

Annual Report & Accounts
Year Ended 31 March 2024



Brickability at a Glance

- **Resilient performance set against a backdrop of macroeconomic and geopolitical challenges.**
- **Continued delivery of IPO strategy with two further strategic acquisitions completed in the year.**
- **Continued focus on delivering stakeholder value in a safe and sustainable manner.**

Brickability Group PLC is a leading distributor and provider of specialist products and services to the UK construction industry. The business comprises four divisions: Bricks and Building Materials, Importing, Distribution and Contracting. With an agile, de-centralised, capital-light business model, supported by a strong balance sheet, Brickability leverages the skills of its people company-wide to effectively service the complex and evolving needs of the construction industry.

Founded in 1985, the Group has grown organically through product diversification and geographic expansion, as well as through the acquisition of specialist businesses that support its long-term strategy for growth. Today, the Group encompasses a diverse portfolio of market-leading brands and a dedicated team of over 800 skilled professionals, led by a management team with deep-rooted knowledge and experience in the UK and European construction industries.

The Group is committed to building better communities throughout the supply chain and supporting the delivery of sustainable developments that enhance the built environment for future generations, while delivering continuous value for shareholders.

Brickability Key Facts

Four Core Divisions

Bricks and Building Materials

11 businesses operating from 36 sites

Importing

7 businesses operating from 15 sites

Distribution

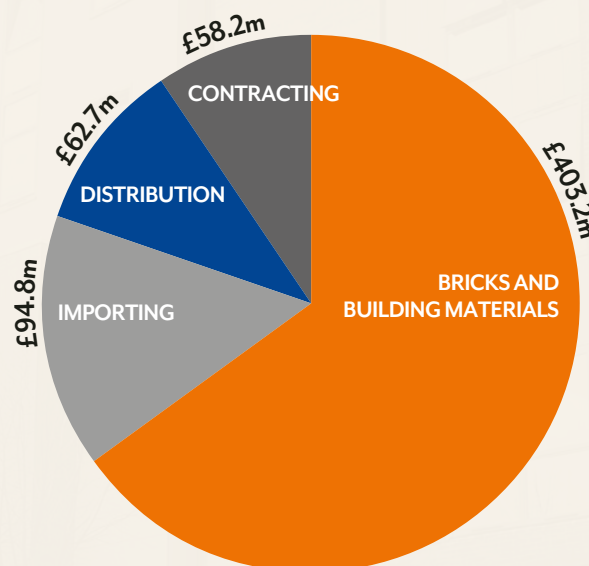
7 businesses operating from 12 sites

Contracting

7 businesses operating from 7 sites

The Group currently employs in excess of 800 skilled and experienced personnel.

Revenue by Operating Division



Highlights

Revenue

£594.1m

(2023: £681.1m)

Gross Profit

£105.8m, 17.8%

(2023: £112.9m, 16.6%)

Adjusted EBITDA*

£44.9m

(2023: £51.5m)

Net debt**

£56.5m

(2023: £8.0m)

Adjusted Profit Before Tax***

£35.3m

(2023: £44.6m)

EPS Tax

5.06p

(2023: 9.26p)

Adjusted EPS****

8.66p

(2023: 11.93p)

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and items.

** Net debt is defined as bank borrowings less cash balances at bank.

*** Statutory profit before tax excluding other items.

**** Adjusted EPS is calculated by dividing the adjusted profit for the year by the weighted average number of ordinary shares in issue.

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Chairman's Statement



JOHN RICHARDS, CHAIRMAN

Against a challenging macroeconomic backdrop, the Group has continued to demonstrate resilience and the Board is pleased to report another year of strong financial performance.

Overview

Over the past year, there have been a number of well-documented challenges impacting the housebuilding and RMI markets. Against this macroeconomic backdrop, the Group has continued to demonstrate resilience and deliver a robust financial performance.

It is particularly pleasing to see the Group's strategic focus on diversification of products and end markets yielding benefits. This, coupled with our capital-efficient business model and continued focus on disciplined capital allocation and cost control, has been a key driver of our resilience.

This year the Group expanded further into the cladding remediation market, acquiring two fantastic businesses that benefit from strong forward order books. Through these acquisitions we have also brought in new, high-quality individuals, increasing the bandwidth of our existing management team. We have an active acquisition opportunity appraisal process which positions the Group well for future inorganic expansion and we remain committed to pursuing strategic opportunities aligned with our long-term objectives of building a sustainable business and delivering value to shareholders.

Whilst activity levels in the housebuilding sector remain subdued, the longer-term underlying fundamentals of our chosen markets remain strong. The Board believes that, with leading positions across a diverse portfolio offering, the Group is well-positioned to benefit from a recovery in volumes. Following the recent General Election results, the Group awaits further details from the Labour Government of their housing recovery plan to boost house building.

This has been another successful year for the Group. The results achieved are mostly thanks to the commitment and hard work of all our colleagues within the Group's businesses.

Acquisitions

We continue to focus on diversifying our product portfolio and associated end markets through acquisition, and it is pleasing to see the benefits from this strategy emerging.

In October 2023, we completed the first of two strategic acquisitions of specialist cladding installation and remediation contractors, Group Topek Holdings Limited ("Topek"). As a result of the acquisition, the Group significantly increased its exposure to public and commercial end markets and now has a full range of cladding capabilities including design, fabrication, supply, and installation.

The acquisition of Topek Southern Limited ("TSL") in January 2024, further improved the Group's positioning in the cladding market. TSL specialises in delivering façade systems, fire remediation, roofing, and curtain wall solutions for live and occupied sites, acting as principal contractor for commercial and industrial projects across the UK.

The requirement for cladding remediation in the UK has been of huge importance since 2017, and with the additions of Topek and TSL to our portfolio, the Group has created a full-service specialist cladding installation and remediation contracting business with a national presence.

With these fantastic businesses come fantastic people. It has been a pleasure to welcome our new colleagues to the Brickability Group.

Environmental, Social and Governance (ESG)

As part of our developing ESG strategy, we are committed to delivering real and lasting impact to the communities and environments of our places of operation.

This year we commenced a partnership with Earth Trust, an environmental charity dedicated to ensuring everyone across the UK has access to green space, to help fund its 'Inspiring Future Green Leaders' programme. Funding from our Foundation Trust will enable Earth Trust to work with 450 more children across 15 schools, focusing initially on schools in Reading – close to our Group headquarters in Bracknell. Our Charity of the Year was 'Heel and Toe', providing a range of therapies and support for young people with Cerebral Palsy and other disabilities.

On governance, the Board recognises that high standards of corporate governance are fundamental to the long-term success of the Group. We have followed the QCA Corporate Governance Code since entering the public markets in 2019 and will comply with the new QCA Code as published at the end of the last calendar year.

Board and leadership

I would like to take a moment to give special thanks to Alan Simpson, who stepped down from the role of Chief Executive Officer and from the Board. Alan has been instrumental in building the Group into the highly successful business it is today, overseeing the IPO in 2019 and multiple transformative acquisitions since. On behalf of the Board, I thank Alan for his invaluable years of service and congratulate him for his immense achievements.

We are delighted to have our new CEO, Frank Hanna, on board. Frank has over 30 years' experience in the construction industry, and as such I have known Frank for a long time and have every confidence that the Group will continue to grow and deliver value to shareholders under his leadership.

People

I would like to extend my thanks to the many colleagues within the Brickability Group, for their continued dedication, commitment and hard work throughout the year.

Dividends

The Group paid an interim dividend of 1.07 pence per share on 22 February 2024, which reflected the performance of the business and the Board's confidence in the longer-term outlook.

These financial results, coupled with the strength of the balance sheet and the confidence in the future performance of the Group, enables the Board to recommend a final dividend for the year ended 31 March 2024 of 2.28 pence per share, which would bring the total dividend for the year to 3.35 pence, representing a 6% increase over the prior year.

John Richards

Chairman

17 July 2024

Chief Executive's Review

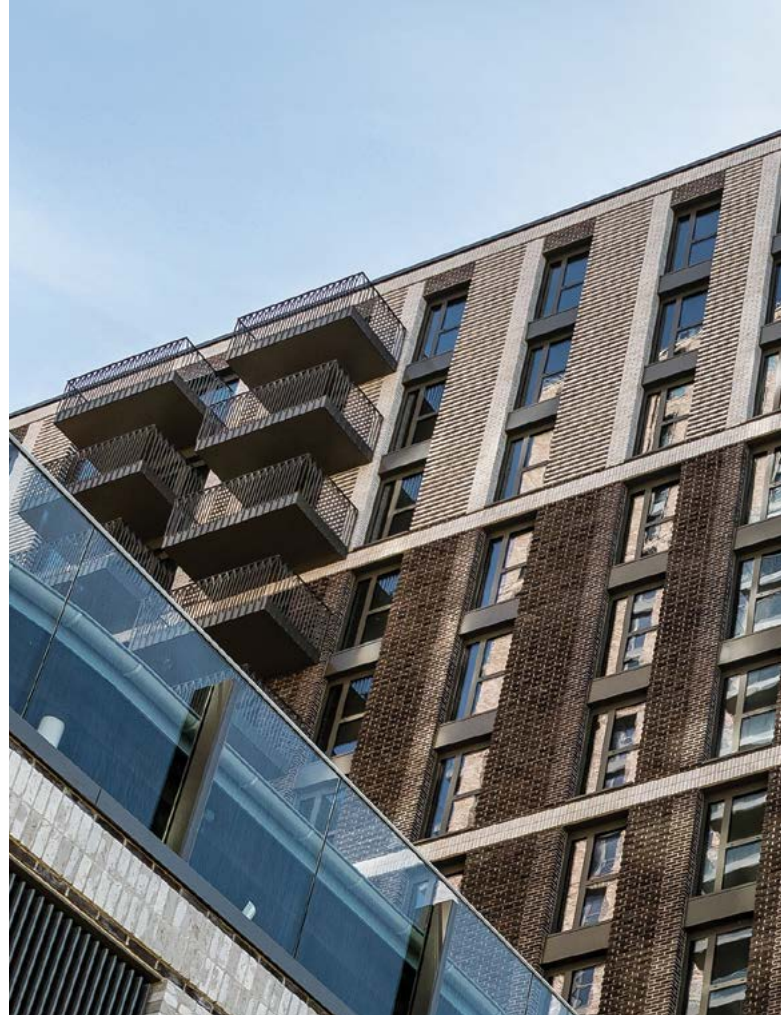


FRANK HANNA, CHIEF EXECUTIVE OFFICER

I am pleased to be able to report, early into my tenure as CEO, that the Group delivered a resilient performance for the financial year.

I consider this a notable achievement against the backdrop of an uncertain economic environment and a decline in volumes that continued throughout the financial year. This stands as a testament to the hard work and resilience of all Brickability employees, as well as the successful execution of the Group's diversification strategy.

The Group successfully completed two strategically significant acquisitions in the second half of the financial year. These acquisitions continue the successful diversification strategy of the Group, enabling the Group to become a full-service specialist cladding installation and remediation contracting business with national presence.



Whilst revenue fell compared to prior year, gross profit margin was strong at 17.8% (2023: 16.6%). The improvement was supported by a part-year contribution from the higher margin acquisitions, but also improved revenue mix within the existing business divisions, notably the full-year performance of HBS NE (trading as UPOWA) with its enhanced focus on higher margin solar installations for new build homes.

The four divisions, now in the second year of operation, continue to bring benefits in terms of alignment of processes and routines. In this agile, capital light structure, the Group's four distinct business divisions are set out below:

- **Bricks and Building Materials** – 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;
- **Importing** – primarily responsible for strategic importing of building products, the majority of which are on an exclusive basis to the UK market, to complement traditional and contemporary architecture;
- **Distribution** – focuses on the sale and distribution of a wide range of products, including windows, doors, radiators and associated parts and accessories; and
- **Contracting** – provides cladding, fire remediation, flooring and roofing installation services within the residential construction sector and commercial sector.

Full details of our divisions and each of our businesses can be found at <https://brickabilitygroupplc.com>.



Bricks and Building Materials Division

68% (2023: 73%) of Group Revenue

Revenue of £403.2 million (including internal revenues of £5.7 million (2023: £8.1 million)) for the year ended 31 March 2024 was down £95.4 million on the prior year (2023: £498.6 million), with like-for-like revenue decline of 19.1%. Excluding timber, like-for-like revenue decline was 20.0%. Adjusted EBITDA of £24.4 million for the year ended 31 March 2024 was down £5.7 million on the prior year (2023: £30.1 million).

The impact of weaker economic conditions that have impacted the housing market, especially the new build sector, is reflected in the results of the division. Brick volumes have declined by 28%, which is in line with the market reductions over the financial year. The benefits in the first half of the year of annualised brick supplier price increases helped partially mitigate the impact of volume decline.

Whilst brick volumes are the main driver of the division, the performance of other sectors and the continued growth of higher margin cladding supply businesses led to margins of the division being maintained.

Relative to the market, Taylor, Maxwell & Co performed strongly due to focussed growth in the commercial and social housing sectors. Growth was also seen in the cladding sector, with near double-digit revenue growth in SBS Cladding due to ongoing projects, which are anticipated to continue into the new financial year. The performance of the Timber division was recognised by the industry, winning both Timber Trade of the Year and Softwood Trade: Importer of the year at this year's Timber Trade Journal Awards.

During the financial year, the buyout process for the defined benefit pension scheme was completed and the full liability transferred to an insurance company. The Group now only operates a defined contribution pension scheme.

Importing Division

16% (2023: 17%) of Group Revenue

Revenue of £94.8 million (including internal revenues of £18.1 million (2023: £30.7 million)) for the year ended 31 March 2024 was down £22.8 million on the prior year (2023: £117.6 million), with like-for-like revenue decline of 34.3%. Adjusted EBITDA at £7.9 million for the year ended 31 March 2024 was down £5.3 million on the prior year (2023: £13.2 million).

The reported revenue was supported by the full-year inclusion of the acquisitions made in the prior financial year of Modular Clay Products, E. T. Clay Products and Heritage Clay Tiles. The weaker economic conditions impacting the housing market had a greater impact on the demand for strategically imported bricks, as softer demand results in more availability of domestically manufactured bricks. Imported brick volumes fell 40%, broadly in line with the estimated industry decline.

This decline in demand put pressure on pricing, which resulted in margins declining 288 basis points in the year. It remains our expectation that performance in the division will improve when overall brick market demand reverts to more favourable levels. Our flexible supply chain will allow us to react quickly when this happens.

Distribution Division

11% (2023: 9%) of Group Revenue

Revenue of £62.7 million (including internal revenues of £1.1 million (2023: £0.4 million)) for the year ended 31 March 2024 was marginally down £0.3 million on the prior year (2023: £63.0 million) with like-for-like revenue decline of 0.4%. Adjusted EBITDA at £7.6 million for the year ended 31 March 2024 was down £1.3 million on the prior year (2023: £8.9 million).

Revenue growth was seen across the majority of the businesses within the Distribution division, led by UPOWA. UPOWA grew through the year, focussing on national housebuilders as the demand for renewable forms of energy expands.

Towelrads, after many years of strong growth, saw a single-digit decline in revenue, with the reduction in housing starts mitigated in part by growth from new products and customers.

FSN Doors growth has continued in the mid-range bracket of the market, along with Forum Tiles as it continues to develop its product offering and grow its customer base.

Contracting Division

10% (2023: 6%) of Group Revenue

Revenue of £58.2 million (including internal revenues of £0.0 million (2023: £0.2 million)) for the year ended 31 March 2024 was up £16.9 million on the prior year (2023: £41.3 million) with like-for-like revenue growth of 1.9%. Adjusted EBITDA at £10.1 million for the year ended 31 March 2024 was up £4.5 million on the prior year (2023: £5.6 million).

The division grew both through organic performance as well as through the significant acquisitions made in the second half of the financial year. Topek was acquired in October 2023, and TSL in January 2024. Together they complement the Group's existing cladding portfolio, including Taylor Maxwell Cladding, SBS Cladding, and Architectural Facades, meaning that the Group now benefits from a full range of cladding capabilities including design, fabrication, supply, and installation.

In addition, and reflecting the Group's continued diversification strategy, the acquisitions increase the Group's presence in specialist areas in the cladding and fire remediation sector. Both acquisitions are performing as expected with integrations proceeding to plan, and both are experiencing strong forward order books as part of the enlarged Group.

The organic growth arose through ongoing contracts with house builders, both in the new build sector and with medium to high-end developers in the South East of England, as well as being supported by one-off contract wins resulting from a competitor going into administration. Margins have continued to recover, driven by the recovery of material price inflation. The division expects the unfavourable economic conditions that have impacted house building to be felt in the following financial year.

The margin of the division increased 376 basis points on a reported basis reflecting the margin recovery across the roofing business in addition to the margin accretion driven by the acquisitions.

Outlook

The Group's 2024 results, set against a challenging economic backdrop, highlight the strength and growing resilience of the Brickability model. As the Group continues to diversify, we increase our exposure to an expanding range of specialist products and services to the UK construction industry, and at the same time we remain committed to growing in a sustainable manner. Brickability is able to successfully meet the demands and requirements of customers through long-standing relationships with customers and suppliers, consistently delivering a high-quality service.

Whilst the short-term outlook for the housing market sector is expected to experience further softness despite some encouraging macro indicators, there remains a fundamental and significant disconnect between house formations and the building of new homes. As a Group, we remain cautious and our priority remains unchanged as we aim to secure strong order intakes with clear and sustainable margins. The Board believes that the Group's diversified multi-business strategy positions it well to benefit from improved economic conditions when they arise. Trading in the current financial year to date is in line with management's expectations.

Finally, I would like to acknowledge the significant contribution Alan Simpson has made to the Group and I am delighted to be able to take over the role of CEO from him. Alan's continued support to the Group in a non-board capacity will be invaluable, and I look forward to working with him, the rest of the Board and all the employees in the coming years to further develop and strengthen Brickability.

Frank Hanna

Chief Executive Officer

17 July 2024

Chief Executive Officer's Q&A

What are you looking forward to as Chief Executive Officer?

I've always had very close ties with the Group through my previous roles, in both private and listed companies, so naturally I've followed the Group's growth journey and admired the team's ability to adapt and innovate. It is a real privilege to be entrusted with taking over from Alan and continuing to drive the Brickability Group forward. I look forward to meeting employees and understanding what drives and motivates them as they respond to the ever-changing needs of both our customers and suppliers in what is an ever-evolving sector. One of the Group's many strengths is the diversified divisional business structure, so I look forward to developing the strategy and enhancing the Group model.

What do you think are the key areas of focus in the year ahead?

Most importantly our focus will be on achieving the objectives and targets we have set for the Group. The two recent acquisitions of Topek and TSL are significant, and in the financial year ahead we forecast to deliver a set of Group results that will show their earnings contributing an additional dynamic to the quality of our earnings. Naturally, we will continue to keep a watchful eye on the market conditions and ensure we are responsive to improving demand conditions when they return.

What interests you about the Construction sector?

The Construction sector has always appealed to me and has been a huge part of my life; it's a dynamic sector that is constantly adapting and evolving to shifting economic, social, environmental and demographic changes. At its core, are strong sector fundamentals – the UK needs to build more houses than it does, the last two decades have seen a disconnect between UK housing formations and actual housing completions. This disconnect gives the sector a certain resilience, we need to adapt and always look to improve and enhance the ways in which we can meet the demand. This resilience was also demonstrated in the way the Construction sector quickly responded to Covid-19, implemented safe working practices and got back to work. Quality buildings, inspiring architecture alongside product innovation really drives my interest in the sector.

What is your vision for the business?

The Brickability Group's foundations and fundamentals are superb. For the business moving forward, I expect the business, its people and systems to continue to develop whilst maximising operational efficiency as part of a larger Group. There are many opportunities for our companies to collaborate and cross pollinate ideas. I see it as a very dynamic and rewarding Group, not only for the people and teams working in the business but also for our customers, our stakeholders and the wider investor community. At the same we can play a role to build better communities whilst making positive changes to our built environment with our longstanding loyal customer base.

How would you describe the Brickability Group's culture?

At its core the Brickability Group has an entrepreneurial culture, with the understanding that the Group's diverse business base is stronger together. The Group has a unique unrivalled expertise within so many facets of the business. We aim to continue growing and developing our specialist position whilst at the same time meeting and exceeding the needs of our many customers and partners.

What are the opportunities for the Brickability Group this financial year?

Our performance since IPO shows a proud record of sustainable growth and strategic acquisition. For the coming year, the Brickability Group will look to continue to maximise the value of acquisitions made to date, continue to develop and expand our organic core business whilst also continuing to look at potential, value enhancing, opportunities to add to the Brickability Group that meet our commercial and financial criteria.



Business Model

“Our vision is to be the UK’s leading specialist supplier of products to house builders and contractors.”

Strategy

Our strategy is one of growth, through 4 main areas:



ORGANIC GROWTH

We continue to grow organically through leveraging enhanced, long-term relationships and delivering exceptional customer service to both trade and retail customers.



GEOGRAPHICAL EXPANSION

We continue to grow through extending our geographical footprint through further investment in both people and premises.



ACQUISITIONS

We continue to grow through carefully thought-through acquisitions, that are complementary to our existing portfolio.



DIVERSIFICATION

Through our acquisitive nature, we look to diversify our portfolio of products and services to strengthen our offering to our customer base and to ensure we provide the complete offering to both trade and retail customers.

ROUTES TO MARKET



Strong regional sales network

The Group has over 70 UK locations serving local, regional and national customers.

Established brands

The Group has developed or acquired businesses that have built local, regional or national brand strength while being part of a business with strong buying power.

National agreement with local delivery

The Group has central agreements with larger customers which are delivered by the regional businesses.

OUR STRENGTHS



Our People

- Specialised regional sales teams providing national coverage through over 70 locations across the UK.
- Technical expertise and knowledge across a diverse product portfolio.
- Specialist knowledge of market and products supported by technical expertise.
- Highly experienced management team with proven track record.

Our Offering

- Our scale provides buying power and access to high-quality products and supplies in UK and abroad.
- Strong customer relationships through providing exceptional customer service.
- Ability to deliver exceptional customer service.
- Ability to cross-sell to customers, utilising our diverse product portfolio.

Our Experience

- Unrivalled, long-term customer relationships.
- Excellent specialist knowledge across product portfolio and within the industry.
- Strong track record in identifying, acquiring and integrating acquisitions to further strengthen the Group.
- Competitively sourcing and supplying products to our customers.

HOW WE CREATE VALUE FOR OUR STAKEHOLDERS?



For shareholders

Developing a robust Group through acquisition and organic development. Strong financial record with a progressive dividend policy.

For customers

Through our long-standing relationships, we are able to effectively source and supply products that continually meet customer needs; these products are priced competitively and are delivered on time.

For suppliers

We work collaboratively with our suppliers ensuring they are paid on time, and we also respect our commitments to them on the distribution of products, prices and volumes.

For employees and local communities

The Group has over 800 employees to whom we provide employment opportunities along with long-term career development.

The Brickability Group Foundation supports charities local to our business locations.

For the environment

Doing our part to protect the environment by becoming a more sustainable business, including educating and supporting our employees.

Our Divisions and Brands

BRICKS AND BUILDING MATERIALS



IMPORTING



DISTRIBUTION



CONTRACTING







* Rebranded from McCann Roofing Products

** Acquired in the financial year

Group Strategy and Delivery

The Group continues to follow its strategy for growth, which is based on four key areas: Organic Growth, Geographic Expansion, Acquisitions and Product Expansion.

| | Achievements | Outlook | KPIs | Risks | Governance |
|--|--|---|---|--|---|
|  | ORGANIC GROWTH | | | | |
| | Like-for-like growth in the Contracting Division (before acquisitions) despite the challenging market backdrop. | <ul style="list-style-type: none"> Continued cross-selling Growth with existing customer Access to new customers | <ul style="list-style-type: none"> Revenue Cost of sales Gross profit Adjusted EBITDA | <ul style="list-style-type: none"> Economic environment Extreme weather Major event | The Divisional Managing Directors monitor performance and take any necessary action. Divisional performance is reported to the Board. |
|  | GEOGRAPHICAL EXPANSION | | | | |
| | New locations have been added to the Group through expansion and via acquisitions. | Further geographic expansion is planned with the existing product range. | <ul style="list-style-type: none"> Revenue Gross profit Adjusted EBITDA at new locations | <ul style="list-style-type: none"> Economic environment Limited acquisitions | The Board reviews acquisition/expansion plans. |
|  | ACQUISITIONS | | | | |
| | 3 acquisitions were completed during the year. | Further acquisition opportunities reviewed to expand product offering and customer base. | <ul style="list-style-type: none"> Revenue Gross profit Adjusted EBITDA | <ul style="list-style-type: none"> Failure to integrate an acquisition Retention of talent | The Board reviews acquisition strategy and plans. |
|  | DIVERSIFICATION | | | | |
| | Acquisitions have continued to expand the product portfolio, together with new product development across a number of existing businesses. | Further acquisitions and start-ups are planned. | <ul style="list-style-type: none"> Revenue Gross profit Adjusted EBITDA 5-year start-up plans | <ul style="list-style-type: none"> Loss of a major supplier Loss of key management | The Board reviews and approves acquisitions and start-ups with consideration given to the Group's existing portfolio. |



The Complete Residential Offering

The Group has successfully combined individual specialist businesses and brands into one cohesive structure that continues to maximise revenue and growth.

Collectively we are stronger as a Group; we are focused on efficiency and service and providing a diverse product portfolio to both trade and retail customers.

1 BRICK SUPPLY & SERVICES

Apex Brick Cutters
Brickability
Bricklink
Brick Mongers Wessex
Brick Services
CPG Building Supplies
Crest Brick Slate & Tile
ET Clay
LBT Brick & Facades
Matching Brick
Modular Clay Products
Taylor Maxwell & Co.
The Bespoke Brick Co.

2 CLADDING

Architectural Facades
SBS Cladding
Taylor Maxwell & Co.
Topek*
TSL*

3 EXTERNAL DOORS & WINDOWS

Frazer Simpson

4 FLOORING SERVICES

DSH Flooring

5 FLOOR & WALL TILES

Forum Tiles

6 GRP PRODUCTS

Frazer Simpson

7 GUTTERING & DRAINAGE

UP Building Products

8 INTERNAL DOORS & WARDROBE SYSTEMS

FSN Doors



* Acquired in the financial year

RENEWABLE TECHNOLOGIES

9 UPOWA

ROOFING CONTRACTING

10 Beacon Roofing
Crest Roofing
Excel Roofing
Leadcraft

ROOFING SUPPLIES

11 Crest Brick Slate & Tile
Roofing Distribution UK
Heritage Clay Tiles

STONE SUPPLY & SERVICES

12 Frazer Simpson
Vobster Architectural

TIMBER & LANDSCAPING

13 Alfiam Building Supplies
Taylor Maxwell Timber
UP Building Products

TOWEL RAILS & RADIATORS

14 RadiatorsOnline.com
Radiator Valves UK
Towelrads

TRANSPORTATION

15 McCann Logistics

UNDERFLOOR HEATING

16 Towelrads





The Complete Commercial Offering

1 BALCONIES

Architectural Facades
Bricklink
Brick Services
Brickability
LBT Brick & Facades
SBS Cladding
Taylor Maxwell & Co.

2 BRICK SUPPLY & SERVICES

Apex Brick Cutters
Brickability
Bricklink
Brick Mongers Wessex
Brick Services
CPG Building Supplies
Crest Brick Slate & Tile
ET Clay
LBT Brick & Facades
Matching Brick
Modular Clay Products
Taylor Maxwell & Co.
The Bespoke Brick Co.

3 CLADDING

Architectural Facades
LBT Brick & Facades
SBS Cladding
Taylor Maxwell & Co.
Topek*
TSL*

4 CLADDING INSTALLATION & REMEDIATION

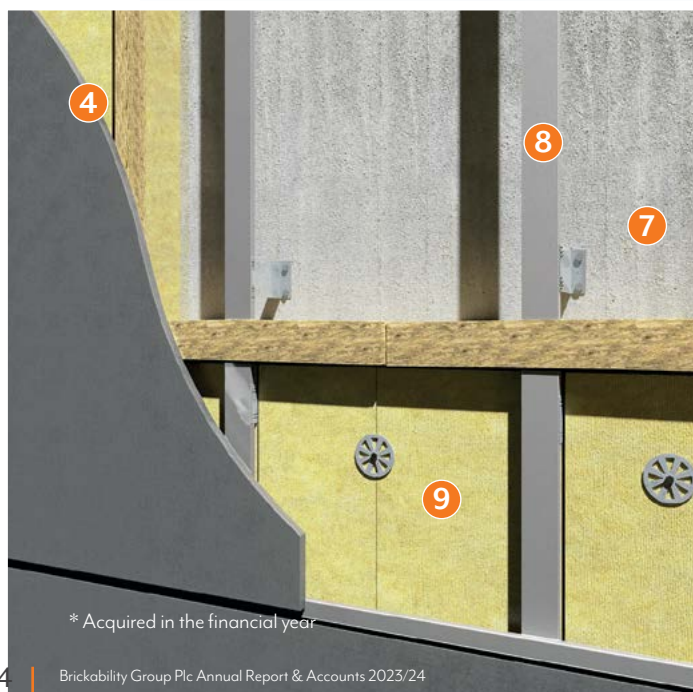
Topek*
TSL*

5 CURTAIN WALLING

Architectural Facades
Topek*
TSL*

6 EXTERNAL WINDOWS/GLAZING

Frazer Simpson
Topek*
TSL*



* Acquired in the financial year



7 FIRE BREAKS

SBS Cladding

8 FRAMING SYSTEMS

Architectural Facades
SBS Cladding
Taylor Maxwell & Co.

9 INSULATION

Alfiam
Brickmongers Wessex
SBS Cladding

10 ROOFING

Topek*
TSL*

11 STONE SUPPLY & SERVICES

Frazer Simpson
Vobster Architectural

12 TOWEL RAILS & RADIATORS

RadiatorsOnline.com
Radiator Valves UK
Towelrads



Case Study: City Centre Campus, The Manchester College



Overview

City Centre Campus, The Manchester College, is a 5-storey new build campus in the heart of the city, providing higher and further education for local students in the Creative and Performing Arts sectors. The new building houses two separate functions, The Manchester College, which provides further education and UCEN Manchester, which provides university level teaching. Designed collaboratively by SimpsonHaugh and Bond Bryan architects, the campus building replaces a surface level car park, which was home to Boddingtons Brewery for over 200 years, until it was demolished in 2007. Due to the site's industrial heritage, it was important to the project team that the facade material selected reflected this.

