnover reduced evenly over the period, bank covenants would be in breach by 31 December 2021. However, given the Group's experience of trading through various restrictions, strong post year end trading results and the current market expectations, this is considered extremely unlikely. If the situation arose whereby turnover was sustained at this low level, significant cost cutting measures would also be undertaken to accommodate the reduced level of turnover thereby increasing EBITDA. The above assessment was also carried out based on the facilities in place at the year end. As noted later in this section, the position has been re-assessed following an acquisition and increased bank facility secured post year end.

As a result of the COVID-19 pandemic on the national economy, the Group's supply chain has become challenged in terms of product availability. Through bolt on acquisitions in recent years the Group has maintained very strong buying power with European factories who are able to bridge the supply gap to satisfy the demands of the UK housing market.

Due to the supply chain issues the Group is also experiencing increased costs from suppliers. The board monitors price increases carefully and ensures that steps are taken to preserve the operating margins returned by the Group.

The Group sells throughout the UK and has a spread of customers, with credit insurance covering the main brick business. The Group sources a range of products from third-party suppliers both in UK and Europe.

During the year, the Group had average net debt of £5 million and, at the year end, had unutilised bank facilities with available funding of £14 million.

As disclosed in note 10, since the year end the Group acquired the entire share capital of Taylor Maxwell (2017) Limited. The Group raised equity finance of £55 million to fund the acquisition and replaced the existing bank debt facility of £30 million with a new facility of £60 million. The initial cash consideration of £40 million for the acquisition has been settled (aside from an agreed retention) and the Group has significant headroom within the available banking facilities. Budget scenarios, incorporating this acquisition, have been prepared based on expected trading to assess the impact on banking covenants in the period covering 12 months from approval of the financial statements. Due to the available headroom in the facility, no breaches of banking covenants are expected during the period.

2. Basis of preparation *(continued)*

Going concern *(continued)*

After making appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of signing the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

New standards, interpretations and amendments effective from 1 January 2020

The following new standards and amendments have been adopted by the Group for the first time in the annual financial statements for the year ended 31 March 2021:

- Definition of material (amendments to IAS 1 and IAS 8);
- Definition of a business (amendments to IFRS 3);
- Interest rate benchmark reform (amendments to IFRS 9, IAS 39 and IFRS 7);
- COVID-19 related rent concessions (amendments to IFRS 16); and
- Revised conceptual framework for financial reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to IFRS 16: COVID-19 Related Rent Concessions

Effective 1 June 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

i. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
ii. The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
iii. There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy the above criteria may be accounted for in accordance with the practical expedient, which means lessees do not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all eligible rent concessions. The practical expedient has also been applied retrospectively to those rent concessions meeting the criteria from 1 April 2020 to 31 May 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability being recorded against the right of use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the concession occurs.

New standards, interpretations and amendments not yet effective

Certain new standards and amendments have been issued by the IASB and will be effective in future accounting periods. The standards and amendments that are not yet effective, are likely to impact the Group and have not been adopted early by the Group include:

- References to the Conceptual Framework (amendments to IFRS 3);
- Proceeds before intended use (amendments to IAS 16);
- Onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- Annual improvements to IFRS standards 2018-2020 cycle (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- Classification of liabilities as current or non-current (amendments to IAS 1)

The above amendments are not expected to have a significant impact on the period of initial application or in subsequent reporting periods.

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

3. Segmental analysis

For management purposes, the Group is organised into segments based on its products and services. The Group generates revenue through three main activities and thus has three reportable segments, as follows:

- Bricks and Building Materials, which incorporates the sale of superior quality building materials to all sectors of the construction industry including national house builders, developers, contractors, general builders and retail to members of the public;
- Roofing Services, which incorporates the supply of roofing construction services, primarily within the residential construction sector; and
- Heating, Plumbing and Joinery, which incorporates the sale of high-performance joinery materials and the distribution of radiators and associated parts and accessories.

The Group's segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment performance is evaluated based on adjusted EBITDA, without allocation of depreciation and amortisation, finance expenses and income, impairment losses, fair value movements or the share of results of associates. This is the measure reported to the CODM for the purpose of resource allocation and assessment of segment performance.

The Group's revenue is primarily generated in the United Kingdom, however, £962,000 (2020: £nil) is generated in Europe. All of the revenue generated in Europe is included within revenue from the rendering of services within the Bricks and Building Materials segment below. Right of use assets, in respect of trailers, with a carrying value of £1,251,000, are either held in the United Kingdom or Europe at the year end, depending on the timing and location of goods being transported. All other non-current assets are solely held within the United Kingdom.