The Manchester College is part of an integrated education group called the LTE Group, which comprises five key organisations. The LTE Group had a plan to reshape its services to meet the changing educational needs of Manchester and the surrounding area. By consolidating their existing 14 locations down to just five main campuses, they aimed to achieve significant savings on space and offer more focused teaching, with the total Gross Internal Floor Area (GIA) reduced by over 30,000m².

Taylor Maxwell worked with the architects and main contractors, Willmott Dixon, to specify and supply Corium brick cladding to the City Centre Campus. The cladding assisted the building in engaging with the existing vernacular, whilst having a modern and creative facade design. Once on-site, the Corium brick cladding, which is manufactured by Wienerberger, was installed by Longworth Building Services.

Concept

The City Centre Campus was designed to house both The Manchester College and UCEN Manchester and provide teaching to students across 5 storeys and 18,300m². With the two separate teaching bodies in one building, it was important to the clients that there was a clear and separate identity for the students, therefore separate entrances for both education facilities were created, as well as internal zones for the different student cohorts to occupy.

For the building's external facade, the architects sought to emulate the area's industrial heritage by using patterns and textures that were present in the previous land uses of the neighbourhood. With the area's history of textile manufacturing in mind, the architects were inspired by the patterns created in weaving textiles. This inspiration was the reasoning for the woven arrangement of the facade.

The windows were designed to alternate at each floor level in a modular pattern, with the cladding panels accentuating the weave with overlapping, deep and expressed reveals.

When planning the facade design, Corium brick cladding was selected as its crisp appearance was suited to the modular design of the facade. Once the cladding system had been selected, the project team met with cladding advisors at Taylor Maxwell, alongside manufacturer Wienerberger, to review a range of tile colours and select the best contextual fit for the building and area. After reviewing a selection of colours, a blue-grey tile was chosen due to its petrol like sheen and reflective quality, which creates a striking contrast against the red brick industrial buildings near to the site. The reflective sheen on the surface of the Corium tiles also means that dependant on weather conditions, the facade can appear to be different colours during different times of the day and year. To allow the brick tiles to be the stand-out facade feature, a matching mortar was selected to give the cladding a monolithic appearance. The Corium brick cladding assisted in giving the building a civic presence, whilst referring back to the rich history of Manchester's brick industrial structures and the brewery which once stood on the site.

Completion

Taylor Maxwell supplied the project with 3,650m² of Corium brick cladding, which was ideal for the development due to the quick and easy installation of the system. With the educational use of the building in mind, it was important to the project team that the development could be completed as quickly as possible and that there were no delays during construction. Factory fabricated Corium brick cladding corners were part of the adaptations to the project that assisted in the building being completed before the start of the academic year. Mast climbers were utilised throughout the project to provide full height access for the construction of the external wall build up. These mast climbers enabled 250,000 Corium brick slips to be quickly and efficiently fixed to the cladding framing system.

Completed in summer 2022,
the £54 million building was awarded
'Best use of a brick slip cladding system'
at the 2023 Façade Awards.

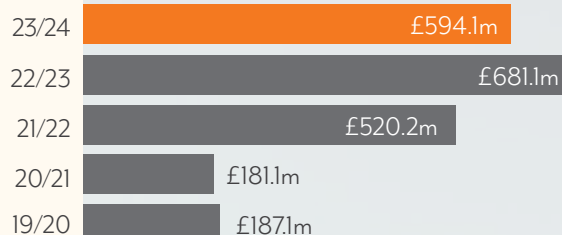


Key Performance Indicators

REVENUE

£594.1m

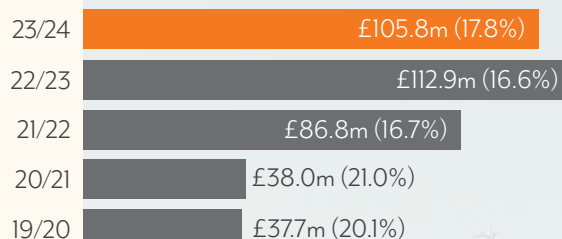
Revenue growth is a key driver of profit growth



GROSS PROFIT

£105.8m

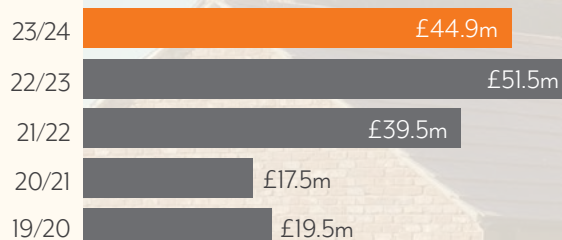
Gross Profit percentage acts as a cross check against revenue growth to ensure new sales maintain margin.



ADJUSTED EBITDA

£44.9m

Earnings before interest, tax, depreciation, amortisation and other items.



CASH GENERATED FROM OPERATIONS

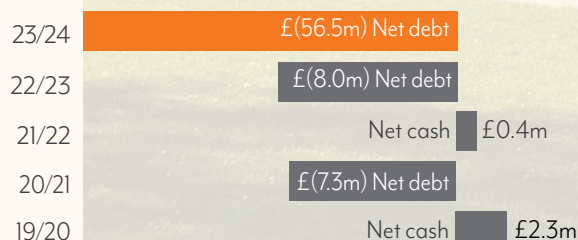
£35.4m



NET (DEBT)/CASH

£56.5m

The net (debt)/cash position after deducting the amount of bank debt from cash held.



DIVIDEND

3.35p

Annual dividend per share



“

The presented figures illustrate a number of the Key Performance Indicators that the Group reviews on a regular basis and by which overall business performance is measured.

”



Risk Management

MANAGING RISK IN ORDER TO DELIVER OUR STRATEGY

The Group is exposed to a number of risks in its businesses and the markets it serves.

The Board considers the risks to the business and the adequacy of internal controls with regard to the risks that are identified at every scheduled Board meeting. The detailed review of risks is undertaken by the Audit & Risk Committee, who present their findings to the Board. The Board formally reviews and updates the risk register of the business at least annually. Where appropriate, specific updates and reports are circulated to Board members in between such meetings.

RISK MANAGEMENT STRUCTURE

01

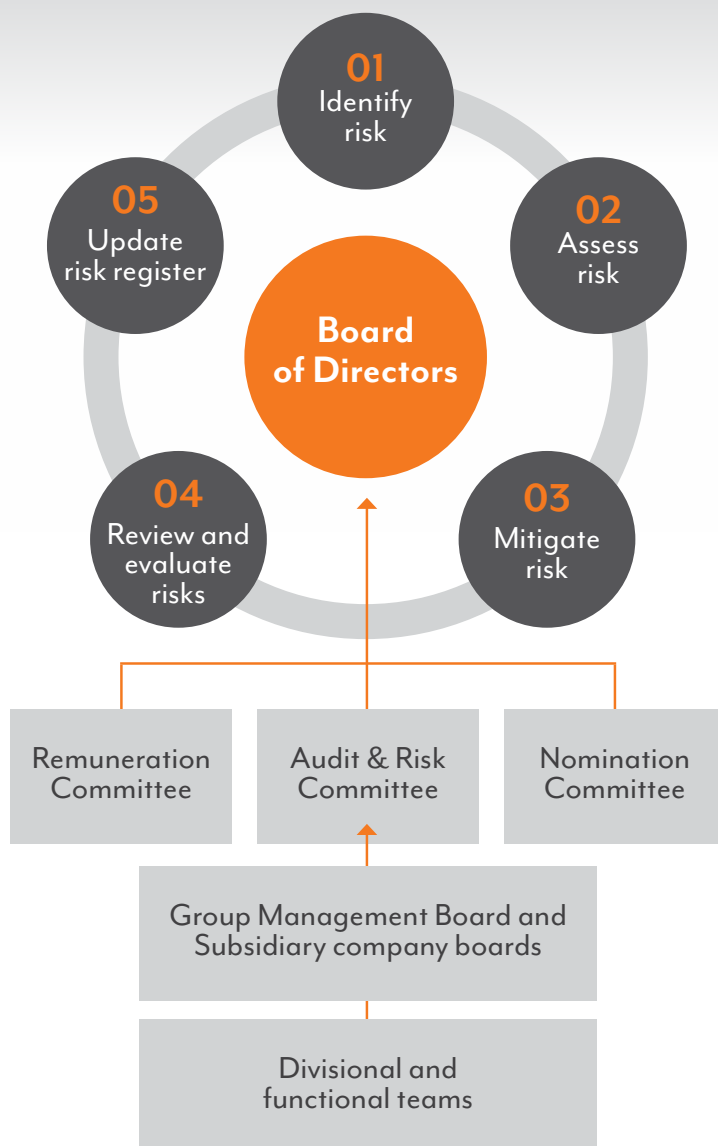
IDENTIFY RISK

The Board has overall responsibility for monitoring the Group's systems of internal control, for identification of risks and for taking appropriate action to prevent, mitigate or manage those risks. The Board continually assesses and reviews the business and operating environment to identify any new risks to be managed.

02

ASSESS RISK

A detailed schedule of risks is considered by the Audit & Risk Committee at least twice a year under the following categories: Competitors, Economic environment, Financial Risk, People, and Suppliers. These risks are graded against the criteria of likelihood and potential impact in order to identify the key risks impacting the Group, see pages 22 and 23.



03

MITIGATE RISK

The Board seeks to ensure that the group's activities do not expose it to significant risk. The Group's aim is to diversify sufficiently to ensure it is not exposed to risk of concentration in product, market or channel.

04

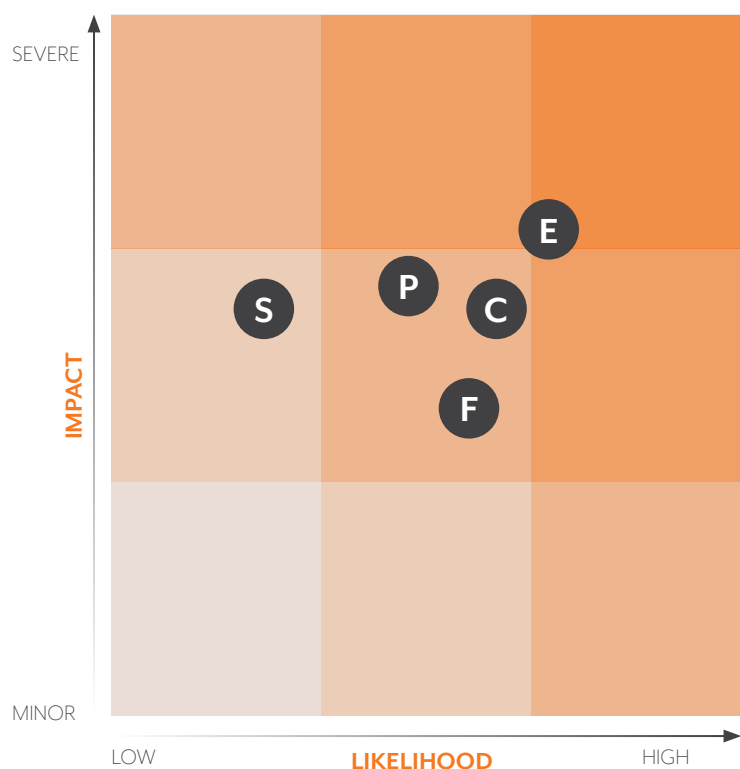
REVIEW AND EVALUATE RISKS

The Board and Group Management Board, which is a group of key managers drawn from the organisation responsible for the day-to-day operations of the Group, are all responsible for reviewing and evaluating risk. The Group Management Board meet at least quarterly to review ongoing trading performance, discuss budgets and forecasts and consider new risks associated with ongoing trading. Feedback from these meetings regarding changes to existing risks or the emergence of new risks is then provided to the Board.

05

UPDATE RISK REGISTER

The risk registered is considered for update annually at the scheduled Board meetings and is updated as appropriate.



RISK HEAT MAP

The risk heat map summarises the potential impact of a range of risks and uncertainties identified by the management team. They are logged on the 'Risk Matrix' and reported on and reviewed regularly.

C Competitors

- This includes:
- Margin management.
 - Environmental and social responsibility.

E Economic environment

- This includes:
- Consumer recession.
 - Government action and policy.
 - Adverse inflationary environment.
 - Extreme weather events.
 - Product supply shortages.
 - Customer relations.

F Financial risk

- This includes:
- Margin management.
 - Failure to integrate key acquisitions.
 - Working capital constraints.
 - Cyber and information security.

P People

- This includes:
- Retention of talent.
 - Failure to integrate key acquisitions.

S Suppliers

- This includes:
- Loss of key trading partner.
 - Modern methods of construction.

Principal Risks and Uncertainties

Our priority throughout the year has continued to be the health and wellbeing of all of our stakeholders.

The 'risk matrix' is maintained on a rolling basis by our Chief Financial Officer and is the subject of regular review by the Group's Management Board team, with each senior manager responsible for underlying operating Group companies reporting into the operating Board's review. The Group's Management Board meets regularly, is attended by both Executive Directors and is chaired by the Chief Executive Officer. As part of these meetings, the Management Board meets to review on going trading, budgets and forecasts and consider new and ongoing risks and uncertainties to the Group's operating businesses.

Where appropriate additional, separate analyses or follow-up is undertaken of particular risks and issues identified.

Principal risks and uncertainties facing the Group are set out below, with changes to prior year as indicated:

-  Increased
-  Remains the same
-  Decreased
-  New Risk

| Risk | Change | Key controls | Ongoing action |
|---|---|---|--|
| C Economic environment E Ongoing challenging macroeconomic conditions, including uncertainty around inflationary pressures and high interest rates, continue to pose risks, including slower payments and customer insolvency. F Rising interest rates and the increased cost of living have had a knock-on effect to demand for new build housing and construction materials. The ongoing volatility could have a negative impact on the Group's results and ability to increase its market share. |  | <p>We monitor our core markets closely and maintain close relationships with our principal customers, suppliers, and manufacturers. Our key customers within the housebuilding market are financially robust but we monitor credit risk and debtors continuously.</p> <p>The Group's supply lines have remained resilient but are monitored closely and our risk mitigation plans are regularly reviewed.</p> <p>Working capital is monitored on a daily basis, with robust and active debtor control. Budgets and financial performance against KPIs are regularly reviewed.</p> | <p>Where opportunity presents itself, we will continue to prudently expand our geographical presence and the diversity of our business in order to better serve our clients and minimise risk.</p> <p>Our ongoing strategy of developing through acquisitions and organic growth maintains a high level of buying power within both the UK and EU markets, ensuring the Group can source sufficient products competitively to meet demand.</p> |
| P Talent retention & succession planning The success of the Group depends to a significant degree upon our senior management team. Failure to attract and retain individuals with the right skills, drive and capability may impact our ability to meet performance expectations. We also focus on ensuring that we plan for the future through the development of our people and recruitment of talented, experienced individuals. |  | <p>The recruitment and training of talent from within are actively promoted, when appropriate, with a focus on internal succession management.</p> <p>Where outside recruitment is needed, focus is on talent, industry experience and the reputation of individuals.</p> <p>We also endeavour to ensure that talent acquired through acquisitions is retained. We continue to review our remuneration policies to facilitate the recruitment and retention of talent at the highest calibre, in addition to maintaining entrepreneurial drive through the use of responsible incentives.</p> | <p>The Group has employee incentive schemes in place and continues to review the key aspects of its incentive arrangements and rewarding of staff.</p> |
| C Margin management F Prices may not remain at levels that are both competitive and achieve adequate margins. There is a risk that not all inflationary price increases can be passed on, resulting in lower margins. Rebate income may also not be adequately monitored and accounted for. Both or either may adversely impact financial performance. |  | <p>We regularly review and monitor margins and pricing within the market by customer, supplier and product.</p> <p>Where possible we seek to secure fixed pricing over a longer period with key trading partners so as to maintain pricing continuity.</p> <p>We regularly review and audit our rebate debtors and income. Monthly performance is reviewed against rebate reports from suppliers and internal rebate assumptions are closely monitored.</p> <p>Volume arrangements with UK manufacturers are carefully maintained.</p> <p>Arrangements with key trading partners, including rebates and relationships with other key trading partners are an important consideration when reviewing potential acquisitions.</p> | <p>We continue to monitor and improve the accuracy of ordering, scheduling and forecasting. Core relationships are maintained with key trading partners and, where possible, we seek to agree to prices on an annual basis.</p> <p>We also seek to diversify the products and services offered by the Group, to mitigate the impact of margin pressures in specific areas.</p> |

| Risk | Change | Key controls | Ongoing action |
|---|--------|--|---|
| E Government action and policy UK Government policy has a significant influence on the construction sector. These changes could be broad across the macro-economic spectrum, including rates of taxation and interest rates, as well as more specific policies targeted at growing the rate of construction of new properties in the UK, for example changing planning applications rules and scrapping national housebuilding targets. | + | We attend industry events, are members of relevant trade bodies and associations and closely monitor Government policy changes that would impact the construction sector. | The Group remains confident in the long-term growth opportunity of the construction of new properties in the UK. The Group invests in line with its overall strategy. This investment continues despite potential uncertainty over Government action and policy. |
| E Maintaining customer relationships & market reputation S The loss of a key customer or supplier could impact business performance. | ↔ | Relationships with key trading partners are valued and kept under continuous review. We monitor our markets and ensure that all key trading partners remain up to date with our unique selling propositions. The impact of potential acquisitions on our key trading relationships is carefully assessed as part of our due diligence process. | The development of new trading partners and the maintenance of sustainable long-term relations with our existing partners are key performance metrics for senior |
| S Modern Methods of Construction (MMC) MMC, or the factory construction of modular units for subsequent on-site assembly, has increased and attracted significant investment from several market participants. | ↔ | We continue to monitor the scale and use of MMC and the approach of Local Authority planners to their use and how members of the Group might be affected were their products, for example roof coverings, to fall into the factory build stage of such units. | We seek to ensure that the Group has close relationships with builders using MMC. |
| E Extreme weather Extreme weather events, whether in the form of excessive rain which causes flooding or snow, can have a material impact on customers construction sites and adversely affect demand for goods and services. | ↔ | The Group's geographical diversity across the UK reduces the impact of extreme regional weather events. | We continue to seek to increase our geographical reach through strategic acquisitions and organic growth. |
| P Failure to integrate key acquisitions Given the Group's acquisitive nature, there is a risk that the Group fails to integrate an acquisition. | ↔ | The Group completes both financial and legal due diligence, prior to an acquisition, to mitigate this risk. The Group Management Board executives also meet with the senior management of the company being acquired to ensure they will fit in with the Group. Following acquisition, the Group ensures compliance with its systems and reporting, while also undertaking regular business and performance reviews. | We continue to monitor existing acquisitions and maintain the due diligence discipline. Group policies and practices also undergo continuous review, to work towards a Group wide approach as quickly as possible. |
| F Cyber & Information security There is also a growing risk of fraudulent attacks on businesses. Such an attack could have the potential to significantly disrupt the Group's operations and result in loss to the business. | ↑ | The Group has recovery plans in place, and ensures systems are up to date with the latest cyber protection. | We continuously monitor IT systems in place to ensure they are up to date and regularly updated with the latest security protection. Ongoing training is also provided so staff maintain awareness of the risks and appropriate action to take should an issue arise. |
| E Sustainability & Climate Change The move towards a lower carbon economy in the UK is resulting in increasing regulation and requirements for companies in respect of environmental and social reporting and practices. These regulations could come with increased costs that may not be able to be passed on to the customer. Should these expectations and requirements not be met the Company's reputation and ability to do business could be impacted. | ↑ | Ongoing updates to legislation and social expectations are discussed at regular senior management and board meetings to ensure the Group is aware of any key changes. The Group has employed sustainability professionals to identify and help the Group implement initiatives to become more climate conscious. This incorporates an educational programme for our people as well as data collection and reporting. | We monitor the impact that the Group's operations have on the environment and its stakeholders to ensure compliance with all appropriate regulations. We also carry out checks on suppliers to ensure that they are also maintaining the high standards expected. |

Chief Financial Officer's Review

£594.1m

Revenue decrease of 12.8% to £594.1 million, with like-for-like** decrease of 17.9%.

** like-for-like revenue is a measure of performance, adjusted for the impact of acquisitions

£105.8m

Gross Profit decrease of 6.3% to £105.8 million.

£44.9m

Adjusted EBITDA decreased by 12.8% to £44.9 million.

£35.3m

Adjusted Profit Before Tax decreased by 20.9% to £35.3 million.

The Chairman's Statement and the Chief Executive Officer's Review provide an analysis of the key factors contributing to our financial results for the year ended 31 March 2024.

The financial results for the year reflect a combination of resilient performance across the divisions, along with the contribution from acquisitions made in the year and the annualisation of those acquisitions completed in the prior year.

Overall business performance is shown in our Key Performance Indicators on page 18.

Revenue

Revenue totalled £594.1 million for the year ended 31 March 2024. This represented a decrease of 12.8% compared to the previous year (2023: £681.1 million). Group like-for-like revenue decrease was 17.9% versus growth of 4.0% in 2023.

| Division | 2024 £m | 2023 £m | % Change | % Change like-for-like |
|-------------------------------|--------------|--------------|--------------|------------------------------|
| Bricks and Building Materials | 403.2 | 498.6 | (19)% | (19)% |
| Importing | 94.8 | 117.6 | (19)% | (34)% |
| Distribution | 62.7 | 63.0 | (0)% | (0)% |
| Contracting | 58.2 | 41.3 | 41% | 2% |
| Group eliminations | (24.8) | (39.4) | (37)% | (37)% |
| Total | 594.1 | 681.1 | (13)% | (18)% |

Gross Profit

Gross profit for the year decreased to £105.8 million from £112.9 million. Gross profit margin has increased notably by 120 basis points to 17.8%. This is driven by the impact of the two acquisitions in the second half of the financial year, together with improved gross profit mix across the divisions.

Statutory and Adjusted Profit, and Adjusted EBITDA

Statutory profit before tax of £21.4 million (2023: £34.5 million) includes other items of £13.9 million (2023: £10.1 million), which are not considered to be part of the Group's underlying operations. These are analysed as follows:

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Statutory profit before tax | 21,444 | 34,527 |
| Acquisition costs | 828 | 281 |
| Refinancing costs | 111 | - |
| IT transformational costs | 295 | - |
| Earn-out consideration classified as remuneration under IFRS 3 | 4,944 | 5,483 |
| Share-based payment expense | 1,456 | 1,567 |
| Amortisation of intangible assets | 10,233 | 8,399 |
| Unwinding of discount on contingent consideration | 2,418 | 2,891 |
| Share of post-tax profit of equity accounted associates | (71) | (123) |
| Fair value (gains) on contingent consideration | (6,352) | (8,432) |
| Total other items before tax | 13,862 | 10,066 |
| Adjusted profit before tax | 35,306 | 44,593 |
| Depreciation and amortisation | 5,672 | 4,715 |
| Finance income | (584) | (143) |
| Finance expenses | 4,538 | 2,365 |
| Adjusted EBITDA | 44,932 | 51,530 |

Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation and other items.

Adjusted EBITDA decreased by 12.8% to £44.9 million (2023: £51.5 million) for the year ended 31 March 2024. Detailed segmental analysis is per note 6 of the financial statements. The impact of the economic slowdown in the new building housing market was reflected in two of the divisions experiencing like-for-like revenue decline in the year, with Distribution broadly in line with the prior financial year and Contracting marginally ahead. Earn-out consideration classified as remuneration relates to Modular Clay Products and Taylor Maxwell (2023: Modular Clay Products and Taylor Maxwell), with both tracking in line with expectations. IT transformational costs relate to external consultant costs in relation to a strategic review of the Group's current IT architecture. Fair value movements on contingent consideration result in a gain of £6.4 million (2023: gain of £8.4 million). This relates to the movements in E. T. Clay Products and Heritage Clay Tiles being impacted by lower levels of demand, as well as the slowdown in the building in new homes further impacting UPOWA's anticipated growth trajectory.

Taxation

The statutory charge for taxation was £6.1 million (2023: £6.8 million), an effective rate of taxation (Tax expense divided by Profit Before Tax) of 28.4% (2023: 19.8%). The effective rate for the year is higher than the statutory rate of corporation tax of 25% mainly due to the effect of non-deductible expenses from a tax perspective. A breakdown is provided in note 15 to the financial statements.

Earnings Per Share

Basic EPS for the year was 5.06p (2023: 9.26p), a decrease of 45.4%. The Group also reported an adjusted basic EPS, which adjusts for the impact of the other items analysed in the table above. Adjusted basic EPS for the year was 8.66 pence (2023: 11.93 pence) per share, a decrease of 27.4%. The increase in the statutory rate of corporation tax reduced EPS by 0.63 pence, representing 5.3% of the 27.4% year-on-year decrease.

Dividends

Following a resilient trading performance for the financial year and also in recognition of the strength of the balance sheet at the year-end, the Board is recommending a final dividend of 2.28 pence per share, bringing the full-year dividend to 3.35 pence per share.

Subject to approval by shareholders, the final dividend will be paid on 26 September 2024, with a record date of 30 August 2024 and an ex-dividend date of 29 August 2024.

Balance sheet

Inventories at £29.8 million (2023: £33.2 million) decreased largely as a reflection of the reduced trading levels. The decrease in both 'trade and other receivables', and 'trade and other payables' on the balance sheet were in line with expectations having taken into account the impact of acquisitions, with the net cashflow impact reflecting similar working capital movements to prior year.

Cash Flow and Net Debt

Operating cash flows before movements in working capital decreased to £38.5 million from £46.2 million in 2023. Cash generated from operations decreased to £35.4 million from £44.9 million.

At 31 March 2024, the Group had net debt (borrowings less cash) of £56.5 million which compares to net debt of £8.0 million at the prior year-end. The main components of the cash outflows are: additional investment in property, plant and equipment of £6.1 million (2023: £7.2 million), tax paid of £8.6 million (2023: £11.1 million), the initial payments for three new subsidiaries net of cash acquired of £42.8 million (2023: £12.0 million), loans to the joint venture of £2.1 million (2023: £3.0 million), and the payment of deferred consideration, in relation to prior year acquisitions, of £5.2 million (2023: £3.5 million). Dividends of £9.9 million (2023: £9.1 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

The Group refinanced in October 2023 to a £100 million RCF on a club basis with HSBC and Barclays for an initial term of 3 years, with an option to extend for another year and then another option to extend for a further year. The level of the facility reduces over the term of the facility to £80 million. As at the year end, the RCF facility has reduced to £98 million and the Group had utilised £63.5 million of the facility.

Post balance sheet events

In May 2024, the Group committed to selling a property, and associated fixtures and fittings, that had a carrying value of £2.6 million at the year end. The consideration from the sale of the property is expected to be in line with the carrying value of the assets.

On 12 June 2024, the Group completed the sale of a freehold property for consideration of £2.9 million.

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. Further details concerning the assessment of going concern are outlined within the Going Concern and Outlook section of the Annual Report and Accounts on page 26.

Mike Gant

Chief Financial Officer

17 July 2024

Going Concern and Outlook

The period covered by the Going Concern review is the 18-month period from the year end to 30 September 2025.

After reviewing the Group's forecasts and risk register and making other enquiries, the Board has come to the conclusion that for the period of review, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The key uncertainty faced by the Group is the demand for its products and how these are impacted by economic factors.

Budget scenarios have been prepared to compare a number of outcomes where there is a significant and prolonged drop in demand in the industry.

For each scenario, cash flow and covenant compliance forecasts have been prepared. The worst-case scenario showed a drop in revenue of 30%, with no adjustment to overheads, would lead to a breach. However, if overheads were cut by 13%, then a breach could be avoided. This scenario in terms of revenue falling by this level so rapidly is considered remote.

Having taken into account the scenarios modelled, the Directors are satisfied that the Group has sufficient resources to continue to operate for a period of not less than 12 months from the date of this report and until at least 30 Sept 2025. Accordingly, the consolidated financial information has been prepared on a going concern basis.



Case Study: Edmiston House

Overview

Edmiston House is a new multi-purpose events hub with retail, museum, café and conference space, located next to the Rangers Football Club Ibrox Stadium in Govan, Glasgow. Designed by architects Keppie Design, it was important that the building was welcoming and sensitively branded, whilst in keeping with the local heritage and context. The new two-storey building has become a focal point for visitors to the stadium, offering a space for fans to come together and enjoy pre and post-match entertainment.

Taylor Maxwell worked with the architects to specify and supply Anvil expanded mesh cladding to the project, which allowed them to meet their design vision of a neutrally expressed form, inspired by Govan's rich engineering heritage. The project was managed by main contractors Sharkey, with the cladding installed by subcontractors Curtis Moore.

Concept

With a growing trend in European Football Clubs offering pre-match 'Fan Zones', the Rangers Football Club decided to create their own, providing a space to draw fans in, both before and after matches, thus reducing the pressure on public transport and surrounding roads. It was fundamental to the brief of this project that the building would serve the community and offer somewhere for local people to come together. It was also important that the building could provide flexibility and be easily adapted for different uses, such as conferences, live events and exhibitions. With inspiration taken from other similar builds at football stadiums around the UK and Europe, it was also decided that the external form of the building needed to be carefully considered to provide a neutral facade and a property that fit within the local context and Govan's industrial heritage.

Synonymous with its shipbuilding and naval roots, Govan still has a significant amount of engineering, shipbuilding and fabrication companies present in the area. It was therefore important to the architects that this heritage was recognised and reflected in the architectural design of Edmiston House.

Alongside considering the wider architecture of Govan, the Category B-listed main stand of the Ibrox Stadium was a large influence in the design of the new building. Although the architects didn't feel it appropriate to mimic the mass or the iconic red colour of the main stand, it was decided that some of the layering, horizontal banding and exposed engineered architecture should be replicated in the design to assist in tying the building in to its immediate and wider architectural context.

Completion

With the context of the local vernacular and shipbuilding history in mind, Keppie Design were keen to create a building that was industrial in appearance and that could be found in one of the local shipyards. Therefore, it was decided that Edmiston House would be clad in black anodised aluminium panels, with horizontal bands of Anvil expanded mesh cladding over the top, wrapping around the entire exterior. The Anvil expanded mesh allowed the architects to give a nod towards the horizontal banding on the stairwells of the main stand, whilst also referencing the fabrication heritage of the area. Visually, the expanded mesh cladding also added industrial texture to the facade, with light and shadow through the mesh, highlighting this banding feature. The black anodised finish chosen for both cladding materials provides a highly durable and scratch resistant finish, which was an important consideration for the architects when designing a building on a site with a high level of traffic. By pre-oxidising and pre-weathering both forms of metal cladding, the architects were able to give the project an immediate sense of permanence and create an illusion of the building having been part of the streetscape for a long time.

Completed in 2023, Edmiston House now offers a flexible events space in Govan that can be used for a range of purposes. The matt black neutral exterior creates a contrast with the vibrant and colourful interior spaces and merchandise inside, whilst achieving the industrial and understated design vision desired by the architects.

Section 172(1) Statement

Section 172(1) of the Companies Act 2006 ("S172") requires the Directors of the Company to act in good faith and in the way that they consider to be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard to the interests of other stakeholders. The Directors should also consider the desirability of maintaining high standards of business conduct and the likely long-term consequences of their decisions.

In the table below, we set out our key stakeholder groups and how we engage with each of them. Each type of engagement is designed to foster effective and mutually beneficial relationships so that we continue to work effectively with our stakeholders.

| Stakeholder Group | How We Engage |
|---|--|
| SHAREHOLDERS | |
| The Board and Management is in regular contact with its shareholders and listens to them when they express concerns and takes action to rectify those concerns. | <p>The Chairman and Executive Directors hold investor roadshows twice a year based around the half and full-year results. Feedback from investors is received at this time, as well as during the year.</p> <p>In addition, the Chairman and Executive Directors meet with investors on an adhoc basis including site visits where investors are able to meet local management.</p> |
| The Company takes into account how shareholders might be affected when it makes investment decisions to grow the business via acquisitions, a key part of the Group strategy. | <p>The Company made two significant acquisitions during the year, which were Group Topek Holdings Limited in October 2023 and Topek Southern Limited and its holding company TSL Assets Limited in January 2024. Following acquisition, shareholders were advised through conversation of the rationale for the acquisitions and have been very supportive of the Company.</p> <p>When making decisions to fund acquisitions, the Company takes into consideration how issuing new shares, or increasing debt, might have an effect on the Company's share price.</p> |
| EMPLOYEES | |
| As at 31 March 2024, we employ over 800 people in the Group, across four divisions in over 70 locations across the UK and also operate a roof tile joint-venture in Germany. | <p>Our employees bring a broad range of experience, expertise and perspective to Brickability that contributes to the delivery of our strategic objectives. The Board recognises that employees are the cornerstone of the business.</p> <p>For details on how we engage with our employees, please see page 32 of the Environment, Social and Governance report.</p> |
| SUPPLIERS | |
| The Group recognises and actively develops its relationships with its suppliers and works closely with them to ensure that the relationships are productive for all parties. | <p>Our supply chain includes product suppliers, energy suppliers, engineering & electrical suppliers and professional services providers.</p> <p>The Group expects its suppliers to adhere to business principles consistent with the Group's own. Suppliers are expected to adopt and implement acceptable health and safety, environmental, product quality, labour, human rights, social and legal standards. Conformance to these standards is assessed by on-site supplier visits on a regular basis.</p> <p>The Group's policy is to pay suppliers in line with its standard terms except where alternative arrangements have been agreed in advance with individual suppliers.</p> <p>The Group does not follow any external procurement or payment code.</p> |

Stakeholder Group

How We Engage

CUSTOMERS

The Group is committed to putting its customers at the heart of everything it does by providing high-quality products and service. All employees are expected to behave respectfully and honestly in all their dealings with customers and the general public.

The Group has good relationships with its customers.

The Group works with its customers to provide sustainable products in order to help customers to meet their ESG targets.

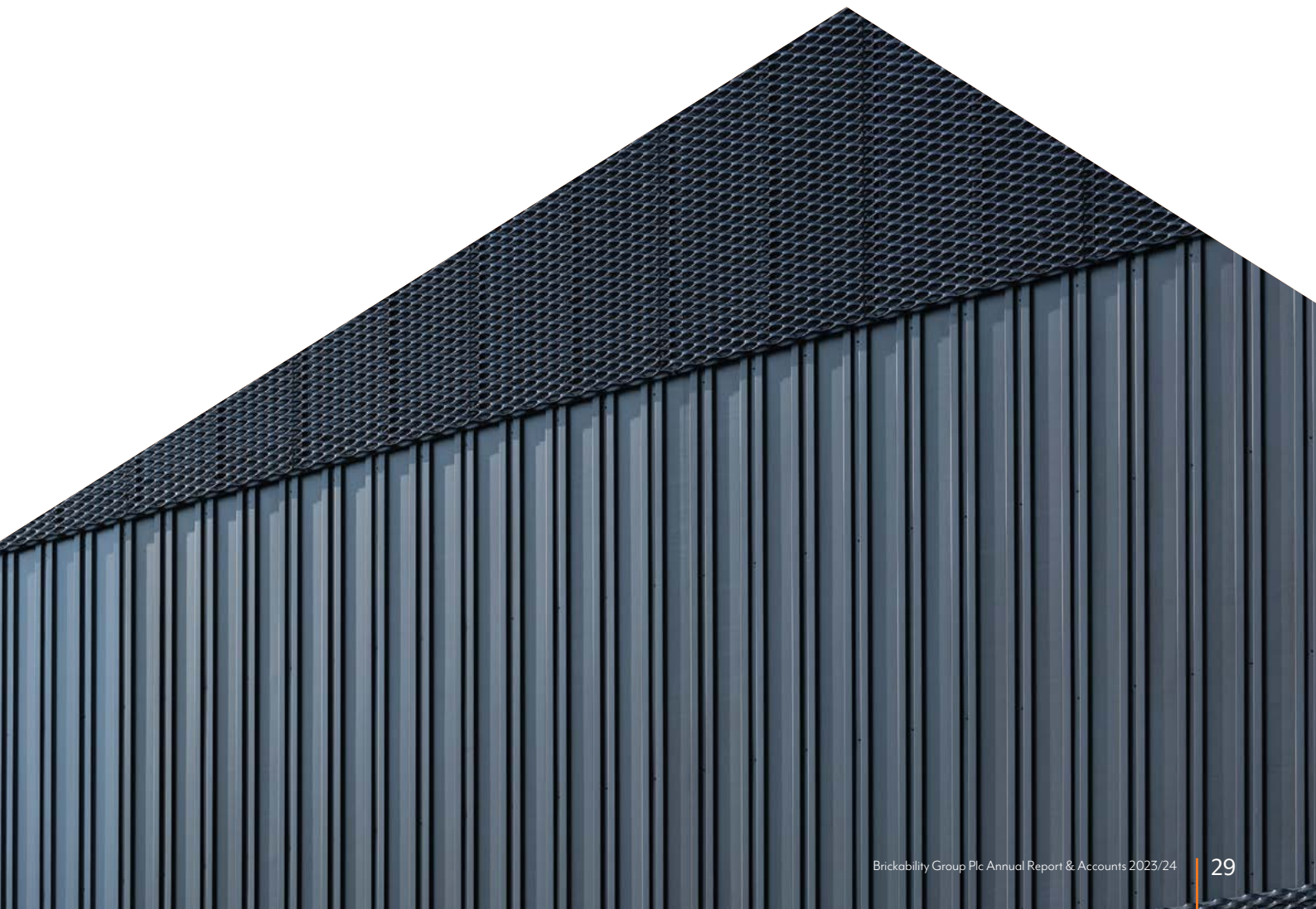
COMMUNITIES

The Group is committed to making a positive impact to communities.

The charities we support reflect the passions of our own employees and their families, ensuring that our Foundation is led with heart and integrity and aligned with our values every step of the way.

The Heel and Toe Foundation was our Charity of the Year 2023. Their mission is that 'No Child Should Be Denied Therapy Due To a Lack of Money'. They provide a range of therapies and support for young people with Cerebral Palsy and other disabilities.

Please see the Environment, Social and Governance section of the Company's website, www.brickabilitygroupplc.com, for further information on how we engage with the communities in which we work.



Environmental, Social and Governance (ESG)

The Group supplies building materials to contractors, developers, merchants, and builders across the UK. As a major business in the construction supply chain, we have a role to play in tackling environmental challenges. Our stakeholders – namely our people, shareholders, customers, suppliers, and our local communities rightly expect us to rise to the challenge of sustainability and act across all the businesses in the Group.

This financial year was the first full year of implementation of our *ESG Strategy*

'Together for the Future'

which sets out our approach to planet, people, partners and governance.

Our ESG strategy underpins our work to support our customers to design and build sustainable developments, where people can thrive and to work with our partners to drive positive change in the construction industry. We believe our strategy helps guide us to continue to take the necessary actions to future-proof our business in areas that are material for our stakeholders.



PLANET

be Carbon Net Zero
in our own Operations
by 2030*

*in our own operations



PEOPLE:

by empowering
people to be the best
that they can be



PARTNERS:

to be one of the most
trusted partners
for suppliers and
customers

Our ESG Strategic Priorities



Planet (Environmental)

To meet the challenge of climate and ecological emergencies, we are committed to changing the way we do business, both within our own operations and through the supply chain. Our ambition is to be a group of businesses operating in balance with the planet - not taking more than we can give back.

Decarbonisation

It is our goal to be carbon net zero in our own Scope 1 and 2 operations of our sales businesses by 2030.

This is the second consecutive financial year we have completed a full carbon measurement of all of our Scope 1 and 2 emissions (building on our retrospective pre-lockdown 2019 baseline).

Our energy and emissions reported have decreased, predominately through the increased use of electric cars. The intensity of our CO₂ increased to 7.23, which is a factor of the lower reported revenue for the financial year. For the future, we will continue to improve our reporting and measurement across our businesses, drive forward our decarbonisation strategy and integrate acquisitions quickly into our ESG practices.

| Carbon Dioxide Equivalent (CO ₂ e) Tonnes | 2024* | 2023** | 2022 |
|---|--------------|--------------|---------|
| Total Energy usage kWh | 13,546,442.4 | 16,666,183.7 | N/A |
| Scope 1 | 4,041.8 | 4,156.8 | 1,762.0 |
| Scope 2 | 253.0 | 222.0 | 65.9 |
| Total Scope 1 & 2 | 4,294.8 | 4,378.8 | 1,827.9 |
| Intensity Tonnes of CO ₂ e from scope 1 and 2 sources per £m of Revenue | 7.23 | 6.43 | 3.52 |

* Brickability Group, including our sales businesses, our haulage company McCann Logistics and our small manufacturing units. It does not include emissions from our part-operational joint venture Schermbeker in Germany. Data is from 1 January - 31 December 2023.

** Brickability Group PLC plus data from McCann Logistics included for the first time, which explains the increase on 2022.

Conversion factors taken from Department for Energy Security and Net Zero, Greenhouse gas reporting: conversion factors 2023.

Net Zero Supply Chain (Scope 3 emissions)

Working closely with our suppliers to achieve a net-zero supply chain is a key part of our strategy. This financial year, we have continued to develop the reporting framework for measurement of Scope 3 emissions across significant parts of our supply chains. We have been able to supply more Environmental Product Declarations ("EPDs") for our customers and accompanying freight carbon measurements. Reporting of Scope 3 is a priority for continued development in the coming financial year.

Energy Use

We completed our ESOS assessment this year and through the process have identified ways to potentially reduce energy use by between 10 and 20%. We will be trialling the new approaches with ten of our businesses.

Renewable Energy (procurement)

We are increasing the number of electricity meters that use renewable electricity. Over half of owned premises purchase some renewable energy. As energy contracts come up for renewal we will continue to make progress toward our target of 100% renewable energy in our owned premises, alongside influencing landlords to do the same.

Car fleet

57% of our car fleet is now electric, 101 cars out of 176. The roll out of EV chargers across our owned premises continues.

Resource use and management

We will effectively manage and reduce our resource use.

Waste

We have made good progress during the year to improve transparency and understand the waste journey of all of our waste across our businesses – to progress towards our goals of zero avoidable waste and zero waste to landfill.

Behaviour change and capacity building

To play our part in the drive towards a net zero supply chain, our main focus this year has been to build knowledge in our teams around EPDs, embodied carbon, and how to report on Scope 3 carbon emissions (product and freight). We continue to encourage our teams to actively participate in the Supply Chain Sustainability School.

Restoring balance

We will give back to the planet and contribute to biodiversity.

The first year of our three-year project with Earth Trust Charity has been hugely successful, and we are planting 10,000 trees with the Woodland Trust. See page 35.

People

We are on a journey to create a culture of inclusion, diversity and equality where differences are welcomed, celebrated, and appreciated, and everyone is supported to reach their potential.

This year we continued to build upon the foundations laid since becoming a PLC. Our integrated health and safety, people management, and payroll system was installed which will streamline reporting, facilitate information sharing, and enable trend analysis. These systems allow us to better monitor KPIs, particularly around diversity, ensure equity and to celebrate successes.

Health and Safety

Health and Safety (H&S) was a top priority this year, reflecting our commitment to exceeding H&S standards, and creating a safer workplace for everyone. Our new unified H&S approach has standardised H&S protocols across all our businesses, enhancing fire safety protocols, risk assessments, and inspections. The rollout of our integrated H&S management system, incorporated into our new HR system, will further streamline reporting and improve oversight.

Our organisational culture around H&S has significantly improved, with visible management commitment across all levels. We've delivered 230 hours of face-to-face H&S training, resulting in a proactive approach to safety investments, addressing safety issues before they arise and ensuring a high-quality work environment.

Wellbeing

This year saw the rollout of the Employee Assistance Scheme across the Group, ensuring consistent access to personal and work-life wellbeing resources. Employees now benefit from counselling, workshops, and support covering a range of issues, from menopause to debt and stress management.

Recognising the need to support employees and their families during times of crisis, we've introduced an enhanced sickness scheme, going beyond basic sick pay. This scheme ensures that employees facing significant health challenges, such as cancer diagnoses, receive the necessary support.

Diversity and Inclusion

Brickability is committed to fostering a diverse, equitable, and inclusive workplace where every individual is valued and empowered to contribute fully to the Company's success. In a move to standardise benefits, we have transitioned all employees to a unified pension scheme under the Legal & General Group Mastertrust. This ensures consistency in benefits across the organisation and simplifies administration. Our improved integration process for newly acquired businesses is ensuring equity of benefits across the Group.

Learning, Development, and Early Careers

Our commitment to fostering young talent and career growth was underscored by the graduation of the first sales apprenticeship cohort from the Brickability Academy. We've engaged and encouraged other young people into the Group, bringing them in at the grassroots level to train in areas where there is a skills shortage and supporting them with loans to learn to drive. Our vision is to extend these programs across the Group, providing training and support to advance the careers of young people.

Managers benefited from training and workshops designed to enhance their people management skills and effectiveness.

It's now been 12 months since we launched our Sales Foundations Programme, a first for Brickability Group PLC. We have seen each of our Sales Trainees thrive, developing their confidence, knowledge and professionalism with mentorship from our experienced employees and excellent sessions with our training partner Pareto. Our trainees had diverse backgrounds from bricklaying, veterans, and even a teacher! Now approaching their end-point assessments, we couldn't be prouder of what they have achieved.

JACK MULHOLLAND, SALES TRAINEE - BRICK SERVICES

“Since starting my apprenticeship, I have learned an incredible amount about the construction industry, been fortunate enough to travel around the UK visiting famous brick works and taken advantage of countless opportunities to develop my skillset. I was interested in this role and course because I enjoy new challenges! Every day is different, and I get to meet and interact with a wide variety of people and businesses. I’m looking forward to finishing my apprenticeship and utilising the tools and guidance I have received to make positive impact in the business.”

Engagement

We want our employees to enjoy coming to work and feel engaged and motivated to do their best every day. Our new HR system has been designed to facilitate more effective engagement with employees. Regular events were organised to encourage collaboration and build teamwork, ultimately enhancing employee engagement – including Topek’s inspiring regular lunchtime mental health walk.

Communities and Giving Back

We have made a significant impact on people and communities through our Brickability Foundation and the efforts of our people. You can read more on page 35.





Partners

Partnership working is at the core of Brickability's success.

We aim to work in partnership with everyone in the supply chain to reduce the impact of our products and services on people and the environment. We are GOLD members of the Supply Chain Sustainability School, and continue to work to drive engagement across all of our businesses to improve skills and collaboration.

Low Carbon Products and Partnerships

As interest increases into lower carbon products in the construction sector, we have been developing our strategy to innovate, trial and form new partnerships to both build our market for the future and lower emissions and impact.

We are expanding our sustainable product range in underfloor heating, solar PV, and the development of larger radiators. These areas not only cater to the growing demand for energy-efficient solutions but also contribute to the reduction of overall energy consumption in buildings. Bespoke Brick have secured UK exclusivity for the Lowie eco-brick, and McCanns introduced the 75% recycled Envirotile. We're also exploring a Hydrotreated Vegetable Oil (HVO) fuel trial in McCann Logistics.

Leading the way

In line with our values, Taylor Maxwell sponsored the Environmental Achievement Award at the Timber Trade Journal (TTJ) Awards. They also won the Softwood Trader: Importer of the Year and prestigious Timber trader of the year.

Managing Director Alex Moffat said, "All the team are absolutely delighted to win two awards in the same day at the TTJ Awards in their 150th year! The wins are a reward for our increased presence in the imported timber sector in the UK over recent years, as well as recognition of our diverse offering from our excellent homegrown suppliers."



Image is reproduced courtesy of TTJ

Responsible procurement

We've conducted training on modern slavery to ensure that our staff are vigilant and empowered to recognise and report any potential risks. We've also supported our people in understanding how to manage and report Scope 3 emissions (see Decarbonisation).

CASE STUDY: PIONEERING WITH UPOWA

Our business UPOWA has continued to push forward on renewable technologies, having launched a new Air Source Heat Pump Cylinder, designed to heat water efficiently, working seamlessly with electric radiators. This reduces the carbon footprint in residential heating environments.



Giving Back

A successful second year of our Brickability Group Foundation supported our strategic aim to give back to people, communities and the environment.

This year we donated £230k in cash (2023: £120k) to good causes. Our approach is to maximise our impact through partnerships and to inspire our employees to give back.

Restoring Balance (biodiversity and the environment)

Inspiring Future Green Leaders – with the Earth Trust

2023 was the first year of our exciting Inspiring Future Green Leaders project – £20k a year for three years. Led by Earth Trust charity, 450 children who may otherwise have limited access to green spaces, are engaging in real-world STEM learning. And forging strong connections between these young minds and the natural world. The project aims to light a spark of wonder, curiosity, and – we hope – inspire them to see themselves as leaders who can make a real difference for our shared future.

First visits have now taken place and armed with the experiences and discoveries from their time at Earth Trust, our young Green Leaders will now embark on their own school sustainability projects. They will work on their ideas over the winter months, before the Earth Trust Education team visits them, to work with the entire school to implement their green space improvements.

They may create wildlife habitats, grow food to share, or find other innovative ways to tackle climate challenges in their communities. We can't wait to see the projects that emerge next term as these students make their ideas a reality.

Planting Trees with The Woodland Trust

We are enabling communities and schools across the UK to plant 10,000 trees, with funding of £30k to the Woodland Trust. The UK needs millions more trees to reach its 2050 carbon net-zero target – and to create homes for nature and places for people to enjoy.

Communities and People

Heel and Toe Foundation

The Heel and Toe Foundation was our Charity of the Year 2023. Their mission is that 'No Child Should Be Denied Therapy Due To a Lack of Money'. They provide a range of therapies and support for young people with Cerebral Palsy and other disabilities. Our involvement with Heel and Toe was inspired and led by one of our employees' experiences. We donated £20k in the financial year.

Sports Connect

The first year of our three-year partnership (£20k per year) with the inclusive sport for all, education organisation using the power of sport to inspire, motivate and educate in the South East. We are supporting three core projects, a calm club, mental health support through sport and a mentoring programme. The programme is tailored to support youth justice, vulnerable adults, victims of domestic abuse and parental wellbeing.

Our Amazing Employees

Our ESG strategy and our Foundation aims to actively inspire and enable our employees to make a difference. This year we donated a total of £230k (2023: £120k; 2022: £55k) to support communities and causes close to our employees' hearts – through match-funding, sponsorship and grants to 21 charities. Through our matched giving donation of £26k (2023: £46k) matching our employees own fundraising efforts, this made a total amount reaching our employees good causes of £52k (£92k).

Events ranged from marathon running, dragon boat races, mountain climbing, cake sales and even a channel swim by Tony Wrighton of Radiator Valves. These benefited many national and local charities from MND, to Cancer Research, Abigails Footsteps, Mencap, British Heart Foundation, Haven Hospice and the Treorchy Male Voice Choir.

Tony Wrighton from RadiatorsValues UK completed a 12hr 55m channel relay swim, bracing open water with jellyfish and other creatures to raise £9k for learning disability charity Mencap. Tony was supported by Mike Ruck, Cory Reynolds and Nick Boaz.



Louiza Thomas from Radiators Online also completed a muddle 5k Race for Life, raising over £300 for Cancer Research. Well done to both!



Governance

We recognise that good governance is not only crucial for our performance and relationship with shareholders, but it is also important for society and the environment.

Task Force on Climate-Related Financial Disclosures (TCFD)

1. Governance

a) Describe the Board's oversight of climate-related risks and opportunities.

The Board of Brickability Group PLC holds the ultimate responsibility for both risk management and ESG matters, including the oversight of climate-related risks and opportunities. This oversight is critical to ensuring that strategic decisions are consistently aligned with the Company's comprehensive environmental, social, and governance (ESG) goals, as outlined in our 'Together for the Future' strategy.

Responsibilities and Skills Related to Climate Change & ESG:

Board: The Board directly oversees the Company's ESG strategy development and delivery. It oversees the development of the climate-based risk and opportunity analysis and is responsible for ensuring any material issues are embedded into risk assessments, strategic planning and decision making.

CEO (Chief Executive Officer): The CEO leads the integration of climate strategy into company operations and ensures alignment with strategic goals. This role oversees resource allocation for ESG initiatives and communicates climate-related progress to the Board, facilitating informed decision-making and oversight.

Divisional Directors: Tasked with implementing ESG and climate-related strategies within their respective divisions, ensuring alignment with overall corporate objectives and compliance with environmental regulations.

ESG Lead: Reports directly to the Chief Executive Officer and provides quarterly updates to the Board. This role is pivotal in bridging daily operational management with strategic ESG oversight, facilitating a comprehensive view of the Company's environmental footprint and climate-related challenges and opportunities.

Group Business MDs and Environmental Champions: These roles focus on operationalising ESG goals at the business unit level, championing environmental initiatives, and ensuring local compliance and alignment with the group's ESG strategy.

We are working to integrate climate considerations more deeply within the governance framework. Consideration of the ESG agenda through Board reporting, engagement in climate risk and opportunity analysis and training for Board members to deepen their understanding of climate-related risks and strategic responses.

Priorities for 2024: Enhancing Board Oversight of Climate-Related Matters

For 2024, we aim to bolster our governance structure around climate-related issues through the following strategic initiatives:

| Priorities for 2024 | Our plans |
|---|---|
| Establish an ESG Governance Committee to provide more focused oversight on climate and other matters. | Establish the committee by Q2 2024, define roles and integrate it with governance structures. |
| Review our ESG Governance and Management structure. | Review to take place in Q2 after new CEO has started. |
| Advanced Training for Board Members to develop Board's capability and expertise. | Hold semi-annual trainings starting Q2 2024. |
| Enhanced Reporting of progress against our ESG strategic priorities. | Develop more detailed reporting mechanism to monitor climate-related metrics and progress. |
| Improve Climate Risk Reporting – enable more informed decision-making and risk management. | Develop a climate risk/issues dashboard for Board review starting Q3 2024. |
| Strategic Review of Climate Policies | Review of current strategy, to realign with latest scientific and market developments (significant changes from our customer base). |

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Management's role involves execution and day-to-day management, overseen by the CEO and led by the ESG Lead. Consultation takes place with the Divisional Directors, who cascade to our team of c40 MDs. Responsibilities are set out in a) above. Key responsibilities include - implementation of strategies, monitoring and reporting and stakeholder management.

| Priorities for 2024 | Our plans |
|----------------------------------|---|
| Expand Stakeholder Engagement | Carry out materiality assessment and develop stakeholder engagement program, to align and update practices according to the latest standards and expectations (with specific reference to Scope 3 emissions). |
| Strengthen Reporting Mechanisms | Enhance the existing metrics reporting framework. |
| Targeted Training for Management | Introduce specialised climate management training for all divisional directors and MDs. |

2. Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Strategy: Navigating Climate-Related Risks and Seizing Opportunities

Brickability understands that the global construction market is shaped by economic factors and also by political and regulatory responses to climate change. As a key supplier in the construction industry, our strategic approach combines making a case for the long-term environmental benefits of clay bricks and their ability to play an important role in a future less-disposable circular economy. Coupled with an expansion into innovative, low-carbon products. We recognise the necessity to adapt our strategic approach to climate-related risks and opportunities within defined time horizons:

Short Term (0-5 years to 2030): We continue to promote the sustainability benefits of clay bricks - durability of hundreds of years and potential for re-use – and work with partners to explore carbon reduction options. We are consulting with our major customers and expanding our portfolio to include more sustainable, innovative low-carbon products, in particular in energy generation, heating, cooling and EVs. We aim to enhance the resilience of our supply

chain against impacts of climate variability and weather-related disruptions through robust logistics and contingency planning to maintain supply chain integrity and reliability.

Medium Term (2031-2040 years): As we progress, our strategy focuses on sourcing and innovation to expand our sustainable and low-carbon portfolio further. This aligns with shifting market demands and helps us prepare for stricter environmental regulations. Simultaneously, we will continue to advocate for the lifecycle benefits of clay bricks - extended lifespan over other products and can be reused or recycled, a reduced carbon impact through longevity.

Long Term (2041-2050 years): Looking towards the future, we are committed to aligning with broader climate goals, such as reducing carbon emissions to net-zero. Our long-term strategy involves influencing and participating in industry-wide shifts towards sustainable building practices and materials, which will likely become standard as regulatory environments evolve globally. We also aim to influence how building materials are evaluated on a lifecycle basis, advocating for a system that better recognises the sustainability contributions of long-lasting materials.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Identified climate-related risks and opportunities:

| Risk & Opportunity | Time frame | Description | Potential financial impacts | Mitigation |
|-------------------------------|---------------------|---|---|--|
| Risk | Short | Possible carbon pricing legislation by 2030 aims to reduce emissions via a carbon tax on business activities and materials. Transition, policy and legal | Introduction of carbon tax impact on Brickability Group's operational costs. | Significant investment required and/or offset cost Audit emissions for accurate reporting and integrate decarbonisation /low-carbon transition into strategy. |
| Risk & Opportunity | Medium/ long | Emerging legislation could impact product availability and raise costs, carbon tax & possible mandatory embodied carbon limits. Also, perception from enhanced Scope 3 reporting. Transition, policy and legal | Possible if not mitigated by better carbon assessment. Opportunity to develop existing and new revenue streams. | Lobby for better assessment of carbon in building – ie construction vs lifetime assessment. Innovation and collaboration to develop and supply new, low-carbon products. |
| Risk & Opportunity | Short/ medium/ long | Legislative changes impacting housing specifications ie Future Homes Standards driving product choice. Also, legislation re single use plastics. And phasing out of gas boilers (bigger radiators). Transition, policy and legal | Demand changes – could decrease or increase revenue dependent on product range. | Understand & adapt to Future Homes Standards, other legislation/ market shifts. Make case re clay bricks longevity. Innovate & collaborate with suppliers re new products/ inc timber sales. |
| Risk | Medium/ Long | Anticipation of a carbon tax on fuels may drive a shift towards alternative fuels like Hydrogenated Vegetable Oil (HVO), stressing supply due to increased demand. Transition, policy and legal | Elevated operating costs – offset by pricing. (McCann Logistics) | Adapt our strategy in response to market developments and the evolving regulatory landscape. Short term - initiate trials of HVO fuels. |

| Risk & Opportunity | Time frame | Description | Potential financial impacts | Mitigation |
|-------------------------------|---------------------|--|---|---|
| Opportunity | Short/ medium/ long | To develop more renewable energy technology products through our company UPOWA as the way new build housing developments (and their vehicles) are powered changes. Transition, technology | Surge in demand for renewable energy products and services, driving revenue growth. | Continue to innovate and develop new products. |
| Risk | Short/ medium/ long | ENERGY: Potential unavailability of gas within 20 to 30 years, also energy cost volatility and European Carbon taxation. Transition, market | Disruptions to manufacturing processes, higher costs. | Explore innovation and alternative energy sources. Implement energy-efficient measures. |
| Risk & Opportunity | Short/ medium/ long | Possible market shift towards improvement of existing structures over new builds and climate retrofitting. Transition, market | Opportunity to develop supply into the retrofit market. | Adapt business operations to cater to the retrofit market. |
| Risk | Medium/ long | Increased severity of weather patterns, including storms, cyclones, floods and wildfires, impacting both production (clay brick/timber) and group operations. Transition, physical | Weather variability may disrupt production capacity & supply, and/or disrupt operations at the Group's offices. | Ensure a diverse supply chain with different supply locations. Cloud-based IT systems and remote working capabilities. |

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

This is our first year conducting scenario analyses to assess the resilience of our strategic plans against various climate-related scenarios.

| Scenario | Regulatory Changes | Market Shifts | Physical Impacts |
|--------------|---|---|---|
| 2°C or Lower | Stringent carbon reduction requirements | Increased demand for circular economy/ longevity/ low-carbon products | Moderate, managed through proactive adaptation |
| 4°C | Late, abrupt regulatory responses | High volatility in market demand | Severe, frequent weather events disrupting operations |

2°C or Lower Scenario: This scenario assumes successful global efforts to limit warming, aligning with the Paris Agreement's goals. It envisages increased regulatory demands for carbon reduction and a significant shift towards sustainable building practices and materials – lower carbon or lifespan of products.

Strategic Adaptation: Ensure clarity on longevity of clay brick and potential to play a significant part in the necessary transition to a circular economy model. Accelerate the development and market introduction of low-carbon and sustainable products. Increase R&D for renewable energy/heating/cooling technologies and sustainable practices. Expand stakeholder engagement to align with global sustainability efforts. Ensure resilience against increased costs from higher regulatory standards by focusing on enhanced energy efficiency and other innovations.

4°C Scenario: Represents a failure to adequately address climate change, leading to severe physical impacts and disruptive market transitions. This scenario anticipates minimal regulatory changes initially, followed by sudden and possibly stringent adjustments as physical impacts become more pronounced. Supply Chains and operations will be disrupted.

Strategic Adaptation: Focus on flexibility in operations to quickly respond to market and regulatory changes. Strengthen contingency planning for extreme weather events and enhance adaptive capacity across the business.

Resilience and Flexibility: We are building an understanding of the likely impact into our strategic planning process. We will continually monitor environmental regulations and market trends to adapt our strategies accordingly. By maintaining a strong focus on stakeholder management, influence, innovation and sustainability, Brickability ensures its strategy remains resilient across a range of potential futures.

3. Risk Management

a) Describe the organisation's processes for identifying and assessing climate-related risks.

Brickability Group is refining our approach to integrate climate-related risks into our overarching risk management framework. This process assesses both immediate and long-term risks, such as regulatory changes, for their potential impact on our operations.