Included within revenue is a total of £19,910,000 (2020: £31,282,000) in respect of a customer accounting for more than 10% of the Group's total revenue. Revenue from this customer is included within all three reportable segments.

Inter-segment sales are eliminated from the results reported to the CODM and from the consolidated financial statements.

	2021				**2020**			
	Bricks and Building Materials £'000	**Roofing Services £'000**	**Heating, Plumbing and Joinery £'000**	**Consolidated £'000**	Bricks and Building Materials £'000	Roofing Services £'000	Heating, Plumbing and Joinery £'000	Consolidated £'000
Revenue from sale of goods	**141,019**	**-**	**24,452**	**165,471**	143,954	-	26,068	170,022
Revenue from rendering of services	**3,187**	**12,426**	**-**	**15,613**	-	17,104	-	17,104
Total revenue	**144,206**	**12,426**	**24,452**	**181,084**	143,954	17,104	26,068	187,126
EBITDA	**11,662**	**2,571**	**5,766**	**19,999**	11,469	3,683	6,156	21,308
Centralised costs				**(2,453)**				(1,805)
(Loss)/ profit on disposal of assets				**(4)**				8
Group adjusted EBITDA				**17,542**				19,511
Impairment of goodwill				**-**				(16)
Depreciation				**(1,837)**				(1,312)
Amortisation				**(3,619)**				(3,059)
Acquisition costs				**(105)**				-
Share-based payment expense				**(338)**				-
Finance income				**13**				71
Finance expense				**(845)**				(2,527)
Share of results of associates				**(6)**				(32)
Fair value gains and losses				**360**				(45)
Exceptional income				**-**				2,000
Exceptional expenses				**-**				(2,407)
Group profit before tax				**11,165**				12,184

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

3. Segmental analysis *(continued)*

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total non-current and current assets attributable to each segment. All assets are allocated to reportable segments with the exception of those used primarily for corporate purposes (head office), investments in associates and financial assets and deferred tax assets. Goodwill has been allocated to reportable segments. No other assets are used jointly by reportable segments.

	2021				**2020**			
	Bricks and Building Materials £'000	**Roofing Products and Services £'000**	**Heating, Plumbing and Joinery £'000**	**Consolidated £'000**	Bricks and Building Materials £'000	Roofing Products and Services £'000	Heating, Plumbing and Joinery £'000	Consolidated £'000
Non-current segment assets	**46,276**	**18,235**	**29,867**	**94,378**	42,166	19,684	27,134	88,984
Current segment assets	**45,635**	**3,799**	**12,582**	**62,016**	51,856	3,798	10,837	66,491
Total segment assets	**91,911**	**22,034**	**42,449**	**156,394**	94,022	23,482	37,971	155,475
Investment in associates				**221**				352
Investments in financial assets				**125**				-
Deferred tax assets				**98**				205
Head office				**1,535**				7,134
Group assets				**158,373**				163,166
Total segment liabilities	**(37,570)**	**(2,815)**	**(7,040)**	**(47,425)**	(34,205)	(2,265)	(4,744)	(41,214)
Loans and borrowings (excluding leases and overdrafts)				**(15,750)**				(24,912)
Deferred tax liabilities				**(5,301)**				(5,631)
Other unallocated central liabilities				**(4,463)**				(11,344)
Group liabilities				**(72,939)**				(83,101)

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

4. Profit before tax

Profit before tax is stated after charging/ (crediting):

	2021 £'000	2020 £'000
Amortisation of intangible assets	**3,619**	3,059
Impairment of goodwill	**-**	16
Depreciation of property, plant and equipment	**726**	595
Depreciation of right of use assets	**1,111**	717
Loss/ (Gain) on disposal of property, plant and equipment and right of use assets	**4**	(8)
Cost of inventories recognised as an expense	**32,129**	25,424
Impairment of trade receivables	**341**	433
Net foreign exchange gains	**(173)**	(170)
Government grant income	**(1,360)**	-

During the year, the Group received government grants in response to the global COVID-19 pandemic. The Group has elected to deduct the grant income from the associated expenses. The grant income is included within administrative expenses, with £30,000 relating to business rates support, while the remainder relates to support in respect of payroll costs of the Group's employees. The Group does not have any unfulfilled obligations or other contingencies relating to the support schemes.

5. Other items

In order to assist with the understanding of the Group's performance, items that management consider to not be directly attributable to the Group's underlying trade are presented separately, on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. This presentation has been adopted for the first time in the current year and thus the prior year figures have been re-presented on a comparable basis. No changes have been made to the individual line item totals reported in the prior year.