Our Risk Identification and Assessment Process:

| Identification | Assessment | Integration | Oversight and Reporting |
|---|---|--|---|
| ESG lead works with Directors and stakeholders to conduct environmental scanning to identify physical and transitional climate-related risks. | We evaluate the financial implications of each risk, considering their severity and potential impact on our business. | Risks identified are integrated into our broader risk management framework, ensuring comprehensive risk consideration. | Oversight by the Board and senior management ensures findings are reported transparently in line with TCFD recommendations. |

Future Plans:

- In 2024, we aim to strengthen our process with a stakeholder materiality index framework to prioritise risks (and opportunities) effectively.
- We plan to enhance the integration of climate-related risks into Board committees for improved governance.

b) Describe the organisation's processes for managing climate-related risks.

In our second year of TCFD reporting we are in early phases of implementing a strategic approach to manage climate-related risks. Our primary strategy is set out in our ESG Strategy "Together for the Future." This strategy focuses on monitoring and mitigating significant risks through operational improvements, building the clay brick market and carbon evidence base and introducing renewable energy and products that support a developing low carbon market. We prioritise risks based on their potential impact on sales. As we continue to improve our risk identification and analysis processes, we will build our management strategy alongside this.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

We are continuing to integrate our process for managing climate-related risks into our overall risk management framework, with climate change being the principal risk. This integration is facilitated through a collaborative approach involving our ESG lead, Board and Divisional Directors.

Included within the climate-related physical risks faced by the Group is the risk of flooding, which could have an impact on the demand for the Group's products and services, should construction projects be halted, or on business operations if a property or site becomes flooded. We have assessed the exposure of the Group's properties to flood risk, with the risk identified as very low to medium for the majority of properties due to their location. Three properties were identified as being in an area with a high risk of surface water flooding. We will continue to remain vigilant of extreme weather warnings, particularly in those areas with an elevated risk, whilst continuing to monitor associated insurance and recovery policies and any changes in the level of risk, to minimise the potential impact of climate change.



4. Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

See table below (4c).

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Our Scope 1 and 2 emissions are recorded on page 31. We have recorded more Scope 3 emissions this financial year in response to customer requests, focused on product and freight. We have begun developing a more systematic approach to recording our Scope 3 emissions that will develop in the following financial year.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

| Category | Metric Description | Target | Progress | Linked Climate Risk/ Opportunity |
|---------------------------|---|---|--|--|
| GHG Emissions Scope 1 & 2 | Absolute tonnes of CO ₂ equivalent and per £ of revenue (Scope 1 & 2). | Achieve net-zero carbon emissions in sales operations by 2030 and across the supply chain by 2050. | Decrease in Scope 1&2 in the financial year but increase in intensity £. | Transition risks due to regulatory changes requiring lower emissions. |
| Renewable Energy Usage | Proportion of energy derived from renewable sources. | All owned sites to be powered by renewable energy by 2030. | 50% of meters now green. | Mitigates transition risks by decreasing dependency on non-renewable energy sources. |
| | | 75% of leased sites to be powered by renewable energy by 2030. | Unknown – to be assessed. | |
| Energy Efficiency | Energy consumption per unit of output. | Improve energy efficiency by 15% by 2030. To be confirmed after post ESOS evaluation during the financial year. | Trial to take place 2024. | Addresses regulatory and market risks related to energy consumption and carbon pricing. |
| Water Usage | M ³ of water used across all sites. | Metric still to be decided. Water usage is low, with expected metric in place during 2025. | | Physical risk management. |
| Waste Management | % avoidable waste. % waste to landfill. | Zero avoidable waste. Zero waste to landfill | Progress made on assessment – to be continued in 2024. | Opportunity to improve environmental Stewardship. Regulatory risks waste management practices. |
| Scope 3 Emissions | Total Scope 3 emissions. | Net Zero Carbon by 2050. | Scope 3 measurement enhanced 2023/24. Priority for 2024/25. | Possible regulatory requirements for full scope reporting in the future. Stakeholder Management. |

The Strategic Report on pages IFC to 40 was reviewed and approved by the Board on 17 July 2024.

Frank Hanna

Chief Executive Officer

A low-angle, upward-looking photograph of a modern building with a light-colored brick facade. The building features large, rectangular windows with dark frames and decorative panels. A prominent blue geometric overlay, consisting of several overlapping triangles and lines, is positioned in the upper half of the image, creating a dynamic, architectural feel. The sky is visible in the background, showing some clouds.

Corporate Governance

Board of Directors



JOHN RICHARDS
Non-Executive Chairman

John joined the building materials industry after serving a graduate traineeship with the Delta Engineering Group. He served at Ibstock Brick for 31 years as Sales and Marketing Director, Director and General Manager and as Managing Director of several of the Group's subsidiaries.

He now also serves as Chairman of Facilities by ADF plc, a leading supplier of trailers and logistics to the TV and film industry, Chairman of JR and M Investments, a supplier of finance to contractors, and is a Director of Birmingham Moseley Rugby Club.

John joined the Board on 6 March 2018 as Chairman.

Committee membership:



FRANK HANNA
Chief Executive Officer

Frank took up his position as Chief Executive Officer of Brickability Group PLC on 15 April 2024.

He has over 34 years of experience in the brick industry.

Frank previously spent over 14 years at Michelmersh Brick Holdings plc, of which he served as joint Chief Executive for 8 years, where he oversaw the significant growth of the business through a series of strategic acquisitions.

Frank joined Freshfield Lane Brickworks ("FLB") in 1991 before it was acquired by Michelmersh in 2010. He was appointed to the Board of FLB in 1996 as Sales & Technical Director before becoming a shareholder in 2000. Before that, Frank was at Lesser D&B and Hanson Brick Ltd.

He is highly regarded in the brick industry, having previously chaired both the Brick Federation and the Promotional Working Party within the Brick Development Association. He has also served as a main Board member of the Brick Development Association.



MIKE GANT
Chief Financial Officer

Mike is a Chartered Management Accountant with an MBA from Nottingham Business School who joined the Board in 2021. Prior to joining, he served as Group CFO at Walker Greenbank plc.

Mike is a highly experienced CFO and brings a breadth of financial, strategic and M&A experience to the Group from his previous roles at Bass plc, Marstons plc, Geest plc, Constellation Brands Inc, Britvic plc and Walker Greenbank plc.

Mike joined the Board on 30 April 2021

Committee Key:

 Committee Chair

 Audit & Risk

 Nominations

 Remuneration

The Board oversees the growth, strategic development and governance of the Group. It is formed from representatives of various stakeholders and brings together both investment and operational expertise.



CLIVE NORMAN
Non-Executive Director

Clive has over 30 years' experience in the radiator import and service business throughout both Europe and the UK.

As the former Vice-President of Delonghi Heating and CEO of Ferroli, a commercial producer of boilers, radiators, towelrails and air conditioning, he oversaw sales growth to substantial numbers.

Clive joined the Board on 6 March 2018.

Committee membership:

N



DAVID SIMPSON
Independent Non-Executive Director

David, an Accountant by profession, has significant experience in the housebuilding sector, having worked with luxury home developer, Millgate, for over 17 years, including as Managing Director for nine years.

He was appointed to the Executive Committee Board of Countryside Properties plc from 2014 to 2018, following its merger with Millgate.

David joined the Board on 3 July 2019.

Committee membership:

A N R



SUSAN MCERLAIN
Independent Non-Executive Director

Susan has had an executive career spanning 35 years, advising listed companies and other organisations across many sectors, most notably in the industrial sector. She founded, grew and sold Square Mile Communications Limited, a successful communications and investor relations business. More recently, Susan acted as a Corporate Affairs Director for FTSE 250 company Ultra Electronics plc until 2019.

Susan has been a Non-Executive Director since 2020. She joined the Board of AIM listed company Dewhurst Group plc in 2021 and is currently a member of both its Audit and Remuneration Committees.

Susan joined the Board on 9 May 2022.

Committee membership:

A N R



SHARON DALY
Independent Non-Executive Director

Sharon has more than 25 years' experience predominantly in marketing, international sales and business development roles within the Healthcare sector.

Sharon qualified from Lancaster University in 1996 with a degree in Marketing and gained her MBA (with Distinction) in 2005. In 2010, Sharon co-founded the Venture Life Group; in 2014, the company floated on AIM, part of the London Stock Exchange. Retiring from them in August 2023, she was the Chief Commercial Officer and a Board Director. With effect from 1 January 2024, Sharon was appointed as an independent Non-Executive Director of Warpaint London plc, an AIM company which sells branded cosmetics.

Sharon joined the Board on 6 September 2022.

Committee membership:

A N R

Group Management Board



JOHN RICHARDS
Non-Executive Chairman

See bio in previous section.



FRANK HANNA
Chief Executive Officer

See bio in previous section.



MIKE GANT
Chief Financial Officer

See bio in previous section.



PAUL HAMILTON
Managing Director of the Distribution Division

Paul has over 20 years' experience in the heating and building supplier market. He joined the Towelrads business in 2004 and became a shareholder and Director in 2008. Paul has overseen the growth of the Towelrads business from sales of less than £1 million to over £25 million a year. He led a management buyout of the Towelrads business in 2016 and was a founder of DSH Flooring.



KENNY HIRST-SEWELL
Managing Director of Taylor Maxwell & Co Limited within the Bricks and Building Materials Division

Kenny began his career in the construction industry in 2011, gaining a wealth of experience in the sourcing, specification and supply of brick and masonry materials.

Joining Taylor Maxwell as a Senior Sales Executive in 2016, Kenny has quickly progressed through to Regional Business Manager, Sales Director and more recently, Managing Director of Taylor, Maxwell & Co Limited in April of 2022.



ALEX MOFFAT
Managing Director of Taylor Maxwell Timber Limited within the Bricks and Building Materials Division

Alex started as a Sales Trainee for the Taylor Maxwell Timber Division in 2003 and has been with the business for over 20 years.

Having worked as Sales Executive, Regional Director and a Director and joining the Board in 2017, Alex has first-hand experience of all aspects of the business.

Based in Taylor Maxwell's Stirling office, Alex is now Managing Director for Taylor Maxwell Timber, bringing with him many years of experience in the timber industry and an unrivalled knowledge of timber products.

The Management Board is responsible for the day to day operations of the Group. The members are drawn from key managers within individual Brickability Group businesses.



RICHARD COSGROVE

Managing Director within the Bricks and Building Materials Division

Richard's career in the construction industry began in 2006 working for a brick specialist Builders' Merchant, developing his skills and experience in both merchant and specification sales in brick, masonry products and cladding systems. In 2016 Richard joined specialist brick importer The Bespoke Brick Company as Sales Director, then latterly became Commercial Director.

Post acquisition of The Bespoke Brick Company, Richard was endorsed to become Group Sales Director for the Brick Division in 2022 before being promoted to Managing Director in 2024.



DOUGLAS BRYCE

Managing Director of the Contracting Division

Douglas has 24 years' experience in Façade, Roofing and Renewable markets, having joined the industry from high school in 2000. He first gained experience in Curtain Walling at Systems Aluminium Ltd, a subsidiary of Group Topek Holdings, before moving into its Roofing and Façade business Topek Ltd, later purchasing the Group from its founder in 2012.

During his 11 years of co-ownership with partner Chris McCrory, Topek became the market leader in its sector continuing to diversify successfully and create solutions for its clients. A specialist FM provider, TEAM Ltd, was formed in 2017 and sold by Douglas in 2021. In 2023 Group Topek Holdings was purchased by Brickability and Douglas is delighted to continue his custodianship as Managing Director.



ANDY WILSON

Managing Director of the Importing Division

Andy joined the construction industry in 2004 after graduating from Nottingham Trent University. For the next 10 years he worked for Traditional Brick & Stone, Wienerberger and RGB.

In 2014 Andy founded The Bespoke Brick Company Limited, followed by The Brick Slip Business Limited in 2016. He later co-founded BUF Architecture in 2017 followed by William Wilson Properties Limited in April 2019.

Andy was appointed to the Management Board of the Group in May 2019 following the acquisition of The Bespoke Brick Company and The Brick Slip Business. Andy is currently Managing Director of the Import Division.



Corporate Governance Statement

As Chairman of the Company, I have pleasure in presenting the Corporate Governance Statement for the financial year ended 31 March 2024.

The QCA Corporate Governance Code 2018 (“QCA Code”)

The Board is collectively responsible to the shareholders of the Company for the effective oversight and long-term success of the Company. The Board believes that sound governance is fundamental to this and has followed the QCA Corporate Governance Code since its admission to AIM. The Board recognises that corporate governance is not a static process and that there is a need to ensure that policies and practices are kept under review to ensure that the Company meets the required standards, and that this area develops in line with the growth and overall strategic plans for the Group. The Board considers that the policies, procedures and relevant systems which have been implemented to date have given us a firm foundation for our governance structure.

During the financial year, the Company complied with the 10 principles set out within the QCA Code as follows:

| Principles of the QCA Code | How the Company has complied |
|---|--|
| <ol style="list-style-type: none"> 1. Establish a strategy and business model which promote long-term value for shareholders. 2. Seek to understand and meet shareholder needs and expectations. 3. Take into account wider stakeholder and social responsibilities, and their implications for long-term success. 4. Embed effective risk management, considering both opportunities and threats, throughout the organisation. | <p>The Board has collective responsibility for setting the strategic aims and objectives of the Group. Our strategy is articulated on page 9 and on our website.</p> <p>In the course of implementing our strategic aims, the Board takes into account expectations of the Company's shareholders and also its wider stakeholders and social responsibilities. We set out our key stakeholder groups and how we engage with each of them on pages 28 and 29.</p> <p>The Board also has responsibility for the Group's internal control and risk management systems. The Board reviews the risks faced and ensures the mitigation strategies in place are the most effective and appropriate to the Group's operations.</p> |
| <ol style="list-style-type: none"> 5. Maintain the Board as a well-functioning, balanced team led by the Chairman. 6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities. 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement. 8. Promote a corporate culture that is based on ethical values and behaviours. 9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board. | <p>As Chairman, I regularly consider the operation of the Board as a whole and the performance of the Directors individually.</p> <p>The Directors have the necessary up-to-date experience, skills and capabilities required for the Board and to oversee the management of the Company.</p> <p>An internal evaluation of the Board is undertaken each year by the Company Secretary and the feedback shared with the Board.</p> <p>All appointments to the Board are on merit, but with due consideration to the need for diversity on the Board. Such appointments are made to complement the existing balance of skills and experience on the Board.</p> <p>The Company operates an open and inclusive culture, and this is reflected in the way that the Board conducts itself.</p> |
| <ol style="list-style-type: none"> 10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders. | <p>The Board will continue to monitor its application of the QCA Code and revise its governance framework as appropriate as the Group evolves.</p> <p>The Board recognises the importance of maintaining regular dialogue with institutional (both existing and potential) and retail shareholders to ensure that the Group's strategy is communicated and to understand the expectations of our shareholders.</p> |

A new QCA Corporate Governance Code was introduced in November 2023 and will be effective for companies with financial year ends beginning 1 April 2024. As such, the Company will report against this new code in its 2025 Annual Report. An initial review of the new code shows that the Company is already in compliance with the principles.

Composition and independence of the Board

During the year the Board consisted of seven Directors: the Non-Executive Chairman, two Executive Directors, one Non-Executive Director and three independent Non-Executive Directors.

On 15 April 2024, Alan Simpson retired as Chief Executive Officer and Frank Hanna was appointed in his place.

Details of each Director's experience and background are given in their biographies on pages 42 and 43. Their skills and experience are relevant and cover areas including building materials, financial management and control, corporate governance, legal, mergers and acquisitions, communications and marketing.

Appointments to the Board and re-election

The Board has delegated the tasks of reviewing Board composition, searching for appropriate candidates and making any Board or Committee appointment recommendations to the Nomination Committee. Further details on the role of the Nomination Committee, together with details of the recruitment process for Frank Hanna, may be found on page 51.

All Directors will offer themselves for annual election or re-election, in accordance with best practice in corporate governance.

The Board considers all Directors to be effective and committed to their roles.

How the Board works

The Board has overall responsibility for the Company's purpose, strategy, business model, performance, capital structure, approval of key contracts and major capital investment plans, the framework for risk management and internal controls, governance matters and engagement with shareholders and other key stakeholders.

The Board remains committed to understanding the needs of our shareholders and the wider stakeholders and it always considers how the Board's decisions impact them in the longer term. In the Section 172(1) Statement on pages 28 and 29 we explain who the key stakeholders are and how the Directors engage with them. The Board's full responsibilities are set out in a formal schedule of matters reserved for its decision.

Board meetings

The Board has an established schedule of meetings throughout the year, with additional meetings convened when required. Directors also have a monthly call to discuss a variety of issues between formal meetings. The Board addresses several recurring items at each Board meeting, including operational and financial performance updates and acquisitions. The Directors maintain a dialogue between Board meetings on a variety of matters.

The table below sets out the attendance record of individual Directors at the board meetings held during the financial year:

| Director | Board Meetings |
|----------------------------|----------------|
| John Richards ¹ | 6/7 |
| Alan Simpson | 7/7 |
| Mike Gant | 7/7 |
| Clive Norman | 7/7 |
| David Simpson | 7/7 |
| Susan McErlain | 7/7 |
| Sharon Daly | 7/7 |

¹ The Chairman was unable to attend an additional Board meeting called in October 2023 to give final approval for the acquisition of Group Topek Holdings Limited. The Chairman had been fully involved in previous meetings when the proposed acquisition was discussed and had reviewed the final Board papers confirming the final business case and financial details of the acquisition. He notified the Board as a whole of his approval for the acquisition in advance of the meeting.

The Board routinely delegates authority to certain members or its sub-committees for specific purposes. Such meetings subsequently held by those with delegated authority are not represented in the above table.

Division of responsibilities

The Chairman and Chief Executive have separate, clearly defined roles. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company, and the Chief Executive is responsible for implementing the Group's strategy and for its operational performance. The Executive Directors are full-time employees of the Company and have entered into service agreements with the Company.

Non-Executive Directors

Each of the Non-Executive Directors has entered into a letter of appointment with the Company, which set out the duties of the Director and commitment expected. They are expected to commit at least 20 days per annum to their role and are specifically tasked with:

- bringing independent judgement to bear on issues put to the Board;
- applying their knowledge and experience in considering matters such as strategy, company performance, use of resources and standards of conduct; and
- ensuring high standards of financial probity and corporate governance.

How the Board operates

The Board is responsible for:

- developing Group strategy, business planning, budgeting and risk management;
- monitoring performance against budget and other agreed objectives;
- setting the Group's values and standards, including policies on employment, health and safety, environment and ethics;
- relationships with shareholders and other major stakeholders;
- appointment of key advisers to the Company;
- determining the financial and corporate structure of the Group (including financing and dividend policy);
- major investment and divestment decisions, including acquisitions, and approving material contracts; and
- Group compliance with relevant laws and regulations.

The Board retains control of certain key decisions through the schedule of matters reserved for the Board. It has delegated other matters, responsibilities and authorities to its Board Committees, details of which are stated later in this report. Anything falling outside of the schedule of matters reserved or the Committees Terms of Reference falls within the responsibility and authority of the Chief Executive, including all executive management matters.

An agenda and accompanying detailed papers, covering key business and governance issues are circulated to the Board in advance of each Board meeting. At each meeting, the Board reviews comprehensive financial and trading information produced by the management team and considers the trends in the Company's business and its performance against strategic objectives and plans.

All Directors are expected to attend each meeting of the Board and any Committees of which they are members, and to devote sufficient time to the Company's affairs to fulfil their duties as Directors. Where Directors are unable to attend a meeting, they are encouraged to submit any comments to be considered at the meeting to the Chairman in advance to ensure that their views are recorded and taken into account during the meeting.

Directors are encouraged to question and voice any concerns they may have on any topic put to the Board for debate. The Board is supported in its work by Board Committees, which are responsible for a variety of tasks delegated by the Board. There is also a Management Board composed of the Chief Executive Officer, Chief Financial Officer and those members of the senior management team whose responsibilities are to implement the decisions of the Board and review the key business objectives and status of projects.

The main activities of the Board during the year

There are a number of standing and routine items included for review on each Board agenda. These include operational reports, financial reports, governance and investor relations updates. In addition, key areas put to the Board for consideration and review included:

- approval of annual financial statements and half-year reports;
- approval of two major acquisitions by the Company;
- approval of significant related party transactions;
- appointment of new Chief Executive Officer;
- appointment of new broker and Nomad;
- consideration and approval of dividends;
- review and approval of budget;
- review against and implementation of strategy;
- review of IT strategy;
- consideration of banking arrangements;
- review and approval of ESG strategy; and
- investor relations.

Board Committees

The Board delegates certain responsibilities to its three main Committees, so that it can operate efficiently and give an appropriate level of attention and consideration to relevant matters. The Company has an Audit & Risk Committee, a Remuneration Committee, and a Nomination Committee, all of which operate within a scope and remit defined by specific terms of reference determined by the Board. Details of the operation of the Board Committees are set out in their respective reports. All of the Board Committees are authorised to obtain, at the Company's expense, professional advice on any matter within their Terms of Reference and to have access to sufficient resources in order to carry out their duties. The Company also has a Disclosure Committee which meets as and when required.

Board and Committee Evaluations

I consider the operation of the Board and the performance of the Directors on an ongoing basis as part of my duties and will bring any areas of improvement I consider are needed to the attention of the Board. To assist with this, the Company Secretary undertook an evaluation of the Board and its Committees by way of a questionnaire sent to each Director. The responses were then collated and a report presented to the Board and to each Committee for the Directors to review. No substantive actions were required to be taken as a result of the evaluations, however, there are operational issues, such as timing of meetings and timeliness of papers, that do require further review and improvements to be made. The evaluations will continue to be undertaken on an annual basis.

External advisors

The Board seeks advice on various matters from its Nominated Adviser Peel Hunt LLP, and prior to that Cavendish Capital Markets Limited, plus other advisers, as appropriate. The Board also sought remuneration advice from h2glenfern during the financial year.

Development, information and support

Directors keep their skillset up to date with a combination of attendance at industry events, individual reading and study, and experience gained from other Board roles. The Company Secretary ensures the Board is aware of any applicable regulatory and governance changes and developments and updates the Board as and when relevant. Directors are able to take independent professional advice in the furtherance of their duties, if necessary, at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary. The Company Secretary supports the Chairman in ensuring that the Board receives the information and support it needs to carry out its roles.

Conflicts of interest

Under the Company's Articles, the Directors may authorise any actual or potential conflict of interest a Director may have and may impose any conditions on the Director that are felt to be appropriate. Directors are not able to vote in respect of any contract, arrangement or transaction in which they have a material interest and they are not counted in the quorum. A process is in place to identify any of the Directors' potential or actual conflicts of interest.

Accountability

The Company has in place a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. These procedures include the preparation of management accounts, forecast variance analysis and other ad-hoc reports. There are clearly defined authority limits throughout the Group, including matters reserved specifically for the Board.

Risk management and internal control

Risks throughout the Group are considered and reviewed on a regular basis. Risks are identified and mitigating actions put into place as appropriate. Principal risks identified are set out in the Strategic report on pages 22 and 23. Internal control and risk management procedures can only provide reasonable and not absolute assurance against material misstatement. The internal control procedures were in place throughout the financial year and up to the date of approval of this report.

Financial and business reporting

The Board seeks to present a fair, balanced and understandable assessment of the Group's position and prospects in all half-year, final and any other ad-hoc reports, and other information as may be required from time to time. The Board receives a number of reports, including those from the Audit & Risk Committee, to enable it to monitor and clearly understand the Group's financial position.

Annual General Meeting (AGM)

This year's AGM will be held on Wednesday 11 September 2024. The Notice of Annual General Meeting is available on the Company's website at www.brickabilitygroupplc.com. Separate resolutions are provided on each issue so that they can be given proper consideration and all shareholders are encouraged to submit their votes.

John Richards
Chairman

17 July 2024

Report of the Nomination Committee

Committee Chair

John Richards

Other Members

Sharon Daly, Susan McErlain,
Clive Norman, David Simpson

Meetings and attendance

The Committee meets as and when required with the Chief Executive invited to attend meetings as and when appropriate. There were two Nomination Committee meetings held during the financial year. The following table sets out individual attendance by members:

| Member | Meetings attended |
|-----------------------------|-------------------|
| John Richards, Chairman | 2/2 |
| Clive Norman | 2/2 |
| David Simpson | 2/2 |
| Sharon Daly | 2/2 |
| Susan McErlain ¹ | 2/2 |

¹ Susan McErlain was appointed as a member of the Committee on 30 May 2023.

All members of the Committee are Non-Executive Directors of the Company.

As Chairman of the Nomination Committee (“the Committee”) I am pleased to present the report of the Committee for the financial year ended 31 March 2024.

Duties

The Duties of the Committee are set out in terms of reference which are available for inspection on the Company’s website at www.brickabilitygroupplc.com. The terms of reference are subject to an annual review by the Committee.

As well as considering succession planning for the Board, the Committee also considers succession planning for senior executive positions. The Committee is aware of gender and diversity issues, and these are considered, amongst other factors, when reviewing potential candidates for Board and other senior management positions and determining their suitability for such positions.

Appointment of a new Chief Executive Officer

In May 2023, Alan Simpson advised the Board of his intention to retire from the Board within a 12-month period. Accordingly, a search for a new Chief Executive Officer was commenced. We engaged with an external recruitment agent, who are specialists in the construction and building materials sector, to assist in the process, as well as using the extensive network of contacts held by our advisers and Directors.

After reviewing details of all the potential candidates, David Simpson and I met with four of them, with Frank Hanna ending as the preferred candidate. Frank is a prominent figure in the UK brick industry with a wealth of experience in the sector, most recently as joint-CEO of Michelmersh Brick Holdings plc. The Committee proposed Frank as the new CEO and this was approved by the Board and announced in November 2023. His appointment was effective from 15 April 2024.

Committee activity during the year

In addition to appointing Frank, the Committee also undertook the following activities:

- reviewed the terms of reference for the Committee;
- undertook a Committee evaluation (the results of which can be seen in the Board & Committee evaluation section of the Corporate Governance report on page 49); and
- conducted a review of Board composition and diversity and considered matters relating to succession planning.

On behalf of the Committee

John Richards

Chairman of the Nomination Committee

17 July 2024

Report of the Audit & Risk Committee

Committee Chair

David Simpson

Other Members

Susan McErlain

Sharon Daly

Committee Members, Attendance and Independence

The Committee is currently composed of three Non-Executive Directors, all of whom are considered independent by the Board within the meaning of the QCA Code. David Simpson is considered to be the financial expert on the Committee.

There were four Audit & Risk Committee meetings held during the financial year. The following table sets out individual attendance by members:

| Member | Meetings attended |
|----------------------|-------------------|
| David Simpson, Chair | 4/4 |
| Susan McErlain | 4/4 |
| Sharon Daly | 4/4 |

As Chairman of the Audit & Risk Committee (“the Committee”), I am pleased to present the report of the Committee for the financial year ended 31 March 2024.

Duties Undertaken During the Year

The Duties of the Committee are set out in Terms of Reference which are available for inspection on the Company’s website at www.brickabilitygroupplc.com. The Terms of Reference are subject to an annual review by the Committee.

Specifically, the Committee performed the following duties during the financial year:

| Duties | How they performed during the year |
|--|--|
| Financial Reporting | |
| The Committee must monitor the integrity of the financial statements of the Group. | The Committee reviewed the interim and full-year financial statements, together with the full-year Annual Report, recommending their approval to the Board. The Committee reviewed and approved the Going Concern statement. |
| The Committee shall review all significant financial reporting issues and all judgements which they contain. | The Committee reviewed the key audit matters raised by the external auditor, together with the key judgements raised by the management team. These were discussed in depth by the Committee, together with management and BDO. The Committee agreed that the audit matters and significant adjustments were appropriate. The noted key audit matters are included within the independent auditor’s report on pages 64 to 66. |
| Risk Management and Internal Controls | |
| The Committee determines and reviews the Group’s risk profile, including the nature and extent of significant risks that the Group is willing to take in achieving its strategic objectives. | The risk management report, together with the principal risks and uncertainties can be found on pages 22 and 23. |
| The Committee shall keep under review the scope, adequacy and effectiveness of the Group’s internal financial controls, internal control and risk management systems. | <p>The Committee reviewed these on behalf of the Board at the interim and full-year stages to ensure that they were still appropriate and that the risk profile was still right for the growing business.</p> <p>The Group does not have an internal audit department. The Committee keeps this under review but at present believes that the need for such a department is not yet warranted.</p> <p>The Committee reviewed the findings of the Audit Completion Report and discussed the internal controls with the financial management team. The Committee is satisfied that the procedures and controls are adequate and effective for a Group of Brickability’s size and complexity.</p> |
| Whistleblowing & Anti-Bribery | |
| The Committee shall review the scope, adequacy and effectiveness of the Group’s arrangements for its employees and, if appropriate, contractors to raise concerns about possible wrongdoing in financial reporting or other matters. | The Group has in place a whistleblowing policy, which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. No concerns were raised during the year. |
| The Committee shall review the Group’s systems and controls for the prevention of bribery and corruption and receive reports of non-compliance. | <p>The Group has in place an anti-bribery and corruption policy which sets out a zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption matters.</p> <p>The Committee relies upon assurances from senior management in satisfying itself that the current policy is operating effectively. The Committee is satisfied that the policy in place has been operating effectively during the year.</p> |

Other matters reviewed during the year:

- Considered the effectiveness of the risk management and internal control processes.
- Going Concern review.
- Review of the external auditor’s effectiveness.
- Review of subsidiaries seeking audit exemption under section 479 Companies Act 2006.
- Audit Committee performance evaluation.
- RNS announcements.

Key Issues Considered by the Committee

The Committee reviews accounting papers prepared by management that provide details of key financial reporting issues, together with reports from the external Auditor prepared in conjunction with the half and full-year results.

The key issues considered by the Audit and Risk Committee in respect of the financial year ended 31 March 2024 are set out in the following table:

| Significant issue/ accounting judgement identified | How it was dealt with |
|---|--|
| Intangible Assets | |
| Identifiable intangible assets (such as brands and customer and supplier relationships) are recognised at fair value on acquisition. Any excess paid over the value of net assets acquired is included as goodwill. | <p>External advisors are engaged to assist with determining this fair value and the Purchase Price Allocation (PPA) between intangibles and goodwill. PPA Valuations have been carried out for the acquisitions of Topek Limited and Topek Southern Limited that took place during the financial year.</p> <p>Certain judgements and estimates are required in respect of inputs to these valuations. Key assumptions within the valuations will include: cash flow forecasts; royalty rates used to determine brand value; appropriate margin rates applied to revenue from existing customers; and the expected useful life of assets.</p> |
| Impairment | |
| Goodwill is not amortised but instead reviewed for impairment annually. | Where indicators of impairment exist, such as an economic downturn, the potential impairment of other non-financial assets, such as intangibles and investments, is also considered. Key assumptions included within the impairment reviews are around forecast revenues, Adjusted EBITDA, cash flows and discount rates. |
| Contingent Consideration | |
| Contingent consideration is recognised for those acquisitions where future consideration may be payable depending on certain results being met, such as meeting an EBITDA target. | The amount payable is calculated based on the terms of the contract and future forecast results. Judgement is therefore required in order to prepare appropriate forecasts, based on management's knowledge of the market and industry, for the assessment of how much consideration may be payable. |
| Contract accounting | |
| Revenue on long-term construction contracts is measured using an output method under IFRS 15, by reference to approved surveyor valuations. | <p>Contracts are continuously reviewed on an individual basis, with each phase of a project undergoing an evaluation for potential risks which may impact the costs to be accrued. Management considers the stage of completion and nature of the work remaining in their assessment of costs to be accrued and margins recognised.</p> <p>A significant level of judgement is required in determining the overall expected costs of a contract and the margin to be recognised as progress is made over the contract term, especially as the overall expected margin and risks associated with a project may fluctuate during the course of the contract.</p> |
| Provisions | |
| Provisions are included in the accounts in respect of the following: bad debts; stock; defects & warranties; and dilapidations. | <p>Provisions by nature are estimates and, whilst historical data and trends can be used to quantify the values to be provided, management judgement will also be exercised.</p> <p>Consideration is also made as to whether dilapidation provisions are required on leasehold premises. Management judgement is required to estimate the value of these provisions. Under IFRS, such provisions are included within the right of use asset balance within non-current assets.</p> |

External Auditor

The Audit & Risk Committee owns the relationship with the external Auditor, BDO LLP, to ensure that Auditor independence and objectivity is maintained. As part of its review, the Committee monitors the provision of non-audit services by the external Auditor. The breakdown of fees between audit and non-audit services is provided on page 90 in note 9 to the financial statements. The non-audit fees for the year were £20,000 (2023: £27,000) which was in relation to a limited scope review of the Group's half-year results and a review of a bank covenant report.

Both management and the Committee Chair liaise with the Auditor throughout the year to ensure that if there are areas of significant risk, or other matters of audit relevance, they are regularly communicated. The external Auditor prepares a plan for its audit of the financial statements. The audit plan sets out the scope of the audit, areas to be targeted and the audit timetable. The plan is reviewed by the Committee. Following the audit, the Auditor presents their findings to Audit & Risk Committee for discussion. No major areas of concern were highlighted by the Auditor during the year.

Having reviewed the Auditor's independence and performance to date, the Committee has recommended to the Board that BDO LLP be re-appointed as the Group's Auditor and a resolution to this effect will be proposed at the forthcoming Annual General Meeting.

David Simpson

Chairman of the Audit & Risk Committee

17 July 2024

Report of the Remuneration Committee

Committee Chair

Sharon Daly

Other Members

David Simpson

Susan McErlain

Committee Members, Independence and Meeting Attendance

The Committee is composed of three Non-Executive Directors, all of whom are considered independent by the Board within the meaning of the QCA Code.

There were five Remuneration Committee meetings held during the financial year. The following table sets out individual attendance by members:

| Member | Meetings attended |
|--------------------|-------------------|
| Sharon Daly, Chair | 5/5 |
| David Simpson | 5/5 |
| Susan McErlain | 5/5 |

As Chairman of the Remuneration Committee (“the Committee”), I am pleased to present the report of the Committee for the financial year ended 31 March 2024.

Duties

The Duties of the Committee are set out in the Terms of Reference, which are available for inspection on the Company’s website at www.brickabilitygroupplc.com. The Terms of Reference are subject to an annual review by the Committee.

Specifically, the Committee performs the following duties for the Company:

| Duties | How they performed during the year |
|--|--|
| Remuneration | |
| The Committee shall be responsible for setting the remuneration policy of the Company and reviewing the ongoing appropriateness and relevance of the policy. | The Committee, together with h2glenfern, its external consultant, thoroughly reviewed and updated the remuneration policy throughout the year to ensure that it met the needs of the Company, as well as comply with best practice. The new policy is summarised at the end of this report. |
| The Committee shall determine the total individual remuneration package for each Executive Director. | The Committee approved salary increases for the financial year. The Committee reviewed and approved the bonus payments for the financial year for each Executive Director. Details of the bonus payments can be found in the Executive Directors Remuneration table. When considering the bonus payments and salary increases, the Committee considered the performance of the Group during the year; whether the payment would be in the best interest of all stakeholders within the Group; and the Group wide remuneration of all employees. |
| The Group operates two share incentive plans: a Company Share Option Plan (CSOP) and a Long-Term Incentive Plan (LTIP). The Committee is responsible for the administration of these plans including whether awards will be made under the share incentive plans and, if so, the overall amount of such awards and, where appropriate, the performance targets to be used. | Details of awards made under both the LTIP and CSOP are shown on pages 56 to 58. The Committee has kept the plans and their use, including the terms and conditions attaching to any grants, under review. Awards may be made under both plans on an annual basis, subject to any limitations set by HMRC for the CSOP. Awards under the LTIP made in November 2020 vested in 2023 and details of this can be found on page 56. The Committee also reviewed in depth the bonus plan for the following financial year and the proposed Key Performance Indicators. Details of the remuneration for the Executive Directors can be found on page 55. |

Other matters reviewed during the year:

- Review of Committee evaluation report

ANNUAL REMUNERATION REPORT

The information on pages 55 to 58 form the Remuneration Report.

Executive Directors' Remuneration

Each individual Executive Director's total remuneration paid over the year is summarised below.

| Executive Director | Base Salary £'000 | Taxable Benefits ¹ £'000 | Bonus £'000 | Pension Contributions ² £'000 | Total Remuneration 2024 £'000 | Total Remuneration 2023 £'000 |
|--------------------|----------------------|--|----------------|---|----------------------------------|----------------------------------|
| Alan Simpson | 504 | 4 | 315 | - | 823 | 1,095 |
| Mike Gant | 338 | 13 | 211 | 25 | 587 | 768 |

¹ Taxable benefits comprise of private medical insurance benefits and car allowance payments.

² Members of the Group operated several defined contribution, and one defined benefit, pension schemes during the year. In addition, there is an auto-enrolment Group-wide defined contribution pension scheme. Under these schemes, contributions are based upon base salary with a contribution of 5% per employee and 3% by the employer. In certain cases, the employer's proportion (or cash in lieu where applicable) rise to 7.5% or 10%. Mr Gant receives a cash allowance equal to 7.5% of base salary in lieu of pension. Mr A Simpson did not receive a pension contribution.

Salary

The salary of the CEO and CFO were both increased by 4% effective 1 April 2023 to the levels stated in the table above. This increase was consistent with the company-wide pay increase at 1 April 2023.

Annual Bonus

An annual bonus plan is in place, which recognises the emphasis on rewarding key Group employees with competitive performance related remuneration.

For the Executive Directors, a maximum of 125% of base salary can be paid with 50% linked to performance against an adjusted EBITDA target and 50% linked to operational KPIs, involving business improvements and the strategic development of the Group. Based on the financial performance of the Company during the year, the Committee noted that the financial target had not been met and that this element of the bonus would not be paid. The Committee judged that operational targets had been met in full and this element could be paid in full. Accordingly, 62.5% of base salary was paid as a bonus to both the Chief Executive Officer and the Chief Financial Officer.

Non-Executive Directors' Remuneration

Each individual Non-Executive Director's total remuneration paid over the year is summarised below.

| Executive Director | Salary £'000 | Taxable Benefits £'000 | Bonus £'000 | Pension Contributions £'000 | Total Remuneration 2024 £'000 | Total Remuneration 2023 £'000 |
|--------------------|-----------------|---------------------------|----------------|--------------------------------|----------------------------------|----------------------------------|
| John Richards | 125 | - | - | - | 125 | 120 |
| Clive Norman | 54 | - | - | - | 54 | 51 |
| David Simpson | 59 | - | - | - | 59 | 57 |
| Susan McErlain | 54 | - | - | - | 54 | 46 |
| Sharon Daly | 59 | - | - | - | 59 | 30 |

Directors' Interests in Shares

The beneficial interests of Directors', and persons connected with them, as at 31 March 2024 in the ordinary shares of the Company (excluding share options) were as follows:

| | Held at 31 March 2023 | Sold in the year | Acquired in the year | Held at 31 March 2024 |
|---------------------------|--------------------------|---------------------|-------------------------|--------------------------|
| Alan Simpson ¹ | 33,446,358 | - | 1,553,642 | 35,000,000 |
| John Richards | 4,047,685 | - | 100,000 | 4,147,685 |
| Clive Norman | 3,807,096 | - | - | 3,807,096 |
| David Simpson | 151,500 | - | - | 151,500 |
| Susan McErlain | 24,374 | - | 16,256 | 40,630 |
| Sharon Daly | - | - | 32,797 | 32,797 |

¹ Total for Alan Simpson and his wife Sarah Simpson.

² There is no minimum shareholding requirement for the Executive Directors.

Clive Norman sold 400,000 ordinary shares on 8 May 2024, leaving him with a holding of 3,407,096 ordinary shares. Susan McErlain purchased 15,822 ordinary shares on 17 May 2024, giving her a holding of 56,452 ordinary shares. Mike Gant exercised his vested LTIP options on 14 June 2024 and sold 129,507 ordinary shares to cover his costs and tax liabilities. Mike Gant now holds 140,132 ordinary shares in the Company. There have been no other share dealings by directors' post 31 March 2024 to the date of this report.

LONG TERM INCENTIVE PLAN (LTIP)

The 2020 LTIP award vested in full and a total number of 3,870,806 ordinary shares, plus an additional 265,687 dividend equivalent shares, were awarded to the participants.

The table below details the LTIP awards granted to the Executive Directors during the year, together with those which were unvested at 31 March 2024. Mr A Simpson did not receive any awards under the LTIP due to his substantial shareholding in the Company.

| | MAXIMUM AWARD | | | | | SHARES VESTING | | |
|-----------|------------------------|---------------------------|-------------|---------------------------|--|----------------|---------|---------------------------|
| | Award and Vesting date | Number of options awarded | % of salary | Face value at grant £'000 | Market price at grant ¹ (pence) | Threshold | Maximum | End of Performance Period |
| Mike Gant | 04/06/21 – 04/06/24 | 506,825 | 125 | 375 | 73.99 | 50% | 100% | 01/04/24 |

¹ The weighted average share price calculated over the 10 working days prior to 1 April 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 50% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

Vesting

This award vested on 4 June 2024. The TSR performance condition was not met, however, the adjusted EBITDA performance condition was met in full. Accordingly, 50% of the award vested, being 253,413 shares. In addition, this award was eligible for dividend equivalent shares and a further 16,226 shares were granted on vesting. The vested shares have to be held for a period of two years from date of vesting, less any shares that are sold to cover Mr Gant's tax and national insurance liabilities on exercise of the vested shares.

| | MAXIMUM AWARD | | | | | SHARES VESTING | | |
|-----------|------------------------|---------------------------|-------------|---------------------------|--|----------------|---------|---------------------------|
| | Award and Vesting date | Number of options awarded | % of salary | Face value at grant £'000 | Market price at grant ¹ (pence) | Threshold | Maximum | End of Performance Period |
| Mike Gant | 21/10/21 – 21/10/24 | 214,286 | 75 | 225 | 105 | 25% | 100% | 31/03/24 |

¹ The weighted average share price calculated over the 10 working days prior to 21 October 2021.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met but a 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

| | MAXIMUM AWARD | | | | | SHARES VESTING | | |
|-----------|------------------------|---------------------------|-------------|---------------------------|--|----------------|---------|---------------------------|
| | Award and Vesting date | Number of options awarded | % of salary | Face value at grant £'000 | Market price at grant ¹ (pence) | Threshold | Maximum | End of Performance Period |
| Mike Gant | 27/10/22 – 27/10/25 | 440,379 | 100 | 325 | 74 | 25% | 100% | 31/03/25 |

¹ The weighted average share price calculated over the 10 working days prior to 27 October 2022.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

| | MAXIMUM AWARD | | | | | SHARES VESTING | | |
|-----------|------------------------|---------------------------|-------------|---------------------------|--|----------------|---------|---------------------------|
| | Award and Vesting date | Number of options awarded | % of salary | Face value at grant £'000 | Market price at grant ¹ (pence) | Threshold | Maximum | End of Performance Period |
| Mike Gant | 24/01/24 – 24/01/27 | 658,970 | 100 | 338 | 51.3 | 25% | 100% | 31/03/26 |

¹ The volume weighted average share price calculated over three months prior to 23 January 2024.

Performance Conditions

50% adjusted EBITDA and 50% Total Shareholder Return. Vesting will occur on a straight-line basis on achieving 18% (equivalent to 6% annually) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met, but 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting up to 100% at the 30% threshold being met.

In addition, in January 2024, a further amount of 3,792,634 LTIP options were awarded to members of the senior management team and other Group employees. See note 39 on pages 122 and 123 for further details.

Holding Period

The LTIP options are exercisable at a nominal purchase price of £0.01 per share and, subject to sufficient shares being sold to meet the purchase price and any tax liabilities, the balance of shares must be held for a further period of two years from the vesting date by Executive Directors.

Dividend Equivalent Shares

Prior to the LTIPs awarded in 2024, the LTIP options are eligible for dividend equivalent shares during the three-year period. Including, and post the 2024 award, the LTIPs will no longer be eligible for dividend equivalent shares. However, the Committee does reserve its judgement to amend this.

Malus & Clawback

All awards made under the LTIP are subject to malus & clawback within five years from the grant date in the following circumstances:

- (a) if any of the audited financial results for the Company are materially misstated; or
- (b) if the Company, any Group Company and/or a relevant business unit has suffered serious reputational damage as a result of the relevant Participant's misconduct or otherwise; or
- (c) there has been serious misconduct on the part of the relevant Participant; or
- (d) such other circumstances as the Committee determines.

COMPANY SHARE OPTION PLAN (CSOP)

The CSOP is a plan under which selected employees (including Executive Directors) may be granted rights to acquire ordinary shares in the form of tax favoured options or non-tax favoured options with a market value exercise price. Under the current policy all employees below the management Board are eligible to participate in the CSOP. An award of up to £60,000 of tax favoured options can be made to each participant in total. There are no tax liabilities on the exercise of tax favoured options subject to the exercise price being paid. Options can be exercised between the third and tenth anniversary of the date of award.

| Date of Award | Vesting Date | Exercise Price (pence) | Number of Shares | Forfeited | Lapsed | Exercised | Balance at 31/03/23 |
|---------------|--------------|------------------------|------------------|-----------|-----------|-------------|---------------------|
| 02/08/19 | 02/08/22 | 41 | 3,030,314 | 84,461 | (4,627) | (1,751,765) | 1,358,383 |
| 21/10/21 | 21/10/24 | 105 | 352,346 | - | (190,490) | - | 161,856 |
| 27/03/24 | 27/03/27 | 105 | 190,490 | - | - | - | 190,490 |

Service Agreements & Letters of Appointment of the Board

The Executive Directors who served during the financial year each have a service agreement with the Company as follows:

| Executive Director | Date of service agreement | Notice period |
|--------------------|---------------------------|---------------|
| Alan Simpson* | 21 August 2019 | 6 months |
| Mike Gant | 1 April 2021 | 12 months |

* Alan Simpson resigned as a director and Chief Executive Officer on 15 April 2024 with Frank Hanna being appointed as a director and Chief Executive Officer on the same date. Frank Hanna has a 12 month notice period.

Each Non-Executive Director has specific terms of engagement which are terminable on not less than three months' notice by either party, including the Chairman, unless waived by the Board.

Payments to new Director

Frank Hanna joined the business as Chief Executive Officer on 15 April 2024, details of his remuneration package are set out as follows.

Salary and benefits

Frank Hanna's annual base salary from 15 April 2024 is £450,000.

Annual bonus

Frank will participate in the annual bonus scheme for the new financial year, pro-rated from 15 April 2024, in line with the Company's Remuneration Policy.

Long Term Incentive Plan (LTIP)

Frank will participate in the next annual LTIP grant, in line with the Company's Remuneration Policy.

AGM

An advisory resolution to approve our 2023 Remuneration Report was put to shareholders at our AGM in September 2023 and was supported by 99.99% of votes cast. A resolution to approve this Remuneration Report will be put to an advisory resolution at our 2024 AGM.

External Remuneration Adviser

The Committee has access to external advice as required. The remuneration adviser to the Committee is h2glenfern Remuneration Advisory, who is a member of the UK Remuneration Consultants Group and as such, voluntarily adheres to its code of conduct.

h2glenfern has provided advice and support around the following key areas:

- advising on the ongoing drafting of a revised remuneration policy;
- advising on best practice for bonus plans;
- advising on the LTIP and CSOP plans and levels and frequency of awards under those plans; and
- informing the Committee on market practice and governance issues.

The total fees paid to h2glenfern in relation to advice to the Committee in the year were £2,950.

The Committee considers the advice that it receives from h2glenfern to be independent.

On Behalf of the Committee

Sharon Daly

Chairman of the Remuneration Committee

17 July 2024

Remuneration Policy

The Remuneration Policy in force during the financial year is as stated below. The policy will be amended for the 2025 financial year following the appointment of a new CEO who will be eligible to participate in the Company's LTIP.

| Purpose and link to strategy | Operation | Maximum potential value | Performance conditions |
|--|---|---|---|
| Base Salary Competitive fixed salary that attracts and retains key individuals, reflecting the Company's current scale and growth ambitions. Reflects likely shareholder views and set in context of peer data. Appropriate differentials reflecting seniority. | Paid in cash. Salaries will be reviewed annually in line with the financial year. Any changes are effective 1 April. | Base salaries are set at appropriate level, based on comparable sized business and reflecting personal and company performance. | Not applicable. |
| Pension and benefits Supports recruitment and retention of high calibre Executive Directors. | Policy is to provide a contribution to a defined contribution scheme at a proportion of base salary. | The CEO does not currently receive a pension contribution or allowance. Pension funding for CFO is 7.5% of salary payment in lieu. Car allowance, private medical insurance, death in service insurance and reimbursements for reasonable business expenses. Other benefits may be offered in line with market practice if it is considered appropriate to do so. | Not applicable. |
| Annual Bonus Supports a performance-based culture linking pay to performance. Attractive and effective structured annual cash bonus that supports recruitment and retention. Aligns with business performance over the near term. | Annual bonus is based on targets determined at the start of each year. It is paid in cash following completion of the audit. | For Executive Directors, the maximum amount is 125% of basic salary on the attainment of performance objectives. | The Remuneration Committee sets demanding internal financial and non-financial targets each year, and reviews performance measures annually. Currently, 50% is based on the Broker's EBITDA forecast in market, and the maximum award for this element (50%) will be awarded if achieved. 50% based on 4/5 Key Performance Indicators (KPIs) notified to the Director and agreed with the CEO and Remuneration Committee. |
| LTIPs Supports recruitment and retention and aligns remuneration and business performance and shareholder interests over the long term. There is an effective balance between earnings and share price. | LTIP awards are granted annually as performance share awards with a nominal value exercise price, which normally vest after three years subject to meeting objective three-year performance targets. Grants are subject to standard leave provisions and malus and clawback provisions. Awards to Executive Directors are subject to a two-year post vesting holding period. | 200% of salary. | The LTIP award each year is based on demanding targets set by the Remuneration Committee, which currently include 50% Broker's in-market EBITDA and 50% TSR. For both, 50% vest at 18% absolute growth over 3 years, full vest at 30% growth. LTIP awards for Executive Directors are subject to an additional 2 year holding period. Awards vest at 25% of maximum for threshold performance. |
| Chairman and Non-Executive Director fees Supports the appointment of high calibre Non-Executive Directors. | Base fee plus reasonable expenses. | Base fees for Non-Executive Directors are set with reference to market rates. Additional fees are paid for additional responsibilities, e.g. committee chair. | Not applicable. |

Report of the Directors

The Directors have pleasure in presenting their Annual Report together with the audited financial statements of the Company for the year ended 31 March 2024.

The following information is provided in other sections as noted below and is incorporated by reference into this report:

| Information | ▶ Reported |
|--|--|
| Strategic Report | ▶ Pages IFC to 40 |
| ESG Report inc SECR | ▶ Pages 30 to 40 |
| Corporate Governance Report | ▶ Pages 46 to 50 |
| Statement of Directors' Responsibilities | ▶ Page 62 |
| Directors Remuneration Report | ▶ Pages 54 to 59 |
| Going Concern Statement | ▶ Page 26 |
| Future development and events occurring after the balance sheet date | Details can be found in the strategic report on ▶ pages IFC to 40 |

The Company is a public limited company, registered in England and Wales, with registered number 11123804 and is listed on the AIM segment of the London Stock Exchange. The Company has been permanently domiciled in the UK since incorporation and is the ultimate parent company of the Brickability Group of companies. Detail of the companies in the Brickability Group are included in note 21 to the audited financial statements on pages 100 to 102.

Review of the Business

The Strategic report on pages IFC to 40 provides an operating and financial review of the business and the Group's trading for the year ended 31 March 2024 as well as risk management.

Dividends

The Directors recommend a final dividend for the year of 2.28 pence per share payable on 26 September 2024 (2023: 2.15 pence). An interim dividend of 1.07 pence per share was paid on 22 February 2024 (2023: 1.01 pence).

Directors

Biographical details of the Directors currently serving on the Board and their dates of appointment along with details of their membership of Board Committees are set out on pages 42 to 43.

The Directors who served during the year are as follows:

| Executive Directors | Non-Executive Directors |
|---------------------|---------------------------|
| Alan Simpson* | John Richards |
| Mike Gant | Clive Norman |
| | David Simpson |
| | Susan McErlain |
| | Sharon Daly (née Collins) |

* Alan Simpson resigned as a Director and Chief Executive Officer on 15 April 2024 with Frank Hanna being appointed as a Director and Chief Executive Officer on the same date.

Directors' remuneration, share options, long-term executive plans, pension contributions, benefits and interests are set out in the Directors' remuneration report on pages 55 to 57.

In accordance with our commitment to good corporate governance practice that is relevant to our business, the Board has voluntarily adopted the policy that all continuing Directors will stand for re-election on an annual basis in line with best practice recommendations.

The Company's articles of association allow the indemnification of directors out of the assets of the Company to the extent permitted by law. These indemnities came into force on 29 August 2019 and remain in force as at the date of this Annual Report and Accounts. The Company maintains liability insurance for its Directors and Officers.

Share Capital and Substantial Shareholders

Full details of the issued share capital of the Company are set out in note 37 to the Financial Statements on pages 121 to 122. At 1 July 2024, the latest practicable date prior to the approval of this report, the Company had been notified of the following interests amounting to 3% or more of the voting rights attaching to the Company's issued share capital:

15.93%

50,967,058

**Octopus Investments
Nominees Limited**

11.00%

35,000,000

Alan Simpson¹

9.85%

31,519,816

**Liontrust Asset
Management**

6.30%

20,007,298

Paul Hamilton

5.39%

17,243,986

**Otus Capital
Management**

5.38%

17,094,017

Dexter Copeland

3.38%

10,123,500

**The Estate of
Arnold van Huet**

¹ Total for Alan Simpson and his wife Sarah Simpson.

Significant Agreements (Change of Control)

The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid.

The Company has committed debt facilities all of which are directly or indirectly subject to change of control provisions.

In the event of a takeover or other change of control outstanding awards under the Group share plans will become exercisable.

Financial Risk Management

Information in respect of the financial risk management of the Group, is contained on pages 118 to 121 in note 36 on financial instruments of the Financial Statements.

Related Party Transactions

Any related party transactions required to be disclosed under the AIM rules are disclosed on page 125 in note 42 to the Financial Statements.

Disclosure of Information to the Auditor

The Directors in office on 17 July 2024 have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

BDO LLP has indicated its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

The AGM will be held on Wednesday 11 September 2024 at 12.00p.m. at Queensgate House, Cookham Road, Bracknell, Berkshire, RG12 1RB. The 2024 Notice of AGM will be available on the Company's website, www.brickabilitygroupplc.com.

This Directors' report was approved by the Board of Directors on 17 July 2024.

By Order of the Board

Prism Cosec Limited

Company Secretary

17 July 2024

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards. The Directors have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, 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 and profit or loss of the Group and the Company for that period. 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;
- for the Group financial statements 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;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and 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 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 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 the legislation in the UK governing the preparation and dissemination of financial statements, which may differ 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.

In the case of each Director in office at the date the Directors' report is approved:

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

This Responsibility Statement was approved by the Board on 17 July 2024 and is signed on its behalf by:

Frank Hanna
Chief Executive

Mike Gant
Chief Financial Officer

17 July 2024



Independent Auditor's Report to the members of Brickability Group PLC

Opinion on the financial statements

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 31 March 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Brickability Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including material accounting policy information.

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 applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained the going concern assessment, approved by the Directors, including detailed cash flow forecasts covering the period to 30 September 2025 and checked their arithmetic accuracy.
- We compared the going concern risk assessment to the risk register to check that identified risks had been considered in the going concern assessment.
- We assessed the Directors' assumptions in the going concern forecast including revenue and growth projections, profit margin, consideration payments in respect of past acquisitions and funding headroom availability. We performed this with reference to available market data and reviewed the forecasts for any anomalies. We assessed actual historical trading performance and how this was incorporated into future projections.
- We assessed the historical accuracy of the Directors' forecasts, including comparing the current forecasts against post year end actual results.
- We inspected the Group's signed revolving facility agreements to check that the Group has sufficient funds to settle the deferred and contingent consideration due of £31.7m (Note 30) for acquisitions made in the prior year as well as the two new acquisitions in the current year with deferred and/or contingent consideration; and maintain sufficient working capital to continue daily operations as normal.
- We obtained documentation of the available facilities that the Group is using to fund deferred and contingent consideration payments and working capital to check that the facilities are available until October 2026.
- We assessed the debt covenants of the drawn facilities to determine if they would be breached within the forecast period.
- We assessed the appropriateness of sensitivity analyses prepared by the Directors over the Group's cash flow forecasts including the effects of adverse movements in revenue to determine the sufficiency of available cash resources to settle short term liabilities as they fall due over the period to 30 September 2025.
- We reviewed the reverse stress testing and challenged the Directors' assessment of the quantification of the revenue shortfall required for covenants to be breached in the forecast period. We considered the likelihood and reasonableness of the shortfall with reference to the Directors' historical data of revenue and earnings before tax, interest, depreciation and amortisation.
- We reviewed the adequacy of disclosures in Note 2 to the financial statements regarding going concern against the requirements of the accounting standards and consistency of the disclosure against the forecast and reverse stress test assessment that the Directors have considered in performing their going concern 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 and the 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

| | | | |
|--------------------------|---|-------------|-------------|
| Coverage | 89% (2023: 92%) of Group profit before tax 91% (2023: 90%) of Group revenue 92% (2023: 91%) of Group total assets | | |
| Key Audit Matters | | 2024 | 2023 |
| | KAM 1 – IFRS 3, Business Combinations, and Acquisition Accounting in respect of Group Topek Holdings Limited and TSL Assets Limited (acquired during the year). | [✓] | [✓] |
| | KAM 2 – Revenue recognition – direct sales cut-off and cladding construction contracts. | [✓] | [✓] |
| | KAM 3 – Carrying value of goodwill and other intangibles. | [✓] | [–] |
| Materiality | Group financial statements as a whole £1.48m (2023: £1.75m) based on 5% (2023: 4.9%) of a three year average of Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration (2023: Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration). | | |

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In determining the scope of our audit, we considered the size and nature of each component within the Group based on revenue and profit before tax to determine the level of work to be performed at each in order to ensure sufficient assurance was gained to allow us to express an opinion on the financial statements as a whole.

We have identified five components to be significant to the Group. All significant components were subject to full scope audits by BDO UK component teams. Non-significant components were subject to either full scope audits, to increase coverage over Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration and revenue, specified audit procedures and/or desktop review procedures by either the component or Group engagement team. We also assessed the appropriateness, completeness and accuracy of the Group journals and other adjustments performed on consolidation.

Our involvement with component auditors

For the work performed by component auditors, who are all BDO UK, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Issue of detailed reporting instructions, which included the significant areas to be covered by their audit (including applicable Key Audit Matters as detailed below), materiality levels, and matters relating to irregularities and fraud. The instructions also set out the information required to be reported to the Group audit team;
- Regular communication with the component auditors throughout the planning, execution and completion phases of the audit;
- Members of the Group audit team attended the key meetings and had detailed discussions with the component auditors and component management throughout the audit process in respect of significant risk areas; and
- Review of their working papers with additional challenge and specific work requests to ensure alignment with conclusions drawn.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meetings and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Environmental, Social and Governance Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and in management's judgements and estimates in relation to valuation of contingent consideration and impairment of assets.