Other items represent those costs that are considered non-operational in nature and are as follows:

	2021 £'000	2020 £'000
Acquisition costs (note 8)	**(105)**	-
Share based payment expense	**(338)**	(56)
Total administrative expenses	**(443)**	(56)
Amortisation of intangible assets	**(3,619)**	(3,059)
Impairment of goodwill	**-**	(16)
Total depreciation and amortisation	**(3,619)**	(3,075)
Interest payable on loan notes	**-**	(977)
Interest payable on deferred consideration	**-**	(13)
Unwinding of discount on contingent consideration	**(127)**	(227)
Total finance expense	**(127)**	(1,217)
Share of post-tax loss of equity accounted associates	**(6)**	(32)
Fair value gains/ (losses)	**360**	(45)
Exceptional income	**-**	2,000
Exceptional expenses	**-**	(2,407)
Total other items before tax	**(3,835)**	(4,832)
Tax on other items	**687**	12
Total other items after tax	**(3,148)**	(4,820)

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

5. Other items *(continued)*

Acquisition costs comprise of transaction costs of £22,000, in relation to stamp duty, plus a further £83,000 in respect of legal and professional fees directly associated with the acquisitions in the year. Acquisition costs in the prior year were included within the exceptional expenses line (below).

The share-based payment expense represents the share-based payment charge for the year, including associated accrued employer taxes.

Exceptional items were included in the prior year, in respect of those costs that the Group considered to be significant, one-off items that are not incurred as part of the Group's normal operations.

	2021 £'000	2020 £'000
Exceptional income		
Insurance proceeds in respect of keyman policies	-	2,000
Total exceptional income	-	2,000

The exceptional income in the prior year relates to a recovery under keyman insurance policies, following a medical diagnosis, in connection with a member of key management.

	2021 £'000	2020 £'000
Exceptional expenses		
IPO costs	-	(522)
Refinancing costs	-	(585)
Acquisition costs	-	(425)
Impairment of investments in associates	-	(875)
Total exceptional expenses	-	(2,407)

During the prior year, the Company completed an initial public offering (IPO). Exceptional legal and professional fees of £522,000 are included within the 2020 profit or loss in connection with the IPO. Transactions costs of £2,501,000, directly attributable to the issue of shares, were included as a reduction in the share premium account.

The Group also undertook a re-financing exercise in the prior year, incurring exceptional costs of £585,000 in respect of the release of loan arrangement fees, following repayment of the previous term loan on listing, and legal fees associated with the re-financing.

During the prior year, the Group acquired seven subsidiaries, incurring costs of £425,000. This comprised transaction costs on acquisition of £103,000, in relation to stamp duty, and £322,000 in respect of legal and professional fees directly associated with these acquisitions.

The tax credit arising on the other items is presented on the same basis as the cost to which it relates.

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

6. Dividends

	2021 £'000	2020 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2020 of 1.0850p per share (2020: for the year ended 31 March 2019 of nil p per share)	**2,500**	-
Interim dividend for the year ended 31 March 2021 of 0.8678p per share (2020: for the year ended 31 March 2020 of 0.8678 p per share)	**2,000**	2,000
Total dividends paid in the year	**4,500**	2,000

The Directors recommend that a final dividend for 2021 of 1.0850p (2020: 1.0850p) per ordinary share be paid.

The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting, to shareholders on the register at the close of business on 27 August 2021. This dividend has not been included as a liability in the financial statements.

7. Earnings per share

Earnings per share (EPS) is calculated by dividing the profit for the year, attributable to ordinary equity holders of the parent, by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit for the year, attributable to ordinary equity holders, by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on the following data:

	2021			2020		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Basic earnings per share	9,665	230,458,821	4.19	9,291	194,093,236	4.79
Effect of dilutive securities						
Employee share options	-	629,983	-	-	582,220	-
Diluted earnings per share	9,665	231,088,804	4.18	9,291	194,675,456	4.77

Based on the full number of shares in issue at the year end, and following the IPO in the prior year, the adjusted basic and diluted EPS would be as follows:

Adjusted basic earnings per share	9,665	230,458,821	4.19	9,291	230,458,821	4.03
Adjusted diluted earnings per share	9,665	231,088,804	4.18	9,291	231,041,041	4.02

Adjusted earnings per share and adjusted diluted earnings per share based on the adjusted profit attributable to the equity holders of the parent, as shown in the "Adjusted" column of the consolidated statement of profit or loss and other comprehensive income. Details of the Other items after tax, forming the difference between the statutory earnings above and adjusted earnings below, are outlined in note 5 to the preliminary results.