We also assessed the consistency of management's disclosures included as Other Information with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

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, including 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.

| Key Audit Matter | How the scope of our audit addressed the Key Audit Matter |
|--|--|
| <p>IFRS 3, Business Combinations, and Acquisition Accounting in respect of Group Topek Holdings Limited and TSL Assets Limited (acquired during the year).</p> <p>See Note 3.15 to the financial statements for the Directors' disclosures for significant accounting policies regarding business combinations and goodwill and Note 22 for the detailed business combination disclosures.</p> <p>In October 2023, the Group acquired Group Topek Holdings Limited. The fair value of consideration was £46.2m. There was an initial cash payment of £36.0m with contingent consideration payable over 3 years dependent on future performance.</p> <p>In January 2024, the Group acquired TSL Assets Limited. The fair value of consideration was £46.0m. There was an initial cash payment of £24.0m and shares issued as consideration of £9.6m with contingent consideration payable over 3 years dependent on future performance.</p> <p>The determination of the contingent consideration involves significant judgement about whether the financial forecasts will be met, which creates a risk that the resulting valuation is inaccurate.</p> <p>This also involves a review of whether an element of the contingent consideration is in reality remuneration, where the contingency is linked to continued employment of a selling shareholder.</p> <p>The Group has recorded assets and liabilities acquired at fair value including the recognition of intangible assets (customer relationships, brands, and goodwill on acquisition).</p> <p>As part of the purchase price allocation, an independent expert was involved in the valuation of intangible assets acquired which requires the use of assumptions and estimates.</p> <p>Due to the complexity of the acquisition accounting involving significant judgement and estimates by management, as well as the use of valuation techniques, there is a risk that the fair value of the acquired assets and liabilities are not accounted for in accordance with IFRS 3 <i>Business Combinations</i>.</p> <p>Due to above, we identified the business combination and acquisition accounting of Group Topek Holdings Limited and TSL Assets Limited as a Key Audit Matter.</p> | <p>We have performed the following procedures to address this Key Audit Matter:</p> <ul style="list-style-type: none"> • We obtained management's calculation of the purchase consideration and agreed the cash portion to bank statements. • We have reviewed management's assessment of the consideration, and checked whether there is any element of remuneration included as part of the consideration price. • We reviewed and challenged management's cash flow forecasts and estimates in determining the value of the contingent consideration. This included a review of growth rates applied to future revenues and expenses, forecast capital expenditures and once off items included in the forecasts. • We tested the completeness and appropriateness of management's identification of intangible assets acquired through a review of due diligence reports, financial statements of Group Topek Holdings Limited and TSL Assets Limited and enquiries with management. • We obtained the valuation report from management's expert and with the support of our own valuation experts, we reviewed the appropriateness of the valuation methods used (multi-period excess earnings method for the customer relationships and valuation & relief from royalty method for the brands). • We evaluated the reasonableness of the significant assumptions and judgement applied by management in the valuation of the identifiable intangibles at acquisition by comparing with publicly available industry data and historical financial information of the Group Topek Holdings Limited and TSL Assets Limited. • We have considered the competence, capabilities, and objectivity of both our internal experts and management's experts. • We tested the existence, measurement and completeness of the acquired assets and liabilities on a sample basis, to supporting documentation and considered whether any fair value adjustment was required. • With the assistance of our internal tax specialists, we tested the accuracy and completeness of the current and deferred tax assets and liabilities acquired including the impact on the tax balances of the fair value adjustments applied in the acquisition accounting. <p>Key observations:</p> <p>Based on our work performed above we did not identify matters to indicate that the judgements and assumptions made in accounting for these business combinations were inappropriate.</p> |

| Key Audit Matter | How the scope of our audit addressed the Key Audit Matter |
|---|---|
| <p>Revenue recognition – cut-off of direct sales and cladding construction contracts.</p> <p>See note 3.4 to the financial statements for the Directors' disclosures of the related revenue recognition accounting policies. See note 5 to the financial statements for the detailed disclosure for revenue.</p> <p>Trade in the Bricks and Building materials and Importing divisions predominantly comprises direct sales where goods are delivered directly from the supplier to the customer. Satisfaction of performance obligations is at a point in time when the goods are delivered by the Group to customers.</p> <p>We considered that there is a significant risk of inappropriate revenue recognition arising from cut-off of direct sales when revenue is incorrectly recorded by reference to the invoice date and not the date when delivery of the good takes place.</p> <p>This could lead to the overstatement of revenue as a result of the recognition of revenue in the incorrect period.</p> <p>Revenue in the Contracting division arising from Cladding Constructions Services in the newly acquired Group Topek Holdings Limited subsidiary, is based on a valuation of the work performed by the Group on acquisition and at the year end.</p> <p>Management engage third party experts in the form of quantity surveyors to assess the valuation.</p> <p>Significant estimates are required to assess the value of work performed.</p> <p>In light of the estimation uncertainty we have determined that revenue recognition in relation to these ongoing contracts is a Key Audit Matter.</p> | <p>We challenged management on the accounting policies with reference to the cut-off of direct sales and the application to the timing of the satisfaction of performance obligations in accordance with the accounting standards and terms and conditions of these types of sales.</p> <p>We agreed a sample of sales invoices recognised covering a risk period before through to supporting third party delivery documentation or customer confirmation to check that revenue had been recognised in the correct period.</p> <p>We assessed the appropriateness of the Group's revenue recognition policies for Cladding Construction revenue against the requirements of the applicable accounting standards.</p> <p>We made enquiries of project managers and Directors to understand the nature of the projects, how projects were progressing against key milestones and any impact on expected delivery times from changes in project scope.</p> <p>We assessed the appropriateness of the revenue recognised based on value of work performed for a sample of contracts by:</p> <ul style="list-style-type: none"> Assessing the independence, objectivity and competence of the surveyors as management experts; Making enquiries of the experts covering their independence, qualifications and matters which may impact the revenue and profitability of the contracts; Comparing the profit margin recognised to the forecast margin, challenging and corroborating significant variations in the two; and Performing a retrospective review of completed contract margins versus budgets to assess management's ability to accurately forecast costs. <p>Key observations:</p> <p>Based on our work performed above we did not identify matters to indicate that revenue cut-off on direct sales or Cladding Construction revenue recognition were inappropriate.</p> |
| <p>Carrying value of goodwill and other intangibles.</p> <p>See notes 3.16 and 20 to the financial statements for the Directors' disclosure of the accounting policies and disclosure related to impairments.</p> <p>As a consequence of the Group's growth strategy through acquisition, the carrying value of goodwill and other intangibles is £226m.</p> <p>The carrying amounts of the Group's goodwill and other intangibles is assessed annually for impairment based on expected future cash flows.</p> <p>There is a risk that the year end values assigned to goodwill and other intangibles are materially misstated. As this is subjective and judgemental, this increases the risk of misstatement.</p> <p>This risk has been heightened by uncertainty over future trading prospects and cash flows caused by macro-economic factors affecting the construction industry including higher interest rates which may lead to an impairment charge that has not been recognised by management.</p> | <p>We reviewed management's methodology and assumptions used in their impairment assessment.</p> <p>We compared the assessment of the indicators identified by the Directors against our own expectation of the market.</p> <p>We challenged management's models for assessing the valuation of significant goodwill and intangible balances to understand the composition of management's future cash flow forecasts, and the process undertaken to prepare them to conclude on the appropriateness of the models and assumptions used by management.</p> <p>We confirmed the underlying cash flows were consistent with the Board approved budgets, which reflected the forecasted impact of higher interest rates and other macro-economic factors on the construction industry and the business.</p> <p>We assessed the reasonableness of the key assumptions, including growth rate, discount rate used, and other key assumptions by testing this to supporting documentation which include historical information, budget versus actual results, recent acquisitions and industry published information and trends. We checked the mathematical integrity of the model.</p> <p>With support of our internal valuations experts we critically assessed the discount rate applied by the Directors.</p> <p>For all cash generating unit ('CGUs'), we scrutinised the Directors' assessment of the degree to which the key assumptions would need to fluctuate before an impairment was triggered. This includes testing sensitivities to ensure sufficient headroom exists for each CGU.</p> <p>Key observations:</p> <p>Based on our procedures performed we consider management's judgements and estimates to be appropriate.</p> |

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | Group financial statements | | Parent company financial statements | |
|---|--|--|--|---------------------------|
| | 2024 £ | 2023 £ | 2024 £ | 2023 £ |
| Materiality | £1,480,000 | £1,750,000 | £962,000 | £1,312,500 |
| Basis for determining materiality | 5% of a three year average of Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration. | 4.9% of Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration. | 65% of Group materiality. | 65% of Group materiality. |
| Rationale for the benchmark applied | We considered that Profit before taxation and before acquisition costs, amortisation of intangibles and fair value changes in contingent consideration is a key performance measure to the stakeholders of the Group and therefore an appropriate benchmark. The Group is acquisitive, with large intangible asset balances; hence the Group's performance is more accurately reflected when adjusted for acquisition costs, amortisation of intangibles and fair value changes in contingent consideration. In light of the challenging economic environment in the UK housebuilding market and volatile product prices in the Bricks and Building Material division impacting on reported results we have set materiality using a three year average for 2024 (2023: one year). | | Capped at 65% of Group materiality (2023: 65% of Group materiality) given the assessment of the significant components' aggregation risk. | |
| Performance materiality | £1,036,000 | £1,225,000 | £673,000 | £918,000 |
| Basis for determining performance materiality | 70% (2023: 70%) of Group materiality. | | 70% (2023: 70%) of Parent Company materiality. | |
| Rationale for the percentage applied for performance materiality | We have considered the overall risk assessment of the Group, including factors such as areas of estimation within the financial statements, the type of audit testing to be completed and history of misstatements. | | We have considered the overall risk assessment of the Parent Company, including factors such as areas of estimation within the financial statements, the type of audit testing to be completed and history of misstatements. | |

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 41% and 69% (2023: 43% and 57%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £600,000 to £1,000,000 (2023: £750,000 to £1,000,000). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £50,000 (2023: £35,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

| | |
|--|---|
| Strategic report and Directors' report | <p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> 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. <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p> |
| Matters on which we are required to report by exception | <p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> 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 Directors

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

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

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, the Audit Committee and those charged with governance;
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations; and

- we considered the significant laws and regulations to be the Companies Act 2006, the applicable accounting frameworks, UK corporation tax legislation and AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the UK VAT legislation, UK employment tax and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management, those charged with governance and the Audit Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, specifically fraudulent journals and bias in accounting estimates, cut-off of direct sales revenue, Cladding Construction Services revenue recognition, presentation of "other items" and accounting for business combinations.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation and testing a random sample of journals within the residual population;
- Assessing significant estimates made by management for bias including the valuation of deferred and contingent consideration, discount rates and estimates under forecast future cashflows;

- Testing a sample of direct sales revenue recognised before the year end to third party evidence of delivery to confirm revenue is recognised in the correct period;
- Assessing the competence, objective and independence of management's experts and corroborating deviations from margins on cladding contract revenue;
- Challenging and corroborating management's presentation of "other items" compared to the accounting standards and FRC guidance; and
- Challenging and corroborating management's key estimates and judgement in accounting for business combinations and the underlying cashflow forecast that this is dependent on.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Etherington (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Reading, UK

17 July 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

| | Note | 2024 Adjusted £'000 | 2024 Other (note 14) £'000 | 2024 Total £'000 | 2023 Adjusted £'000 | 2023 Other (note 14) £'000 | 2023 Total £'000 |
|---|------|---------------------------|-------------------------------------|------------------------|---------------------------|-------------------------------------|------------------------|
| Revenue | 5 | 594,076 | - | 594,076 | 681,087 | - | 681,087 |
| Cost of sales | | (488,240) | - | (488,240) | (568,220) | - | (568,220) |
| Gross profit | | 105,836 | - | 105,836 | 112,867 | - | 112,867 |
| Other operating income | 7 | 1,197 | - | 1,197 | 561 | - | 561 |
| Administrative expenses | | (66,130) | (17,867) | (83,997) | (64,281) | (15,730) | (80,011) |
| Comprising: | | | | | | | |
| Depreciation and amortisation | | (5,672) | (10,233) | (15,905) | (4,715) | (8,399) | (13,114) |
| Other administrative expenses | | (60,458) | (7,634) | (68,092) | (59,566) | (7,331) | (66,897) |
| Impairment losses on financial assets | 27 | (1,643) | - | (1,643) | (1,611) | - | (1,611) |
| Finance income | 11 | 584 | - | 584 | 143 | - | 143 |
| Finance expense | 12 | (4,538) | (2,418) | (6,956) | (2,365) | (2,891) | (5,256) |
| Share of post-tax profit of equity accounted associates | 23 | - | 71 | 71 | - | 123 | 123 |
| Share of post-tax loss of equity accounted joint ventures | 24 | - | - | - | (721) | - | (721) |
| Fair value gains | 13 | - | 6,352 | 6,352 | - | 8,432 | 8,432 |
| Profit/(loss) before tax | 8 | 35,306 | (13,862) | 21,444 | 44,593 | (10,066) | 34,527 |
| Tax (expense)/credit | 15 | (8,993) | 2,913 | (6,080) | (8,924) | 2,094 | (6,830) |
| Profit/(loss) for the year | | 26,313 | (10,949) | 15,364 | 35,669 | (7,972) | 27,697 |
| Other comprehensive income | | | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | | | |
| Remeasurements of defined benefit pension schemes | 35 | - | (16) | (16) | - | 43 | 43 |
| Deferred tax on remeasurement of defined benefit pension schemes | 34 | - | 4 | 4 | - | (11) | (11) |
| Fair value gain on investments in equity instruments designated as FVTOCI | 25 | - | - | - | - | 10 | 10 |
| Other comprehensive (loss)/income for the year | | - | (12) | (12) | - | 42 | 42 |
| Total comprehensive income/(loss) | | 26,313 | (10,961) | 15,352 | 35,669 | (7,930) | 27,739 |
| Profit/(loss) for the year attributable to: | | | | | | | |
| Equity holders of the parent | | 26,316 | (10,949) | 15,367 | 35,710 | (7,972) | 27,738 |
| Non-controlling interests | | (3) | - | (3) | (41) | - | (41) |
| | | 26,313 | (10,949) | 15,364 | 35,669 | (7,972) | 27,697 |
| Total comprehensive income/(loss) attributable to: | | | | | | | |
| Equity holders of the parent | | 26,316 | (10,961) | 15,355 | 35,710 | (7,930) | 27,780 |
| Non-controlling interests | | (3) | - | (3) | (41) | - | (41) |
| | | 26,313 | (10,961) | 15,352 | 35,669 | (7,930) | 27,739 |
| Earnings per share | | | | | | | |
| Basic earnings per share | 17 | | | 5.06 p | | | 9.26 p |
| Diluted earnings per share | 17 | | | 4.96 p | | | 9.10 p |
| Adjusted basic earnings per share | 17 | 8.66 p | | | 11.93 p | | |
| Adjusted diluted earnings per share | 17 | 8.49 p | | | 11.71 p | | |

All results relate to continuing operations.

Consolidated Balance Sheet

As at 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | 18 | 26,859 | 24,783 |
| Right of use assets | 32 | 21,483 | 18,553 |
| Intangible assets | 20 | 225,728 | 152,424 |
| Investments in equity accounted associates | 23 | 335 | 324 |
| Investments in equity accounted joint ventures | 24 | - | - |
| Investments in financial assets | 25 | - | 188 |
| Trade and other receivables | 27 | 7,123 | 3,611 |
| Total non-current assets | | 281,528 | 199,883 |
| Current assets | | | |
| Inventories | 26 | 29,842 | 33,159 |
| Trade and other receivables | 27 | 112,804 | 125,603 |
| Contract assets | 28 | 6,532 | - |
| Employee benefit assets | 35 | 390 | 646 |
| Current income tax assets | | 1,807 | 1,677 |
| Cash and cash equivalents | 29 | 15,581 | 21,645 |
| | | 166,956 | 182,730 |
| Assets classified as held for sale | 41 | 2,555 | - |
| Total current assets | | 169,511 | 182,730 |
| Total assets | | 451,039 | 382,613 |
| Current liabilities | | | |
| Trade and other payables | 30 | (116,798) | (131,419) |
| Loans and borrowings | 31 | (8,620) | (12,624) |
| Lease liabilities | 32 | (3,907) | (3,225) |
| Total current liabilities | | (129,325) | (147,268) |
| Non-current liabilities | | | |
| Trade and other payables | 30 | (24,078) | (9,592) |
| Loans and borrowings | 31 | (62,911) | (16,800) |
| Lease liabilities | 32 | (15,137) | (12,967) |
| Provisions | 33 | (2,904) | (2,364) |
| Deferred tax liabilities | 34 | (24,806) | (18,244) |
| Total non-current liabilities | | (129,836) | (59,967) |
| Total liabilities | | (259,161) | (207,235) |
| Net assets | | 191,878 | 175,378 |
| Equity | | | |
| Called up share capital | 37 | 3,195 | 3,003 |
| Share premium account | 38 | 102,908 | 102,847 |
| Capital redemption reserve | 38 | 2 | 2 |
| Share-based payment reserve | 38 | 4,864 | 3,509 |
| Merger reserve | 38 | 20,548 | 11,146 |
| Retained earnings | 38 | 60,495 | 55,002 |
| Equity attributable to owners of the Company | | 192,012 | 175,509 |
| Non-controlling interests | | (134) | (131) |
| Total equity | | 191,878 | 175,378 |

These financial statements were approved by the Board of Directors and authorised for issue on 17 July 2024. They are signed on behalf of the Board by:

Frank Hanna

Director

Company registration number: 11123804

Mike Gant

Director

Company Balance Sheet

As at 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|--------------------------------------|------|------------------|---------------|
| Non-current assets | | | |
| Right of use assets | 32 | 2,521 | 2,523 |
| Investment property | 19 | 6,201 | 2,023 |
| Investment in subsidiaries | 21 | 106,003 | 58,720 |
| Deferred tax assets | 34 | 530 | 359 |
| Trade and other receivables | 27 | 200,958 | 153,527 |
| Total non-current assets | | 316,213 | 217,152 |
| Current assets | | | |
| Trade and other receivables | 27 | 5,521 | 1,902 |
| Total current assets | | 5,521 | 1,902 |
| Total assets | | 321,734 | 219,054 |
| Current liabilities | | | |
| Trade and other payables | 30 | (82,162) | (51,756) |
| Loans and borrowings | 31 | (4,175) | (6,885) |
| Total current liabilities | | (86,337) | (58,641) |
| Non-current liabilities | | | |
| Trade and other payables | 30 | (13,590) | (67) |
| Loans and borrowings | 31 | (62,911) | (16,800) |
| Total non-current liabilities | | (76,501) | (16,867) |
| Total liabilities | | (162,838) | (75,508) |
| Net assets | | 158,896 | 143,546 |
| Equity | | | |
| Called up share capital | 37 | 3,195 | 3,003 |
| Share premium account | 38 | 102,908 | 102,847 |
| Capital redemption reserve | 38 | 2 | 2 |
| Share-based payment reserve | 38 | 4,568 | 3,191 |
| Merger reserve | 38 | 25,809 | 16,407 |
| Retained earnings | 38 | 22,414 | 18,096 |
| Total equity | | 158,896 | 143,546 |

The profit of the Company for the financial year was £14,180,000 (2023: profit of £13,886,000).

These financial statements were approved by the Board of Directors and authorised for issue on 17 July 2024. They are signed on behalf of the Board by:

Frank Hanna

Director

Mike Gant

Director

Company registration number: 11123804

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

| | Note | Share capital £'000 | Share premium account £'000 | Capital redemption £'000 | Share-based payments £'000 | Merger reserve £'000 | Retained earnings £'000 | Total attributable to equity holders of the parent £'000 | Non- controlling interest £'000 | Total £'000 |
|--|------|------------------------|-----------------------------------|--------------------------------|----------------------------------|----------------------------|-------------------------------|---|--|----------------|
| At 1 April 2022 | | 2,985 | 102,146 | 2 | 1,930 | 11,146 | 36,365 | 154,574 | (90) | 154,484 |
| Profit or (loss) for the year | | - | - | - | - | - | 27,738 | 27,738 | (41) | 27,697 |
| Other comprehensive income for the year | | - | - | - | - | - | 42 | 42 | - | 42 |
| Total comprehensive income/(loss) for the year | | - | - | - | - | - | 27,780 | 27,780 | (41) | 27,739 |
| Dividends paid | 16 | - | - | - | - | - | (9,143) | (9,143) | - | (9,143) |
| Issue of shares on exercise of share options | 37 | 18 | 701 | - | - | - | - | 719 | - | 719 |
| Equity settled share-based payments | | - | - | - | 1,637 | - | - | 1,637 | - | 1,637 |
| Deferred tax on share-based payment transactions | | - | - | - | (197) | - | - | (197) | - | (197) |
| Current tax on share-based payment transactions | | - | - | - | 139 | - | - | 139 | - | 139 |
| Total contributions by and distributions to owners | | 18 | 701 | - | 1,579 | - | (9,143) | (6,845) | - | (6,845) |
| At 31 March 2023 | | 3,003 | 102,847 | 2 | 3,509 | 11,146 | 55,002 | 175,509 | (131) | 175,378 |
| Profit or (loss) for the year | | - | - | - | - | - | 15,367 | 15,367 | (3) | 15,364 |
| Other comprehensive loss for the year | | - | - | - | - | - | (12) | (12) | - | (12) |
| Total comprehensive income/(loss) for the year | | - | - | - | - | - | 15,355 | 15,355 | (3) | 15,352 |
| Dividends paid | 16 | - | - | - | - | - | (9,862) | (9,862) | - | (9,862) |
| Issue of consideration shares | 22 | 171 | - | - | - | 9,402 | - | 9,573 | - | 9,573 |
| Issue of shares on exercise of share options | 37 | 21 | 61 | - | - | - | - | 82 | - | 82 |
| Equity settled share-based payments | | - | - | - | 1,336 | - | - | 1,336 | - | 1,336 |
| Deferred tax on share-based payment transactions | | - | - | - | (79) | - | - | (79) | - | (79) |
| Current tax on share-based payment transactions | | - | - | - | 98 | - | - | 98 | - | 98 |
| Total contributions by and distributions to owners | | 192 | 61 | - | 1,355 | 9,402 | (9,862) | 1,148 | - | 1,148 |
| At 31 March 2024 | | 3,195 | 102,908 | 2 | 4,864 | 20,548 | 60,495 | 192,012 | (134) | 191,878 |

Company Statement of Changes in Equity

For the year ended 31 March 2024

| | Note | Share capital £'000 | Share premium account £'000 | Capital redemption £'000 | Share-based payments £'000 | Merger reserve £'000 | Retained earnings £'000 | Total £'000 |
|--|------|------------------------|-----------------------------------|--------------------------------|----------------------------------|----------------------------|-------------------------------|----------------|
| At 1 April 2022 | | 2,985 | 102,146 | 2 | 1,524 | 16,407 | 13,353 | 136,417 |
| Profit for the year | | - | - | - | - | - | 13,886 | 13,886 |
| Total comprehensive income for the year | | - | - | - | - | - | 13,886 | 13,886 |
| Dividends paid | 16 | - | - | - | - | - | (9,143) | (9,143) |
| Issue of shares on exercise of share options | 37 | 18 | 701 | - | - | - | - | 719 |
| Equity settled share-based payments | | - | - | - | 1,637 | - | - | 1,637 |
| Deferred tax on share-based payment transactions | | - | - | - | (6) | - | - | (6) |
| Share issue costs | | - | - | - | 36 | - | - | 36 |
| Total contributions by and distributions to owners | | 18 | 701 | - | 1,667 | - | (9,143) | (6,757) |
| At 31 March 2023 | | 3,003 | 102,847 | 2 | 3,191 | 16,407 | 18,096 | 143,546 |
| Profit for the year | | - | - | - | - | - | 14,180 | 14,180 |
| Total comprehensive income for the year | | - | - | - | - | - | 14,180 | 14,180 |
| Dividends paid | 16 | - | - | - | - | - | (9,862) | (9,862) |
| Issue of consideration shares | 22 | 171 | - | - | - | 9,402 | - | 9,573 |
| Issue of shares on exercise of share options | 37 | 21 | 61 | - | - | - | - | 82 |
| Equity settled share-based payments | | - | - | - | 1,336 | - | - | 1,336 |
| Deferred tax on share-based payment transactions | | - | - | - | (12) | - | - | (12) |
| Current tax on share-based payment transactions | | - | - | - | 53 | - | - | 53 |
| Total contributions by and distributions to owners | | 192 | 61 | - | 1,377 | 9,402 | (9,862) | 1,170 |
| At 31 March 2024 | | 3,195 | 102,908 | 2 | 4,568 | 25,809 | 22,414 | 158,896 |

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|-----------------|-----------------|
| Operating activities | | | |
| Profit for the year | | 15,364 | 27,697 |
| <i>Adjustments for:</i> | | | |
| Depreciation of property, plant and equipment | 18 | 1,736 | 1,566 |
| Depreciation of right of use assets | 32 | 3,901 | 3,101 |
| Amortisation of intangible assets | 20 | 10,268 | 8,447 |
| Gain on disposal of property, plant and equipment and right of use assets | 8 | (131) | (314) |
| Foreign exchange (gains)/losses | | (64) | 29 |
| Share-based payment expense | 39 | 1,292 | 1,567 |
| Other operating income | 7 | (1,066) | (365) |
| Share of post-tax profit in equity accounted associates | 23 | (71) | (123) |
| Share of post-tax loss in joint ventures | 24 | - | 721 |
| Fair value changes in contingent consideration | 13 | (6,352) | (8,176) |
| Gain on acquisition | 22 | - | (256) |
| Movements in provisions | 33 | 8 | (141) |
| Finance income | 11 | (584) | (143) |
| Finance expense | 12 | 6,956 | 5,256 |
| Acquisition and refinance costs | 14 | 939 | 281 |
| Income tax expense | 15 | 6,080 | 6,830 |
| Pension charge in excess of contributions paid | 35 | 267 | 196 |
| Operating cash flows before movements in working capital | | 38,543 | 46,173 |
| <i>Changes in working capital:</i> | | | |
| Decrease/(increase) in inventories | | 3,323 | (865) |
| Decrease in trade and other receivables | | 14,404 | 19,331 |
| Decrease in trade and other payables | | (20,861) | (19,765) |
| Cash generated from operations | | 35,409 | 44,874 |
| Payment of acquisition expenses | | (828) | (281) |
| Interest received | | 557 | 125 |
| Income taxes paid | | (8,581) | (11,074) |
| Net cash from operating activities | | 26,557 | 33,644 |
| Investing activities | | | |
| Purchase of property, plant and equipment | 18 | (6,144) | (7,229) |
| Proceeds from sale of property, plant and equipment | | 193 | 441 |
| Purchase of right of use assets | 32 | (38) | (2,525) |
| Purchase of intangible assets | 20 | (325) | (478) |
| Acquisition of subsidiaries, net of cash acquired | 22 | (42,787) | (11,998) |
| Acquisition of interests in joint ventures | 24 | - | (442) |
| Loan to joint venture | 27 | (2,056) | (2,960) |
| Proceeds from sale of other investments | 25 | 188 | - |
| Dividends received from associates | 23 | 60 | 60 |
| Net cash used in investing activities | | (50,909) | (25,131) |

The Consolidated Statement of Cash Flows continues on the following page.

| | Note | 2024 £'000 | 2023 £'000 |
|---|------|---------------|-----------------|
| Financing activities | | | |
| Equity dividends paid | 16 | (9,862) | (9,143) |
| Proceeds from issue of ordinary shares net of share issue costs | | 82 | 719 |
| Payment of financing costs | | (111) | - |
| Proceeds from bank borrowings | | 262,500 | 115,400 |
| Repayment of bank borrowings | | (216,351) | (123,000) |
| Payment of lease liabilities | 32 | (3,623) | (2,791) |
| Payment of deferred and contingent consideration | 40 | (5,240) | (3,499) |
| Interest paid | | (4,304) | (2,246) |
| Payment of transaction costs relating to loans and borrowings | | (700) | - |
| Net cash flows from/(used in) financing activities | | 22,391 | (24,560) |
| Net decrease in cash and cash equivalents | | (1,961) | (16,047) |
| Cash and cash equivalents at beginning of year | | 9,021 | 25,028 |
| Effect of changes in foreign exchange rates | | (99) | 40 |
| Cash and cash equivalents at end of year | 40 | 6,961 | 9,021 |

The notes on pages 78 to 126 form an integral part of these Financial Statements.

Notes to the Financial Statements

Year ended 31 March 2024

1. General information

Brickability Group PLC is a public company, limited by shares, incorporated in England and Wales. The address of the registered office is shown on the IBC. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages IFC to 40.

2. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The Company, as the ultimate parent of the Group, has elected to prepare its individual financial statements in accordance with FRS 101 Reduced Disclosure Framework. The Company's individual financial statements are presented within these Group financial statements. The Company has adopted the following disclosure exemptions:

- i. the requirements of IFRS 7 Financial Instruments: Disclosures;
- ii. the requirement to present a cash flow statement under IAS 7 Statement of Cash Flows;
- iii. the requirement to disclose key management personnel compensation; and
- iv. the requirement to disclose related party transactions with wholly owned members of the Group.

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

The financial statements are prepared on the historical cost basis, with the exception of certain financial assets and liabilities which are stated at fair value.

Going Concern

The key uncertainty faced by the Group is the demand for its products and how these are impacted by economic factors.

After reviewing the Group's forecasts and risk register and making other enquiries, the Board have come to the conclusion that for the period of review there is a reasonable expectation that the Group has adequate resources to continue in operational existence.

Budget scenarios have been prepared to compare a number of outcomes where there is a significant and prolonged drop in demand in the industry.

For each scenario, cash flow and covenant compliance forecasts have been prepared. The worst-case scenario showed a drop in revenue of 30%, with no adjustment to overheads, would lead to a breach. However, if overheads were cut by 13%, then a breach could be avoided. This scenario in terms of revenue falling by this level so rapidly is considered remote.

Having taken into account the scenarios modelled, the Directors are satisfied that the Group has sufficient resources to continue to operate for a period of not less than 12 months from the date of this report and until at least 30 September 2025. Accordingly, the consolidated financial information has been prepared on a going concern basis.

New standards, interpretations and amendments effective from 1 January 2023

The following standards and amendments became effective for the current financial year:

- Insurance Contracts (Amendments to IFRS 17);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2));
- Definition of Accounting Estimates (Amendments to IAS 8);
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12); and
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12).

The amendments above did not have a material impact on the amounts recognised in prior periods or the current year.

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:

Amendments effective from 1 January 2024:

- IFRS 16 Leases (Amendment – Liability in a sale and leaseback);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of liabilities as current or non-current);
- IAS 1 Presentation of Financial Statements (Amendment – Non-current liabilities with covenants); and
- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures (Amendment – Supplier Finance Arrangements).

Amendments effective from 1 January 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment – Lack of exchangeability).

The amendments listed above are not expected to have any significant impact on the amounts recognised in prior periods, current or future periods.

3. Accounting policies

The accounting policies which follow set out those policies which were applied in preparing the financial statements for the year ended 31 March 2024.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of Brickability Group PLC and its subsidiary undertakings. Control is achieved when the Group:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect those variable returns.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

Intra-group transactions and balances are eliminated fully on consolidation and the consolidated financial statements reflect external transactions only. Subsidiaries' accounting policies are amended where necessary to ensure consistency with the policies adopted by the Group.

The Company has applied the exemption under section 408 of the Companies Act 2006 and not presented its individual income statement.

3.2 Investments

Non-current asset investments by the Company in subsidiaries, associates and joint ventures are initially recorded at cost and subsequently stated at cost less any accumulated provision for impairment.

3.3 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent from those sharing the control.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method, investments are initially recognised at cost and subsequently adjusted to reflect changes in the Group's share of profit or loss and other comprehensive income of the associate or joint venture since the acquisition date.

Where a Group company transacts with an associate or joint venture of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant entity.

Dividends received from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

3.4 Revenue

Recognition

Revenue is recognised when the Group has satisfied its performance obligations to the customer. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and Value Added Tax.

The Group generates revenue primarily through the following activities:

- 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;
- the transportation and distribution of building materials from Europe to the UK;
- the installation of roofs, flooring and solar panels, primarily within the residential sector;
- the supply of cladding construction services, within both the residential and commercial sector; and
- the sale of high-performance joinery materials and the distribution of radiators and associated parts and accessories.