	2021			2020		
	Earnings £'000	**Weighted average number of shares**	**Earnings per share (p)**	Earnings £'000	Weighted average number of shares	Earnings per share (p)
Adjusted basic earnings per share	12,813	230,458,821	5.56	14,111	194,093,236	7.27
Effect of dilutive securities						
Employee share options	-	629,983	-	-	582,220	-
Adjusted diluted earnings per share	12,813	231,088,804	5.54	14,111	194,675,456	7.25

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

8. Business combinations

The Group acquired the entire share capital and 100% of the voting rights in the following companies during the year:

Company acquired	Acquisition date
Bathroom Barn Limited	30 November 2020
McCann Logistics Ltd*	4 December 2020

*Formerly McCann Limited

The fair value of the assets acquired and liabilities assumed on acquisition are as follows:

	Bathroom Barn Limited £'000	McCann Logistics Ltd £'000
Property plant and equipment	2	11
Right of use assets	-	287
Identifiable intangible assets	427	1,482
Inventory	309	16
Trade and other receivables	264	1,678
Cash and cash equivalents	1,499	775
Trade and other payables	(180)	(1,657)
Lease liabilities	-	(287)
Deferred tax	(81)	(320)
Total identifiable net assets	2,240	1,985
Goodwill	119	405
Total consideration	2,359	2,390
Satisfied by:		
Cash paid	1,323	1,225
Deferred cash consideration	805	276
Contingent consideration	231	889
Total consideration	2,359	2,390

Included in the consolidated financial statements are the following amounts of revenue and profit in respect of the subsidiaries acquired:

	Bathroom Barn Limited £'000	McCann Logistics Ltd £'000
Revenue	361	2,312
Net profit	96	144

Had the current year business combinations taken place at the beginning of the financial year, the Group's revenue for the year would have been £185,840,000 (2020: £206,278,000) and Group profit would have been £10,006,000 (2020: £11,215,000).

Acquisition related costs, included in administrative expenses (note 5), amounted to £105,000, made up as follows:

	Bathroom Barn Limited £'000	McCann Logistics Ltd £'000
Acquisition costs	50	55

The Group acquired each of the above subsidiaries in order to expand its network within the UK and increase the range of products that can be offered to its customers.

Goodwill principally comprises the value of expected synergies arising from the acquisitions and the value of the assembled workforce.

None of the goodwill is expected to be deductible for tax purposes.

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

8. Business combinations *(continued)*

Contingent consideration

The Group has entered into contingent consideration arrangements during the purchase of several subsidiaries. Final amounts payable under these agreements are all subject to future performance and the acquired business achieving pre-determined EBITDA targets, over the three years following acquisition.

The fair value of all contingent consideration is based on a discounting cash flow model, applying a discount rate of between 1.7% and 4.9% to the expected future cash flows.

Summarised below are the fair values of the contingent consideration at both acquisition and reporting date, the potential undiscounted amount payable and the discount rates applied within the discounting cash flow models, for each acquisition where contingent consideration arrangements remain in place.

Company acquired	Discount rate	Fair value at acquisition £'000	Fair value at reporting date 2021 £'000	Fair value at reporting date 2020 £'000	Undiscounted amount payable 2021 £'000	Undiscounted amount payable 2020 £'000
The Bespoke Brick Company Limited	4.9%	-	-	-	-	-
Brickmongers (Wessex) Ltd	4.8%	138	-	143	-	155
CPG Building Supplies Limited	4.0%	(201)	-	-	-	-
U Plastics Limited	3.5%	2,208	2,270	2,214	2,400	2,400
Bathroom Barn Limited	1.7%	231	241	-	248	-
McCann Logistics Ltd	1.7%	889	931	-	958	-

The total potential undiscounted amount payable in respect of U Plastics ranges from £246,000 to £2,400,000 (2020: £nil to £2,400,000). It is not possible to determine a range of outcomes for the other companies acquired as the arrangements do not contain a maximum payable.

9. Loans and borrowings

	2021 £'000	2020 £'000
Non-current		
Bank loans	**15,750**	24,912

The Directors consider that the carrying amount of loans and borrowings approximates to their fair value.

The bank loans are secured by a fixed charge over the Group's properties and floating charges over the remaining assets of the Group, including all property, investments and assets of the Company's subsidiary undertakings. A guarantee has also been provided by certain trading subsidiaries.

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

10. Post balance sheet events

On 20 May 2021, the Group purchased a property for £2,425,000.

On 7 June 2021, the Group granted 506,825 options under its LTIP scheme to a Director. The options were granted on the same terms as previous awards.

On 30 June 2021, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Taylor Maxwell (2017) Limited, one of the UK's leading suppliers of timber and non-combustible cladding to the construction industry.

The acquisition was made in order to expand the Group's position in the UK market and further broaden the Group's product offering, whilst developing enhancement opportunities within the acquired business.

The book value of the separable assets acquired and liabilities assumed on acquisition are estimated as follows:

	£'000
Property plant and equipment	3,321
Inventory	6,538
Trade and other receivables	46,913
Trade and other payables	(47,797)
Deferred tax	(363)
Total identifiable net assets	8,612

Due to the timing of the acquisition, a detailed assessment of the fair value of the identifiable net assets, and value of any uncollectable contractual cash flows, has not yet been completed at the date of approving the financial statements.

The total consideration expected to be payable is:

	£'000
Cash	40,000
Issue of shares	10,000
Contingent consideration	13,000
Total consideration	63,000

The above consideration is subject to post completion adjustments and the initial cash consideration of £40 million is subject to a retention in respect of certain indemnities given under the share purchase agreement.

The £10 million consideration through the issue of shares has resulted in 9,900,990 new ordinary shares being issued.

The contingent consideration is subject to future performance of the acquired business, measured against agreed adjusted EBITDA targets, over the three years following acquisition. Due to the timing of the acquisition, the above value represents the undiscounted estimate of contingent consideration payable. The total potential undiscounted contingent consideration payable ranges from £nil to £13 million.

It is expected that goodwill will arise on the acquisition and this will primarily comprise the value of expected synergies arising from the acquisition and value of the assembled workforce. This goodwill is not expected to be deductible for tax purposes.

To fund the above acquisition and future bolt-on acquisitions, the Company has placed 57,894,737 new ordinary shares of £0.01 each, at an issue price of £0.95 per share with new and existing institutional investors, raising £55 million before fees and expenses. Shareholders involved in the management of businesses within the Group, including directors, key management and persons connected with them, also sold 40 million of existing ordinary shares, at the issue price of £0.95.

The above transactions have resulted in an increase of 67,795,727 ordinary shares, giving a total number of shares of 298,254,548 and a revised share capital balance of £2,983,000.

Total costs of £3,048,000 comprising stamp duty, legal and professional fees and transaction costs, directly attributable to the issue of new shares, are estimated to be incurred in connection with the acquisition. Of this total, share transaction costs of £2,280,000 are expected to be recognised as a reduction in the share premium account, while the remaining £768,000 will be recognised as an expense in profit or loss. Again, due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving the financial statements.

The Company has also entered into an agreement to extend its borrowing facilities, increasing its facility limit from £30 million to £60 million. Arrangement fees and legal and professional fees associated with this re-financing are expected to amount to £325,000.

Notes to the Preliminary Results *(continued)*
Year ended 31 March 2021

10. Post balance sheet events (continued)

On 30 July 2021, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Leadcraft Limited, a UK provider of energy efficient roofing solutions.

The acquisition was carried out to expand the Group's customer base and further enhance its offering of environmentally sustainable and efficient roofing products and services.

The book value of the separable assets acquired and liabilities assumed on acquisition are estimated as follows:

	£'000
Property plant and equipment	123
Inventory	13
Trade and other receivables	681
Trade and other payables	(371)
Deferred tax	(18)
Total identifiable net assets	428

Due to the timing of the acquisition, a detailed assessment of the fair value of the identifiable net assets, and value of any uncollectable contractual cash flows, has not yet been completed at the date of approving the financial statements.

The total consideration expected to be payable is:

	£'000
Cash	3,300
Deferred cash consideration	1,320
Contingent consideration	390
Total consideration	5,010

The above consideration is subject to post completion adjustments.

The contingent consideration is subject to future performance of the acquired business, measured against agreed adjusted EBITDA targets, over the three years following acquisition. Due to the timing of the acquisition, the above value represents the undiscounted estimate of contingent consideration payable. It is not possible to determine a range of outcomes for the contingent consideration payable as the arrangement does not contain a maximum payable.

It is expected that goodwill will arise on the acquisition and this will primarily comprise the value of expected synergies arising from the acquisition and value of the assembled workforce. This goodwill is not expected to be deductible for tax purposes.

Acquisition costs of £78,000, in relation to stamp duty and legal and professional fees, are estimated to be incurred in connection with this acquisition and will be recognised in profit or loss. Due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving the financial statements.

11. Availability of annual report and accounts

The Annual Report and Accounts for the year ended 31 March 2021 will be posted to shareholders on or before 12 August 2021 and laid before the Group at the Annual General Meeting on 7 September 2021. Copies will be available from the Company Secretary at Brickability Group plc, South Road, Bridgend Industrial Estate, Bridgend CF31 3XG or from the website www.brickabilitygroupplc.com.