The Group considers itself to be the principal in its revenue arrangements as it typically controls the goods or services before transferring them to the customer; the Group is primarily responsible for fulfilling its promise to provide the goods or services and for those goods or services meeting customer specifications, it assumes the inventory risk prior to delivery to the customer and it has complete discretion in setting its prices for the required goods or services.

Sale and distribution of building materials

The Group generates revenue from the sale of goods through its Bricks and Building Materials, Importing and Distribution divisions. Revenue from the sale of goods is recognised when control of the goods has transferred to the buyer. This is usually when the goods are delivered to the customer.

There is limited judgement required in identifying the point at which the service is complete or control passes as, once physical delivery has taken place, the Group no longer has possession of the goods, does not retain the significant risks and rewards of those goods and has an unconditional right to consideration. A receivable is therefore recognised on delivery and payment expected according to the specific credit terms agreed with each customer.

Transportation of goods

Revenue from the provision of transportation and distribution services is recognised over time, by reference to the stage of completion of the Group's performance obligations, as the customer simultaneously receives and consumes the benefits from the delivery service provided. The revenue is recognised in the consolidated profit or loss in the period in which the services are rendered. Revenue from the transportation of goods is recognised within the Group's importing division.

Installations services

Revenue from contracts for the provision of services, in relation to roof, floor and solar panel installations is recognised over time by reference to the stage of completion. Revenue in relation to floor and solar panel installation is included within revenue from the rendering of services within the Distribution division. Revenue in relation to roof installations is recognised within the Contracting division.

Installation jobs in progress are reviewed and invoiced at the end of each month to reflect the value of work carried out in the period. This is considered an appropriate measure of the progress towards complete satisfaction of the Group's performance obligations and reflects the Group's right to consideration for services performed to date. Payment is due throughout the duration of the contract, based on the amounts invoiced and according to the credit terms agreed.

Cladding construction services

Revenue generated from cladding construction contracts is recognised over time by reference to the stage of completion, within the Contracting division. Contract assets are recognised in respect of cladding construction services completed during the period. An application for payment is raised for the value of work done and subject to approval by a third-party surveyor. Once the value of work is approved, the group becomes entitled to consideration for the work performed to date. At this point, the amount recognised within contract assets is invoiced to the customer and reclassified to trade receivables.

The period between the recognition of revenue within contract assets and receipt of payment from the customer is not expected to exceed one year. As such, there is not considered to be a significant financing component in construction contracts with customers.

3. Accounting policies (continued)

3.4 Revenue (continued)

Customer retentions

For installation and construction contracts, an amount will typically be withheld by the customer as a retention, in respect of installation and construction contracts. The purpose of the retentions are to ensure that the group carries out its performance obligations to a satisfactory standard. The Group considers it has an unconditional right to payment of retentions, with only the passage of time required before the consideration is due. As such, retentions are included within non-current and current trade receivables depending on the timing of when the retention falls due. Whilst some retentions may be due after one year, given their purpose, the group does not consider there to be a significant financing component.

Determining the transaction price and allocating amounts to performance obligations

The majority of the Group's revenue is derived from fixed price contracts with stand-alone selling prices. There is therefore no judgement involved in allocating the contract price to the goods or services provided.

Changes in the scope of work for construction contracts may lead to variations in the consideration due from the customer. Revenue in respect of contract variations is recognised only when it is highly probable to be agreed by the customer and that the Group will collect the additional consideration.

Certain roofing products and services provided by the Group are subject to warranty, requiring the Group to rectify defects during the warranty period should those goods and services not comply with agreed-upon specifications. Such warranties cannot be purchased separately and are therefore accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Further details are disclosed in notes 3.19 and 33.

Practical exemptions

The Group has applied the practical expedients within IFRS 15 in respect of the following:

- not accounting for significant financing components where the time difference between receiving consideration and transferring control of the goods or services to its customers is one year or less; and
- expensing the incremental costs of obtaining a contract when the amortisation period of the asset otherwise recognised is one year or less.

Customer rebates

The Group offers customer rebates in respect of volume discounts. These customer rebates give rise to variable consideration. Where the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring its goods to the customer. The Group applies the most likely amount method to estimate the variable consideration in the contract.

Where the Group has rebate agreements with its customers, rebates payable are deducted from revenue in the period that the associated revenue is recognised. The value of rebates payable is based on the terms of the individual contracts in place, to the extent that it is highly probable that the variable consideration estimated will not result in a significant reversal in the amount of cumulative revenue recognised when the uncertainty associated with the variable contract is subsequently resolved.

3.5 Supplier rebates

The Group receives volume rebates from its suppliers. Amounts receivable are recognised as a reduction to cost of sales in the period in which the associated purchase is recorded. The Group estimates the amount receivable based on the terms of the agreements in place, to the extent that it is probable that the rebates will be received and the amounts can be reliably estimated.

3.6 Foreign currencies

The individual financial statements of each Group company are prepared in the currency of the primary economic environment in which it operates (its functional currency). The results and financial position of each Group company are expressed in pounds sterling, which is also the functional currency of the Company and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate on the dates of the transactions. Monetary assets and liabilities, that are denominated in foreign currencies, are retranslated at the exchange rates ruling at the reporting date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and not retranslated at the reporting date. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date at which the fair value is determined.

3.7 Group pension schemes

Defined contribution schemes

Payments to defined contribution retirement benefit schemes are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Defined benefit schemes

The Group acquired a defined benefit pension scheme as part of the net assets acquired in Taylor Maxwell Group (2017) Limited in June 2021. The scheme was closed to further accrual and an insurance policy was inceptioned shortly afterwards.

Where the Group retains a legal or constructive obligation in respect of insured benefits, the plan is treated as a defined benefit plan.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the surplus or deficit in the Group's defined benefit plans. A surplus is recognised to the extent that it will lead to a refund or reduction in future payments.

Actuarial valuations are carried out at the reporting date to determine the cost of providing benefits using the projected unit credit method. Remeasurements, including the effect of actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the balance sheet, with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurements recognised in other comprehensive income are not re-classified. Past service cost is recognised in profit or loss when a plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are

recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit obligation or asset. Defined benefit costs are split into three categories:

- service costs, including current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within administrative expenses in profit or loss. The net interest expense or income is recognised in finance expense or income.

During the year, the transfer of the pension liabilities to an insurer was completed and thus, at the year end, the Group had no further legal or constructive obligation in respect of the insured benefits. The surplus recognised at the year end reflects a cash balance that is expected to be transferred to the group in the financial year ended 31 March 2025.

3.8 Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period that the related service is rendered and in which the benefit is earned.

Liabilities in respect of short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is the expected tax payable or recoverable based on taxable profit for the year and any adjustment to tax payable in respect of prior years. Current tax is calculated using tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax assets and liabilities are recognised where the carrying value of an asset or liability in the Consolidated Balance Sheet differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are also re-assessed at each

reporting date and recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable Group company or different taxable Group companies which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax on other items

Where alternative performance measures are presented, the tax impact of 'other items' outlined in note 14 is considered and also included within 'other items' in order to match the relevant tax charge or credit with the associated income or expense.

3.10 Property, plant and equipment

Property, plant and equipment is initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost or valuation of an asset, less its residual value, over the estimated useful life of that asset, using the straight-line or reducing balance method, as follows:

| | |
|----------------------------------|----------------------------|
| Freehold property | 2% – 25% per annum |
| Leasehold property | Over the term of the lease |
| Plant and machinery | 20% to 33% per annum |
| Fixtures, fittings and equipment | 10% to 33% per annum |
| Motor vehicles | 10% to 25% per annum |

Freehold land is not depreciated.

3.11 Leases

The Group assesses, at the inception of a contract, whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed when the Group has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected not to separate non-lease components and thus account for the entire contract as a lease.

Lessee accounting

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease payments for short-term (those with a term of 12 months or less) and low value asset leases are recognised as an expense, in profit or loss, on a straight-line basis over the lease term.

3. Accounting policies (continued)

3.11 Leases (continued)

Right of use assets

At the lease commencement date, right of use assets are measured at the amount of the corresponding lease liability, less any lease incentives received, plus the following:

- lease payments made at or before the lease commencement date;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually obliged to dismantle, remove or restore the leased asset or site on which the leased asset is located.

Right of use assets are presented as a separate line in the Consolidated Balance Sheet.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated, on a straight-line basis, over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset, or the cost reflects that the Group expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the asset.

Lease liabilities

At the lease commencement date, lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted at the rate implicit in the lease, where this can be readily determined. Where the rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of any purchase option, if it is reasonably certain to be exercised by the Group; and
- any penalties payable for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as an expense, in profit or loss, in the period to which they relate.

Lease liabilities are presented as a separate line in the Consolidated Balance Sheet.

Lease liabilities are subsequently increased to reflect interest charged on the lease liability, using the effective interest method, and reduced for lease payments made.

Lease liabilities are remeasured if there is a modification (and the lease modification is not accounted for as a separate lease), a change in the lease term, a change in the lease payments due to changes in an index or rate, a change in the expected payment under a guaranteed residual value or a change in the assessment to exercise a purchase option.

In the event of a lease modification, change in lease term or change in the assessment of a purchase option, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

In the event of a change in the lease payments, the lease liability is remeasured by discounting the revised lease payments using an unchanged

discount rate, unless the lease payment change is due to a change in a floating interest rate, in which case a revised discount rate is used.

When a lease liability is remeasured, a corresponding adjustment is made to the carrying value of the right of use asset, with the revised asset value being depreciated over the remaining lease term.

Lessor accounting

The Group enters into lease agreements as a lessor in respect of sub-leasing some of its leasehold property. Where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as an operating lease by reference to the right of use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised on a straight-line basis over the lease term.

3.12 Investment property

The Group does not hold any investment property.

Investment properties held by the Company are all leased to subsidiaries within the Group. The Company recognises its investment property at cost and subsequently measures it using the cost model, with the carrying value stated at cost less any accumulated depreciation and impairment losses.

Depreciation is charged so as to write off the cost of the asset over the estimated useful life of that asset on a straight-line basis as follows:

| | |
|---------------------|--------------|
| Investment property | 2% per annum |
|---------------------|--------------|

Land is not depreciated.

3.13 Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired as part of a business combination is their fair value at the acquisition date. Intangible assets are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation is charged so as to write off the cost of the asset, less its residual value, over the estimated useful life of that asset, using the straight-line or reducing balance method, as follows:

| | |
|-------------------------------------|--------------------|
| Brands | 7% – 12% per annum |
| Customer and supplier relationships | 7% – 25% per annum |
| Other intangibles | 33% per annum |

Other intangibles relate to software and product development costs.

If there is an indication that there has been a change in the useful life or residual value of an intangible asset, the amortisation charge is revised prospectively to reflect the new estimates.

3.14 Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only recognised as an intangible asset if, and only if, the Group can demonstrate all of the following:

- the technical feasibility to complete the development so that the asset will be available for use or sale;
- its intention to complete the intangible asset and use or sell it;

- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

3.15 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument, and within the scope of IFRS 9 Financial Instruments, is measured at fair value at the reporting date with changes in fair value recognised in the Statement of Profit or Loss and Other Comprehensive Income in accordance with IFRS 9.

In accordance with interpretation guidance of IFRS 3, where amounts payable based on future performance are deemed to effectively be contingent on continued employment due to 'good leaver' clauses within the purchase agreements, the amounts payable are recognised as remuneration in profit or loss in the period in which the further amounts payable are earned.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is remeasured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the recoverable amount of the asset. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is estimated for the smallest group of assets to which it belongs and for which there are separately identifiable cash flows (its cash generating unit (CGU)).

When the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised as an expense in profit or loss, except to the extent that they reverse gains previously recognised in other comprehensive income, in which case the impairment loss is also recognised in other comprehensive income up to the amount of any previous gain.

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.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

For assets, excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but only to the extent that the carrying value does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of an impairment loss is recognised in profit or loss.

Goodwill is not amortised but is reviewed for impairment at least annually. CGUs, to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying value, an impairment loss is recognised. It is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset of the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3. Accounting policies (continued)

3.17 Inventories

Inventories are stated at the lower of average cost and net realisable value. Cost comprises direct materials and costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and sale.

3.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised in the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets

Financial assets, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value (either through profit or loss or through other comprehensive income). The classification depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the Balance Sheet. They are assets held for the collection of contractual cash flows where those cash flows represent solely payments of the principal and interest.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. They are subsequently stated at amortised cost, using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9, using lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables that are reported net, such provisions are recorded in a separate provision account with the loss being recognised within profit or loss. The gross carrying amount of a financial asset is reduced when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Assets measured at fair value through profit or loss are subsequently remeasured at fair value, with gains and losses being recognised in profit or loss. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

For investments in equity instruments that are not held for trading and fall within the scope of IFRS 9, the Group may (on an instrument-by-instrument basis) irrevocably elect to present subsequent changes in fair value within other comprehensive income. Where this election is made, there is no subsequent re-classification of fair value gains and losses to profit or loss following derecognition of the investment. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payment is established.

Financial liabilities

Financial liabilities, on initial recognition, are classified as those to be subsequently measured at amortised cost or those to be subsequently measured at fair value through profit or loss.

All financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities measured at amortised cost include trade and other payables and loans and other borrowings, including bank overdrafts. These are subsequently stated at amortised cost, using the effective interest rate method. The interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities measured at fair value are subsequently remeasured at fair value, with gains and losses recognised in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the degree to which the fair value is observable, as follows:

- level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Details of significant unobservable inputs used in determining fair values within level 3 are disclosed in note 36.

3.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to transfer economic benefits to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised as a liability in the Balance Sheet with a corresponding expense recognised in profit or loss.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the receivable can be measured reliably.

Warranties

The Group provides for the expected cost of warranty obligations for defects that existed at the time of sale, as required by law. Provision is based on historical experience and management's best estimate of the amount required to settle the Group's obligation. Further details are outlined in note 33.

Dilapidations

The Group provides for the expected cost of restoring its operating premises to their original state in accordance with its lease terms. Provision is based on management's best estimate of the work and cost involved in completing this restoration. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease.

3.20 Share-based payments

Equity-settled share option schemes and long-term incentive plans are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Market conditions are taken into account when estimating the fair value. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 39.

The fair value, determined at the grant date of the equity-settled share-based payments, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The probability of market conditions being met are not subsequently adjusted for. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

3.21 Statement of cash flows

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the Consolidated Balance Sheet.

Deferred and contingent consideration arrangements contain an implicit financing element. As such, the Group's policy is to include the payment of deferred and contingent consideration within cash flows from financing activities.

Cash flows in respect of the payment of lease liabilities are also included within cash flows from financing activities.

Payments in respect of short-term or low value leases that are not included within the measurement of the lease liabilities are presented within cash flows from operating activities.

The Group's finance expenses include interest payable and commitment fees on the unutilised portion of the Group's finance facility. Interest payable on loans and borrowings is therefore considered to be in connection with obtaining financial resources and is presented within cash flows from financing activities.

Interest on loans and borrowings, lease liabilities and deferred and contingent consideration is presented on a separate line in financing activities, within the statement of cash flows.

3.22 Alternative performance measures

Alternative performance measures (APMs) are disclosed within the 2024 Annual Report and Accounts where management believes it is helpful to do so to provide further understanding of the financial performance of the Group.

Underlying results are used in the day-to-day management of the Group. They represent statutory measures adjusted for items which may reduce comparability year on year. Adjusted EBITDA is primarily used when providing guidance to the Group's investors, which is in line with similar companies and expectations within the market.

The provision of alternative performance measures is intended to provide additional information to users of the financial statements to assist with their understanding of the Group's trading performance. They are not intended to be used as a replacement for IFRS measures nor are they considered superior to the IFRS measures. As adjusted results exclude certain costs, particularly in connection with business combinations, but include associated net revenues, adjusted measures may present a materially different result to the statutory measures.

Adjusted Profit

Adjusted profit is defined as statutory profit adjusted for other items that management does not consider to relate to its underlying trading operations or for which separate disclosure would assist in understanding the Group's performance in the period. Further details are provided in note 14.

Other items

Other items are defined as items that management consider to be non-underlying or which may reduce comparability year on year and separate presentation may aid with understanding the performance of the Group during the year.

Adjusted EBITDA

Adjusted EBITDA is the primary non-statutory measure used by the Group. This is represented by earnings before interest, tax, depreciation, amortisation and other items. Such other items include acquisition and share-based payment related expenses, including fair value gains/losses on the remeasurement of contingent consideration and contingent consideration accounted for as remuneration, as outlined in note 14. A reconciliation between adjusted EBITDA and statutory profit before tax is included in note 6.

Adjusted basic and diluted EPS

Adjusted basic EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year.

Adjusted diluted EPS is defined as the adjusted profit after tax divided by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Adjusted basic and diluted EPS are outlined in note 17.

Net debt/cash

Net debt is defined as bank borrowings (excluding the impact of arrangement fees) less cash and cash equivalents. Net cash arises when the cash and cash equivalents exceed bank borrowings and is defined as cash and cash equivalents less bank borrowings.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Contract accounting

Revenue on construction contracts is measured using an output method, by reference to approved surveyor valuations. A significant level of judgement is required in determining the overall expected costs of a contract and the margin to be recognised as progress is made over the contract term, especially as the overall expected margin and risks associated with a project may fluctuate during the course of the contract. There will be a greater level of judgement at the start of a project, particularly at the pricing stage prior to a full assessment of the building being carried out. As a project progresses, the outcome will become more certain.

Contracts are continuously reviewed on an individual basis, with each phase of a project undergoing an evaluation for potential risks which may impact the costs to be accrued. Management considers the stage of completion and nature of the work remaining in their assessment of costs to be accrued and margins recognised.

Provisions

Provisions are a key area of the financial statements and are subject to both judgement and estimation uncertainty. Defect provisions are recognised for the potential rectification cost or claims made in respect of products and services sold under warranty. Provision is based on the potential claims that could be made in relation to the products and services supplied. This requires judgement as to whether a claim would likely give rise to a provision based on the Group's knowledge of its products, services and customers. The provision would then need to be estimated based on management's assessment of the likely work and cost required to rectify any defect. This estimate is subjective and based on management's knowledge of the products, services and past customer experience (see note 33).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value measurement of financial instruments

When fair values cannot be measured based on quoted prices in an active market, the fair value is measured using valuation techniques, including the discounted cash flow model. Inputs into this model are taken from observable markets where possible but a degree of judgement is required where this is not possible. Expert valuers are engaged by the Group where appropriate.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The fair value is determined using discounted cash flows. The key estimates are therefore the probability of the performance target being met and the discount rate used.

Contingent consideration is discounted at a rate based on the cost of debt or acquired company's WACC. Where forecast cash flows are adjusted to take into account the probability of the contingent consideration being payable, a lower discount rate is used with the residual risk effectively being the time value of money. Where forecast cash flows are less certain, a higher discount rate based on the WACC is used, with the greater risk incorporated into the discount rate. The WACC rate is calculated from the perspective of a market participant, including an additional risk premium where significant growth is forecast and/or the earn-out period is longer than the Group's usual three-year period.

Further details are disclosed in note 36.

Future cash flows

Forecast cash flows underpin a number of key areas within the financial statements, including the Group's impairment reviews and assessment of the fair value of contingent consideration. Management prepares forecasts based on their knowledge of the business and markets with which the Group operates. However, forecasts by nature are inherently uncertain, particularly when market and economic conditions are more challenging. Further details regarding the impairment reviews and changes in contingent consideration are disclosed in notes 20 and 22 respectively.

Climate change

The Group's key climate change related risks and opportunities are outlined on pages 37 and 38. The Group has assessed the potential impact of both the transitional and physical climate change risks during the preparation of these financial statements, with the primary considerations as follows:

- the useful economic lives and residual values of property, plant and equipment;
- the future use of right of use assets;
- the forecast cash flows used in management's assessment of impairment, going concern and the fair value of contingent consideration; and
- the realisable value of inventories.

Consideration of climate related legislation and policies by the Government, which may impact the industry, is largely at an early stage and thus future possible outcomes are uncertain. One area of legislation that has progressed during the year is the Future Homes Standard. Within this, the introduction of Part L and Part S renewable energy legislation is linked to climate change, with the updated building regulations designed to improve the energy efficiency and reduce the carbon footprint of new build homes.

Specifically, this legislation affects the Group's HBS NE (UPOWA) business. The future cashflows used for the assessment of impairment of the HBS NE CGU, and also the HBS NE contingent consideration liability, takes into account the expected growth and benefits arising from the implementation and development of this legislation. Further details are outlined in notes 20 and 22.

Aside from the above, climate change is not deemed to have a material effect on the carrying value of assets and liabilities at 31 March 2024 or on the other accounting judgements and estimates applied in the financial statements. The potential impact of climate change on the financial statements will continue to be reviewed in future periods as further climate related risks develop.

5. Revenue

An analysis of the Group's revenue, by type, is as follows:

| | 2024 £'000 | 2023 £'000 |
|-----------------------|---------------|---------------|
| Sale of goods | 518,485 | 620,393 |
| Rendering of services | 75,591 | 60,694 |
| | 594,076 | 681,087 |

An analysis of the Group's revenue, by geographic location, is as follows:

| | 2024 £'000 | 2023 £'000 |
|--------|---------------|---------------|
| UK | 591,709 | 678,267 |
| Europe | 2,367 | 2,802 |
| Other | - | 18 |
| | 594,076 | 681,087 |

The Group's revenue is derived from contracts with customers for the transfer of goods at a point in time and the provision of services over time.

Revenue in relation to the sale of goods comprises amounts receivable from the sale of building and joinery materials. Revenue in connection with the rendering of services relates to amounts receivable from the provision of construction, installation services and the transportation and distribution of building materials. Revenue by segment is included in note 6. Trade receivables are disclosed in note 27.

Included within other payables is an amount of £1,454,000 (2023: £982,000) in relation to contract liabilities in respect of amounts paid in advance of goods being transferred to the customer. Due to the nature of the business and short turnaround between orders being placed and goods being delivered, liabilities at the reporting date are recognised within revenue in the following year.

Included within accruals and deferred income is an amount of £5,522,000 (2023: £5,889,000) in relation to customer rebates payable at the year end.

6. Segmental analysis

For management purposes, the Group is organised into segments based on its products and services. The Group's four distinct business divisions are set out below:

- Bricks and Building Materials - 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;
- Importing - primarily responsible for strategic importing of building products, the majority of which are on an exclusive basis to the UK market, to complement traditional and contemporary architecture;
- Distribution - focuses on the sale and distribution of a wide range of products, including windows, doors, radiators and associated parts and accessories; and
- Contracting - provides cladding, fire remediation, flooring and roofing installation services, primarily within the residential construction sector.

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 Group considers the CODM to be the senior management team, including the Board of Directors, who are responsible for allocating resources and assessing performance of the operating segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 3. 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 and joint ventures. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

The Group's revenue is primarily generated in the United Kingdom. An analysis by geographic location is included within note 5. Of the revenue generated in Europe, £914,000 (2023: £229,000) is included within revenue from the sale of goods within the Bricks and Building Materials segment and £25,000 (2023: £111,000) is included within revenue from the sale of goods within the Importing segment. The balance of £1,428,000 (2023: £2,462,000) is included within revenue from the rendering of services within the Importing segment. All of the revenue generated in Other geographic locations is included within revenue from the sale of goods within the Bricks and Building Materials segment.

Revenue from the sale of goods and rendering of services is analysed by segment below. Revenue from the rendering of services within the Importing segment relates to the provision of transportation and distribution services. Revenue from the rendering of services within the Distribution segment relates to solar panel installation services.

No individual customer accounts for more than 10% of the Group's total revenue.

6. Segmental analysis (continued)

| | Year ended 31 March 2024 | | | | | |
|--|--|--------------------|-----------------------|----------------------|---|-----------------------|
| | Bricks and Building Materials £'000 | Importing £'000 | Distribution £'000 | Contracting £'000 | Unallocated and group eliminations £'000 | Consolidated £'000 |
| Revenue from sale of goods | 397,595 | 68,477 | 52,413 | - | - | 518,485 |
| Revenue from rendering of services | - | 8,191 | 9,230 | 58,170 | - | 75,591 |
| Total external revenue | 397,595 | 76,668 | 61,643 | 58,170 | - | 594,076 |
| Total internal revenue | 5,657 | 18,103 | 1,072 | 3 | (24,835) | - |
| Total revenue | 403,252 | 94,771 | 62,715 | 58,173 | (24,835) | 594,076 |
| Adjusted EBITDA | 24,403 | 7,914 | 7,567 | 10,070 | (5,022) | 44,932 |
| Depreciation and amortisation | | | | | (15,905) | (15,905) |
| Acquisition and refinancing costs | | | | | (939) | (939) |
| IT transformation costs | | | | | (295) | (295) |
| Earn-out consideration classified as remuneration under IFRS 3 | | | | | (4,944) | (4,944) |
| Share-based payment expense | | | | | (1,456) | (1,456) |
| Finance income | | | | | 584 | 584 |
| Finance expense | | | | | (6,956) | (6,956) |
| Share of results of associates | | | | | 71 | 71 |
| Fair value gains and losses | | | | | 6,352 | 6,352 |
| Group profit before tax | 24,403 | 7,914 | 7,567 | 10,070 | (28,510) | 21,444 |

| | Year ended 31 March 2023 | | | | | |
|--|--|--------------------|-----------------------|----------------------|---|-----------------------|
| | Bricks and Building Materials £'000 | Importing £'000 | Distribution £'000 | Contracting £'000 | Unallocated and group eliminations £'000 | Consolidated £'000 |
| Revenue from sale of goods | 490,472 | 75,411 | 54,510 | - | - | 620,393 |
| Revenue from rendering of services | - | 11,472 | 8,085 | 41,137 | - | 60,694 |
| Total external revenue | 490,472 | 86,883 | 62,595 | 41,137 | - | 681,087 |
| Total internal revenue | 8,122 | 30,700 | 394 | 201 | (39,417) | - |
| Total revenue | 498,594 | 117,583 | 62,989 | 41,338 | (39,417) | 681,087 |
| Adjusted EBITDA | 30,141 | 13,188 | 8,893 | 5,620 | (6,312) | 51,530 |
| Depreciation and amortisation | | | | | (13,114) | (13,114) |
| Acquisition and refinancing costs | | | | | (281) | (281) |
| Earn-out consideration classified as remuneration under IFRS 3 | | | | | (5,483) | (5,483) |
| Share-based payment expense | | | | | (1,567) | (1,567) |
| Finance income | | | | | 143 | 143 |
| Finance expense | | | | | (5,256) | (5,256) |
| Share of results of associates | | | | | 123 | 123 |
| Fair value gains and losses | | | | | 8,432 | 8,432 |
| Group profit before tax | 30,141 | 13,188 | 8,893 | 5,620 | (23,315) | 34,527 |

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 (central), investments in associates, joint ventures and financial assets and deferred tax assets. Goodwill has been allocated to reportable segments as detailed in note 20. No other assets are used jointly by reportable segments. All liabilities are allocated to reportable segments with the exception of those used primarily for corporate purposes (central), bank borrowings and deferred tax liabilities.

Right of use assets, in respect of trailers, with a carrying value of £2,024,000 (2023: £2,706,000), 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.

| | Year ended 31 March 2024 | | | | | |
|--|--|--------------------|-----------------------|----------------------|------------------|-----------------------|
| | Bricks and Building Materials £'000 | Importing £'000 | Distribution £'000 | Contracting £'000 | Central £'000 | Consolidated £'000 |
| Non-current segment assets | 75,511 | 22,216 | 56,045 | 113,415 | 14,006 | 281,193 |
| Current segment assets | 89,095 | 22,577 | 27,776 | 27,992 | 2,071 | 169,511 |
| Total segment assets | 164,606 | 44,793 | 83,821 | 141,407 | 16,077 | 450,704 |
| Unallocated assets: | | | | | | |
| Investment in associates | | | | | | 335 |
| Investment in joint ventures | | | | | | - |
| Group assets | | | | | | 451,039 |
| Total segment liabilities | (80,956) | (15,979) | (18,551) | (9,359) | (46,599) | (171,444) |
| Loans and borrowings (excluding leases and overdrafts) | | | | | | (62,911) |
| Deferred tax liabilities | | | | | | (24,806) |
| Group liabilities | | | | | | (259,161) |
| Non-current asset additions | | | | | | |
| Property, plant and equipment | 263 | 125 | 1,240 | 203 | 4,313 | 6,144 |
| Right of use assets | 1,541 | 434 | 4,143 | 251 | 63 | 6,432 |
| Intangible assets | - | - | 325 | - | - | 325 |
| Total non-current asset additions | 1,804 | 559 | 5,708 | 454 | 4,376 | 12,901 |

| | Year ended 31 March 2023 | | | | | |
|--|--|--------------------|-----------------------|----------------------|------------------|-----------------------|
| | Bricks and Building Materials £'000 | Importing £'000 | Distribution £'000 | Contracting £'000 | Central £'000 | Consolidated £'000 |
| Non-current segment assets | 79,152 | 33,147 | 49,880 | 29,520 | 7,672 | 199,371 |
| Current segment assets | 114,359 | 26,403 | 25,849 | 11,965 | 4,154 | 182,730 |
| Total segment assets | 193,511 | 59,550 | 75,729 | 41,485 | 11,826 | 382,101 |
| Unallocated assets: | | | | | | |
| Investment in associates | | | | | | 324 |
| Investment in joint ventures | | | | | | - |
| Investments in financial assets | | | | | | 188 |
| Group assets | | | | | | 382,613 |
| Total segment liabilities | (96,394) | (17,739) | (18,601) | (4,933) | (34,524) | (172,191) |
| Loans and borrowings (excluding leases and overdrafts) | | | | | | (16,800) |
| Deferred tax liabilities | | | | | | (18,244) |
| Group liabilities | | | | | | (207,235) |
| Non-current asset additions | | | | | | |
| Property, plant and equipment | 485 | 2,352 | 2,443 | 430 | 1,520 | 7,230 |
| Right of use assets | 1,803 | 1,521 | 2,939 | 78 | 2,618 | 8,959 |
| Intangible assets | - | - | 478 | - | - | 478 |
| Total non-current asset additions | 2,288 | 3,873 | 5,860 | 508 | 4,138 | 16,667 |

7. Other operating income

| | 2024 £'000 | 2023 £'000 |
|---------------|---------------|---------------|
| Rental income | 120 | 124 |
| Other | 1,077 | 437 |
| | 1,197 | 561 |

Included within other income is £1,066,000 (2023: £365,000) in respect of R&D income under the RDEC scheme.

8. Profit before tax

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

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Amortisation of intangible assets | 10,268 | 8,447 |
| Depreciation of property, plant and equipment | 1,736 | 1,566 |
| Depreciation of right of use assets | 3,901 | 3,101 |
| Gain on disposal of property, plant and equipment and right of use assets | (131) | (314) |
| Cost of inventories recognised as an expense | 469,583 | 555,592 |
| Customer rebates | 6,415 | 7,987 |
| Supplier rebates | (9,246) | (8,799) |
| Subcontractor costs | 16,770 | 15,984 |
| Impairment of trade receivables | 1,643 | 1,611 |
| Net foreign exchange losses | 244 | 87 |

9. Auditor's remuneration

During the year, the Group incurred the following costs for services provided by the Company's Auditor:

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Fees payable for audit services: | | |
| Audit of the company and group annual financial statements | 1,260 | 1,000 |
| Total audit related fees | 1,260 | 1,000 |
| Fees payable for other services: | | |
| Other assurance services | 20 | 27 |
| Total non-audit fees | 20 | 27 |
| Total auditors' remuneration | 1,280 | 1,027 |

10. Staff numbers and costs

The average number of persons employed by the Company during the year amounted to nil (2023: nil).

The average number of persons employed by the Group during the year, including the Directors, amounted to:

| | 2024 Number | 2023 Number |
|----------------------|----------------|----------------|
| Production staff | 70 | 26 |
| Distribution staff | 132 | 128 |
| Administrative staff | 265 | 259 |
| Management staff | 78 | 69 |
| Sales staff | 268 | 243 |
| | 813 | 725 |

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Staff costs: | | |
| Wages and salaries | 36,670 | 39,793 |
| Social security costs | 3,876 | 4,419 |
| Other pension costs (note 35) | 1,540 | 1,200 |
| Share-based payments expense including NI (note 39) | 1,456 | 1,567 |
| | 43,542 | 46,979 |

| | 2024 £'000 | 2023 £'000 |
|-------------------------------|---------------|---------------|
| Directors' emoluments: | | |
| Remuneration | 1,761 | 2,224 |
| | 1,761 | 2,224 |

Remuneration of the highest paid director (in respect of qualifying services) was:

| | 2024 £'000 | 2023 £'000 |
|--------------|---------------|---------------|
| Remuneration | 823 | 1,095 |
| | 823 | 1,095 |

No directors accrue benefits under company pension plans.

Full details of directors' remuneration is included within the Report of the Remuneration Committee on pages 54 to 59.

11. Finance income

| | 2024 £'000 | 2023 £'000 |
|---------------------------------------|---------------|---------------|
| Interest on cash and cash equivalents | 164 | 15 |
| Other interest receivable | 420 | 128 |
| | 584 | 143 |

12. Finance expense

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Interest on bank loans and overdrafts | 3,615 | 1,676 |
| Interest on lease liabilities | 898 | 675 |
| Unwinding of discount on deferred and contingent consideration | 2,418 | 2,891 |
| Other interest payable | 25 | 14 |
| | 6,956 | 5,256 |

13. Fair value gains and losses

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Gain on re-measurement of contingent consideration (notes 22 & 36) | 6,352 | 8,176 |
| Gain on acquisition (note 22) | - | 256 |
| | 6,352 | 8,432 |

14. Other items

In order to assist with the understanding of the Group's performance, certain business combination related items that are significant in nature and items that management do not consider to be directly reflective of the Group's underlying performance in the period are presented separately, on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

This includes certain cash and non-cash items which tend to be charged or recognised throughout the year regardless of trading performance. For the purpose of assessing performance on a comparable basis year on year, management therefore considers both statutory and adjusted profit measures, with these adjusted measures presented separately in order to provide additional useful information about the Group's performance to users of the accounts.

Other items that are excluded from adjusted profit measures are as follows:

| | 2024 £'000 | 2023 £'000 |
|---|-----------------|-----------------|
| Amortisation of acquired intangible assets (note 20) | (10,233) | (8,399) |
| Total depreciation and amortisation | (10,233) | (8,399) |
| Acquisition costs | (828) | (281) |
| Refinancing costs | (111) | - |
| IT transformation costs | (295) | - |
| Earn-out consideration classified as remuneration under IFRS 3 | (4,944) | (5,483) |
| Share-based payment expense (including employer NI) | (1,456) | (1,567) |
| Total other administrative expenses | (7,634) | (7,331) |
| Unwinding of discount on contingent consideration (note 12) | (2,418) | (2,891) |
| Total finance expense | (2,418) | (2,891) |
| Share of post-tax profit of equity accounted associates (note 23) | 71 | 123 |
| Gain on re-measurement of contingent consideration (notes 22 & 36) | 6,352 | 8,176 |
| Gain on acquisition | - | 256 |
| Total fair value gains (note 13) | 6,352 | 8,432 |
| Total other items before tax | (13,862) | (10,066) |
| Tax on other items (note 15) | 2,913 | 2,094 |
| Total other items after tax | (10,949) | (7,972) |
| Other comprehensive (loss)/income | | |
| Remeasurements of defined benefit pension schemes | (16) | 43 |
| Deferred tax on remeasurement of defined benefit pension schemes | 4 | (11) |
| Fair value gain on investments in equity instruments designated as FVTOCI | - | 10 |
| Total other comprehensive (loss)/income | (12) | 42 |
| Total other items in total comprehensive income | (10,961) | (7,930) |

Impact of business combinations

Following a business combination, intangible assets in respect of brands, customer relationships and supplier relationships are recognised as part of the fair value assessment of net assets acquired. Amortisation on these acquired intangibles is excluded from adjusted profit as the recognition of these intangibles is not comparable with the recognition of other internally generated assets. Its exclusion enables performance to be assessed on a like for like basis regardless of whether growth is organic or through acquisition and whether acquired intangibles have been fully amortised.

Acquisition costs associated with business combinations can fluctuate from year to year depending on the size and number of acquisitions. Legal and professional fees for acquisitions are also generally considered to be greater than those incurred during the course of regular trading. These are therefore excluded from adjusted results for improved comparability.

Any gains recognised on acquisition, subsequent changes in the fair value of contingent consideration and the related finance expense in connection with discounting deferred and contingent consideration can also make a comparison of trading performance on a like for like basis more difficult. These gains/losses and expenses are therefore also excluded from adjusted results, with the inclusion within other items consistent with the presentation of other acquisition related costs.

Fair value gains include a gain of £6,352,000 (2023: £8,176,000) in respect of changes in contingent consideration expected to be payable. A reconciliation of the movement in the year, including details of the reasons for the change in the year is outlined in note 22.

Acquisition costs comprise of £541,000 (2023: £92,000), in relation to stamp duty, plus a further £287,000 (2023: £189,000) in respect of legal and professional fees. £828,000 (2023: £259,000) was directly associated with the acquisitions in the year (note 22).

To facilitate the acquisitions during the year, the Group refinanced and agreed an increase in its available banking facilities. The refinancing costs directly associated with this are therefore considered to be connected with the acquisition.

The agreements to purchase Taylor Maxwell Group (2017) Limited and Modular Clay Products Ltd include earn-out consideration, payable if certain performance-based targets are met over the following three-years. The share purchase agreements also include a 'bad leaver' clause, under which the earn-out consideration payment to such a leaver is forfeited. The clauses were included with the intention of protecting the value of the business over the first few years following acquisition. However, as a result of the earn-out consideration effectively being contingent on the continued employment or 'good leaver' status of the individual, the amount payable has been treated as remuneration in accordance with current IFRS interpretation guidance of IFRS 3. As such, the amount payable is considered significant in nature, business combination related and not reflective of a typical remuneration cost that would usually be incurred within the underlying trade of the Group.

IT transformation costs

During the year, the group installed a new HR and payroll system and undertook initial investigations with regards to the potential investment in a new group wide IT system. The project set up and installation costs are over and above the Group's annual system upgrade and maintenance costs and thus these costs have been excluded from adjusted results in order to assist with the understanding of the Group's performance in the year.

Share-based payments

The share-based payment expense represents the share-based payment charge for the year, including associated accrued employer taxes. A portion of the share options issued are subject to performance criteria, including both market and non-market conditions. Changes in market conditions after the grant date are not reflected in the share-based payment expense recognised. The accounting charge is therefore not considered to be directly linked to the Group's trading operations in the year and thus separate disclosure is deemed appropriate to assist with the understanding of the Group's performance in the year.

Equity accounted associates

The Group is not directly involved in the day-to-day operations of its associate and thus considers it appropriate to separate its share of this entity's results from the Group's adjusted results.

Tax

The tax credit arising on the other items is presented on the same basis as the cost to which it relates. The tax impact attributable to each other item is outlined in note 15.

Other comprehensive income

The other comprehensive loss for the year relates to the remeasurement of the defined pension scheme and associated deferred tax movement.

During the year, the Group completed a buy-out process to transfer all defined benefit pension liabilities to an insurer (see note 35). As such, the final scheme-related remeasurement and deferred tax movements are not considered to be part of the Group's underlying operations and have been reported separately from the Group's adjusted results.

15. Tax on profit

The major components of the income tax expense are:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK current tax expense | 9,406 | 8,949 |
| Adjustments in respect of prior periods | (115) | (319) |
| Total current tax | 9,291 | 8,630 |
| Deferred tax | | |
| Origination and reversal of temporary differences | (3,211) | (1,800) |
| Total tax on profit | 6,080 | 6,830 |

Reconciliation of tax expense

The standard rate of corporation tax in the UK is 25% (2023: 19%). The charge for the year can be reconciled, to the standard rate applied to the profit before tax, as follows:

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before taxation | 21,444 | 34,527 |
| Tax on profit on ordinary activities at standard rate | 5,361 | 6,560 |
| Adjustments to current tax charge in respect of prior periods | (115) | (319) |
| Adjustments to deferred tax charge in respect of prior periods | (229) | 62 |
| Effect of expenses not deductible for tax purposes | 357 | 565 |
| Effect of changes in deferred and contingent consideration | (971) | (1,004) |
| Effect of remuneration under IFRS 3 not deductible for tax purposes | 1,236 | 1,042 |
| Effect of gain on acquisition | - | (49) |
| Effect of capital allowances and depreciation | 97 | (15) |
| Effect of changes in UK tax rates | - | 10 |
| Effect of utilisation of tax losses | 4 | 99 |
| Effect of share options | 137 | (121) |
| Effect of RDEC | 203 | - |
| Tax on profit | 6,080 | 6,830 |

The UK rate of corporation tax increased to 25% with effect from April 2023, increasing from 19% in the prior year. The change in rate was substantively enacted during the year ended 31 March 2022 and thus there has not been a remeasurement of deferred tax liabilities as a result of the rate change during the year.

The tax impact of the 'other' items outlined in note 14 and within the Consolidated Statement of Profit or Loss and Other Comprehensive Income is as follows:

| | 2024 | | 2023 | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Other item £'000 | Tax impact £'000 | Other item £'000 | Tax impact £'000 |
| Amortisation of acquired intangible assets | (10,233) | 2,558 | (8,399) | 1,596 |
| Acquisition costs | (828) | 26 | (281) | 23 |
| Refinancing costs | (111) | 39 | - | - |
| IT project costs | (295) | 74 | - | - |
| Earn-out consideration classified as remuneration under IFRS 3 | (4,944) | - | (5,483) | - |
| Share-based payment expense (including employer NI) | (1,456) | 216 | (1,567) | 475 |
| Unwinding of discount on contingent consideration | (2,418) | - | (2,891) | - |
| Share of post-tax profit of equity accounted associates | 71 | - | 123 | - |
| Gain on re-measurement of contingent consideration | 6,352 | - | 8,176 | - |
| Gain on acquisition | - | - | 256 | - |
| Total other items | (13,862) | 2,913 | (10,066) | 2,094 |
| Other comprehensive (loss)/income | | | | |
| Remeasurements of defined benefit pension schemes | (16) | 4 | 43 | (11) |
| Fair value gain on investments in equity instruments designated as FVTOCI | - | - | 10 | - |
| Total other items in other comprehensive (loss)/income | (16) | 4 | 53 | (11) |

16. Dividends

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Amounts recognised as distributions to equity holders in the year: | | |
| Final dividend for the year ended 31 March 2023 of 2.15p per share (2023: for the year ended 31 March 2022 of 2.04p per share) | 6,456 | 6,111 |
| Interim dividend for the year ended 31 March 2024 of 1.07p per share (2023: for the year ended 31 March 2023 of 1.01p per share) | 3,406 | 3,032 |
| Total dividends paid in the year | 9,862 | 9,143 |

The Directors recommend that a final dividend for 2024 of 2.28p (2023: 2.15p) 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 30 August 2024. This dividend has not been included as a liability in these financial statements.

17. 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:

| | 2024 | | | 2023 | | |
|--------------------------------|-------------------|--|------------------------------|-------------------|--|------------------------------|
| | 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 | 15,367 | 303,814,191 | 5.06 | 27,738 | 299,439,718 | 9.26 |
| Effect of dilutive securities: | | | | | | |
| Employee share options | - | 6,157,200 | - | - | 5,403,747 | - |
| Diluted earnings per share | 15,367 | 309,971,391 | 4.96 | 27,738 | 304,843,465 | 9.10 |

17. Earnings per share (continued)

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 14 of the financial statements.

| | 2024 | | | 2023 | | |
|-------------------------------------|-------------------|--|------------------------------|-------------------|--|------------------------------|
| | 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 | 26,316 | 303,814,191 | 8.66 | 35,710 | 299,439,718 | 11.93 |
| Effect of dilutive securities: | | | | | | |
| Employee share options | - | 6,157,200 | - | - | 5,403,747 | - |
| Adjusted diluted earnings per share | 26,316 | 309,971,391 | 8.49 | 35,710 | 304,843,465 | 11.71 |

18. Property, plant and equipment

| Group | Land and buildings £'000 | Plant and machinery £'000 | Fixtures, fittings and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|---|--------------------------------|---------------------------------|---|----------------------------|----------------|
| Cost | | | | | |
| At 1 April 2022 | 17,287 | 1,534 | 1,194 | 1,860 | 21,875 |
| Additions | 5,667 | 256 | 473 | 833 | 7,229 |
| Acquisition through business combinations | 27 | - | 162 | 13 | 202 |
| Transferred from right of use assets | - | - | - | 35 | 35 |
| Disposals | (71) | (27) | (7) | (316) | (421) |
| At 31 March 2023 | 22,910 | 1,763 | 1,822 | 2,425 | 28,920 |
| Additions | 5,418 | 130 | 402 | 194 | 6,144 |
| Acquisition through business combinations | - | 47 | 232 | 94 | 373 |
| Reclassified to assets held for sale | (2,734) | - | (13) | - | (2,747) |
| Disposals | - | - | (9) | (345) | (354) |
| At 31 March 2024 | 25,594 | 1,940 | 2,434 | 2,368 | 32,336 |
| Depreciation | | | | | |
| At 1 April 2022 | 1,187 | 586 | 515 | 530 | 2,818 |
| Charge for the year | 483 | 224 | 300 | 559 | 1,566 |
| Transferred from right of use assets | - | - | - | 20 | 20 |
| On disposals | (63) | (18) | (7) | (179) | (267) |
| At 31 March 2023 | 1,607 | 792 | 808 | 930 | 4,137 |
| Charge for the year | 656 | 250 | 371 | 459 | 1,736 |
| Reclassified to assets held for sale | (188) | - | (4) | - | (192) |
| On disposals | - | - | (8) | (196) | (204) |
| At 31 March 2024 | 2,075 | 1,042 | 1,167 | 1,193 | 5,477 |
| Net book value | | | | | |
| At 31 March 2024 | 23,519 | 898 | 1,267 | 1,175 | 26,859 |
| At 31 March 2023 | 21,303 | 971 | 1,014 | 1,495 | 24,783 |

Included within land and buildings is freehold land amounting to £2,777,000 (2023: £2,479,000) which is not depreciated.

Property, plant and equipment with a carrying value of £27,503,000 (2023: £23,301,000) is pledged as security for the Group's bank loan.

19. Investment property

| Company | Investment property £'000 |
|-------------------------|------------------------------|
| Cost | |
| At 1 April 2022 | 531 |
| Additions | 1,520 |
| At 31 March 2023 | 2,051 |
| Additions | 4,314 |
| At 31 March 2024 | 6,365 |
| Depreciation | |
| At 1 April 2022 | - |
| Charge for the year | 28 |
| At 31 March 2023 | 28 |
| Charge for the year | 136 |
| At 31 March 2024 | 164 |
| Net book value | |
| At 31 March 2024 | 6,201 |
| At 31 March 2023 | 2,023 |

The Company's investment properties are all used by its subsidiaries. The Group therefore has no investment property, with the properties included within Property, Plant and Equipment within the consolidated financial statements.

The Company recognises its investment properties at cost.

Rental income of £377,000 (2023: £198,000) is included within the individual company's profit for the year. The Company did not incur any direct operating expenses in respect of the properties during the year.

At both 31 March 2024 and 31 March 2023, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. There are also no contractual obligations to purchase, construct or develop investment property.

The fair value of the properties at 31 March 2024 was considered to be £6,201,000 (2023: £2,023,000).

The fair value is based on management's assessment. Given all properties were recently acquired on market terms, the directors consider that the fair value of the investment properties at 31 March 2024 is not materially different to their carrying value.

20. Intangible assets

| | Brands £'000 | Customer & supplier relationships £'000 | Other intangibles £'000 | Goodwill £'000 | Total £'000 |
|---|-----------------|--|-------------------------------|-------------------|----------------|
| Cost or valuation | | | | | |
| At 1 April 2022 | 23,521 | 65,283 | 492 | 77,548 | 166,844 |
| Additions | - | - | 478 | - | 478 |
| Acquisition through business combinations | 1,700 | 5,502 | - | 2,240 | 9,442 |
| At 31 March 2023 | 25,221 | 70,785 | 970 | 79,788 | 176,764 |
| Additions | - | - | 325 | - | 325 |
| Acquisition through business combinations | 3,910 | 34,098 | - | 45,239 | 83,247 |
| At 31 March 2024 | 29,131 | 104,883 | 1,295 | 125,027 | 260,336 |

20. Intangible assets (continued)

| | Brands £'000 | Customer & supplier relationships £'000 | Other intangibles £'000 | Goodwill £'000 | Total £'000 |
|------------------------------------|-----------------|--|-------------------------------|-------------------|----------------|
| Amortisation and impairment | | | | | |
| At 1 April 2022 | 3,570 | 12,225 | 66 | 32 | 15,893 |
| Charge for the year | 1,993 | 6,406 | 48 | - | 8,447 |
| At 31 March 2023 | 5,563 | 18,631 | 114 | 32 | 24,340 |
| Charge for the year | 2,173 | 8,060 | 35 | - | 10,268 |
| At 31 March 2024 | 7,736 | 26,691 | 149 | 32 | 34,608 |
| Net book value | | | | | |
| At 31 March 2024 | 21,395 | 78,192 | 1,146 | 124,995 | 225,728 |
| At 31 March 2023 | 19,658 | 52,154 | 856 | 79,756 | 152,424 |

The Company has no intangible assets.

Goodwill is reviewed annually for impairment. The economic climate continued to be challenging during the year and since the year end, with increased interest rates and fluctuations in inflation which rose significantly during the year before falling since the year end. This could give rise to an indication of potential impairment as outlined within the key sources of estimation uncertainty in note 4 of the financial statements. As such, impairment reviews have also been carried out in respect of other intangible assets and other non-financial assets, including property, plant and equipment and right of use assets.

The carrying amount of goodwill and impairment losses by segment are as follows:

| | Bricks and Building Materials £'000 | Importing £'000 | Distribution £'000 | Contracting £'000 | Total £'000 |
|----------------------------|---|--------------------|-----------------------|----------------------|----------------|
| At 1 April 2022 | 26,303 | 7,740 | 23,431 | 20,042 | 77,516 |
| Recognised on acquisitions | - | 2,240 | - | - | 2,240 |
| At 31 March 2023 | 26,303 | 9,980 | 23,431 | 20,042 | 79,756 |
| Recognised on acquisitions | 579 | - | - | 44,660 | 45,239 |
| At 31 March 2024 | 26,882 | 9,980 | 23,431 | 64,702 | 124,995 |

Impairment losses regarding goodwill are included within the depreciation and amortisation expense in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of goodwill is allocated to CGUs as follows:

| | 2024 £'000 | 2023 £'000 |
|------------------------------|----------------|---------------|
| Brick-ability trading group | 12,845 | 12,845 |
| PVH trading group | 16,399 | 16,399 |
| HHG trading group | 12,809 | 12,690 |
| Taylor Maxwell trading group | 12,016 | 11,437 |
| HBS NE* | - | 8,534 |
| Group Topek | 24,189 | - |
| TSL Assets | 20,470 | - |
| Other CGUs* | 26,267 | 17,851 |
| Total | 124,995 | 79,756 |

* There has been no change in the value of goodwill recognised for HBS NE. However, following the acquisitions in the year, the HBS NE CGU is no longer considered to be significant as the goodwill now represents just 6.83% of the total goodwill. The £8,534,000 is therefore included within the Other CGUs total of £26,267,000 at 31 March 2024.

The goodwill allocated to the Brick-ability trading group, PVH trading group, HHG trading group, Taylor Maxwell trading group, Group Topek and TSL Assets CGUs is considered significant in comparison with the Group's total carrying amount of goodwill. CGUs within the Other CGU category each represent between 0.01% and 6.83% (2023: 0.02% and 5.04%) of the total goodwill and relate to the business operations of entities acquired during previous years. CGUs representing more than 10% of the total goodwill are considered to be significant to the Group.

The Group Topek and TSL Assets CGUs have been acquired during the year.

The goodwill allocated to the Taylor Maxwell trading group has increased during the year following the acquisition of Precision Façade Systems Limited. Upon acquisition the Company's assets and liabilities were hived into its parent company within the Taylor Maxwell CGU.

Goodwill in respect of Bathroom Barn, a company acquired in November 2020, has been allocated to the HHG trading group CGU in the year. It was previously included within Other CGUs in the table above. The Bathroom Barn business was hived into the Company's parent company within the HHG following acquisition. As that division has become more integrated with the operations of its parent, the HHG trading group CGU is now considered the smallest group of assets that generate largely independent cash flows.

The recoverable amount is the higher of fair value less costs of disposal (FVLCD) and value in use (VIU). The Group estimates the recoverable amount of each significant CGU, using a VIU model by projecting cash flows for the next three years together with a terminal value using a long-term growth rate. The key assumptions underpinning the recoverable amounts of the CGUs tested for impairment are forecast revenues and EBITDA, upon which the forecast cash flows are based, the long-term growth rates and the discount rates applied to the forecast cash flows.

Revenue and EBITDA forecast in the impairment models are based on management's past experience and future expectations of performance. The projections also consider the ongoing uncertainty in the market, with assumptions for future trade supported by actual trends and previous performance. The growth rate and discount rate applied for each CGU is as follows:

| | Growth rate | | Pre-tax discount rate | |
|------------------------------|-------------|-----------|-----------------------|-------------|
| | 2024 % | 2023 % | 2024 % | 2023 % |
| Brick-ability trading group | 2.0 | 2.0 | 15.3 | 16.2 |
| PVH trading group | 2.0 | 2.0 | 17.3 | 19.8 |
| HHG trading group | 2.0 | 2.0 | 15.2 | 16.4 |
| Taylor Maxwell trading group | 2.0 | 2.0 | 15.2 | 16.5 |
| HBS NE | - | 2.0 | - | 29.6 |
| Group Topek | 2.0 | - | 16.9 | - |
| TSL Assets | 2.0 | - | 17.0 | - |
| Other CGUs | 2.0 | 2.0 | 15.8 - 22.9 | 18.6 - 23.8 |

The long-term growth rates used to extrapolate the cash flow projections beyond the initial three-year period do not exceed the average long-term growth rates for the relevant markets. The pre-tax discount rates applied are derived from the CGU's post-tax weighted average cost of capital (WACC), by reference to comparable quoted company data, which range from 11.7% to 17.8% (2023: 12.7% to 23.3%). Inputs into the calculation of the discount rates reflect the risks associated with the CGU's size and industry within which it operates. A growth risk factor of 5% (2023: 5%) has also been incorporated into the discount rate for HBS NE given there being a significant level of growth anticipated during the forecast period, due to changes in renewable energy legislation. Risk-free rates included within the discount rate calculations are obtained from observable market rates.

Sensitivity

The total recoverable amount in respect of goodwill arising on consolidation, other intangibles and other non-financial assets, as assessed by management using the above assumptions, is greater than the carrying amount. No impairment loss has therefore been recorded, in either the current or previous year.

The projections used in the impairment reviews have also been sensitised. Management considers it not reasonably possible for the assumptions to change so significantly as to eliminate the excess level of headroom for any of the significant CGUs, with EBITDA required to fall to between 34.09% and 64.53% (2023: 28.53% and 76.34%) of forecasted results or the discount rate required to increase by between 6.56% and 22.44% (2023: 5.95% and 64.39%) in order for there to be an impairment.

If there were to be a drop in forecast EBITDA of 20%, the carrying amount of all non-current assets for three CGUs within the 'Other CGUs' category may exceed the CGU's recoverable amount. Should EBITDA fall by 20%, there would be a decrease in the VIU of £4,249,000 which may result in an impairment of £1,471,000.

21. Subsidiaries

Company

| Shares in group undertakings | 2024 £'000 | 2023 £'000 |
|--------------------------------|---------------|---------------|
| Cost and carrying value | | |
| At 1 April | 58,720 | 57,572 |
| Additions | 47,283 | 1,148 |
| At 31 March | 106,003 | 58,720 |

An addition of £970,000 (2023: £1,148,000) was recognised in the year in respect of the Company issuing share options to employees of its subsidiaries, which are the receiving entities of the associated employee services.

At the reporting date, the Company had the following subsidiary undertakings, all of which are included in these consolidated financial statements:

| Subsidiary | Country of operation and incorporation | Class of share held | Proportion of shares held 2024 | Proportion of shares held 2023 |
|--|--|---------------------|--------------------------------|--------------------------------|
| Brickability Enterprises Holding Limited | England and Wales | Ordinary | 100% | 100% |
| Brickability Enterprises Investments Limited | England and Wales | Ordinary | 100% | 100% |
| Brickability UK Holdings Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Brick-ability Ltd. (2) | England and Wales | Ordinary | 100% | 100% |
| Brick Services Limited (2) | England and Wales | Ordinary | 100% | 100% |
| The Matching Brick Company Limited (2) | England and Wales | Ordinary | 100% | 100% |
| Brick-Link Limited (2) | England and Wales | Ordinary | 100% | 100% |
| Plansure Building Products Limited (2) | England and Wales | Ordinary | 100% | 100% |
| P V H Holdings Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Crest Brick Slate & Tile Limited (3) | England and Wales | Ordinary | 100% | 100% |
| Crest Roofing Limited (3) | England and Wales | Ordinary | 100% | 100% |
| Crown Roofing (Centres) Limited (5) | England and Wales | Ordinary | 100% | 100% |
| Excel Roofing Services Limited (5) | England and Wales | Ordinary | 100% | 100% |
| Hamilton Heating Group Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Towelrads.com Limited (6) | England and Wales | Ordinary | 100% | 100% |
| Radiatorsonline.com Ltd (6) | England and Wales | Ordinary | 100% | 100% |
| Frazer Simpson Limited (1) | England and Wales | Ordinary | 100% | 100% |
| FSN Doors Limited (1) | England and Wales | Ordinary | 100% | 100% |
| DSH Flooring Limited (6) | England and Wales | Ordinary | 100% | 100% |
| CPG Building Supplies Limited (1) | England and Wales | Ordinary | 100% | 100% |
| The Bespoke Brick Company Limited (1) | England and Wales | Ordinary | 100% | 100% |
| The Brick Slip Business Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Brickmongers (Wessex) Ltd (2) | England and Wales | Ordinary | 100% | 100% |
| LBT Brick & Facades Limited (2) | England and Wales | Ordinary | 100% | 100% |
| McCann Roofing Products Limited* (4) | England and Wales | Ordinary | 100% | 100% |
| U Plastics Limited (1) | England and Wales | Ordinary | 100% | 100% |
| McCann Logistics Ltd (3) | England and Wales | Ordinary | 100% | 100% |
| Forum Tiles Limited (8) | England and Wales | Ordinary | 75% | 75% |
| Taylor Maxwell Group (2017) Limited (9) | England and Wales | Ordinary | 100% | 100% |
| Taylor Maxwell Group Limited (10) | England and Wales | Ordinary | 100% | 100% |
| Taylor Maxwell Holdings Limited (11) | England and Wales | Ordinary | 100% | 100% |
| Taylor, Maxwell & Co Limited (12) | England and Wales | Ordinary | 100% | 100% |

| Subsidiary | Country of operation and incorporation | Class of share held | Proportion of shares held 2024 | Proportion of shares held 2023 |
|--|--|---------------------|--------------------------------|--------------------------------|
| Taylor Maxwell Timber Limited (13) | England and Wales | Ordinary | 100% | 100% |
| The Vobster Cast Stone Company Limited (12) | England and Wales | Ordinary | 100% | 100% |
| SBS Cladding Ltd (13) | England and Wales | Ordinary | 100% | 100% |
| Pacific Lumber Services (UK) Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Timber Marketing Corporation Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Taymax Independent Plywood Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Michael Douglas & Co Limited (12) | England and Wales | Ordinary | 100% | 100% |
| Taylor Maxwell Timber Consolidated Limited (12) | England and Wales | Ordinary | 100% | 100% |
| Proctor & Lavender Brick Distributors Limited (13) | England and Wales | Ordinary | 100% | 100% |
| Taylor Maxwell Hardwoods Limited (12) | England and Wales | Ordinary | 100% | 100% |
| Taylor Maxwell (International) Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Taymax Forest Products Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Added Value Timber Products Limited (14) | England and Wales | Ordinary | 100% | 100% |
| Leadcraft Limited (15) | England and Wales | Ordinary | 100% | 100% |
| Rangeley Holdings Limited (1) | England and Wales | Ordinary | 100% | 100% |
| HBS NE Limited (1) | England and Wales | Ordinary | 100% | 100% |
| HBS NE Two Limited (17) | England and Wales | Ordinary | - | 100% |
| Whiffen Holdings Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Beacon Roofing Limited (16) | England and Wales | Ordinary | 100% | 100% |
| Modular Clay Products Ltd (1) | England and Wales | Ordinary | 100% | 100%- |
| E. T. Clay Products Limited (1) | England and Wales | Ordinary | 100% | 100%- |
| Heritage Clay Tiles Limited (1) | England and Wales | Ordinary | 100% | 100% |
| Precision Façade Systems Ltd (18) | England and Wales | Ordinary | 100% | - |
| Group Topek Holdings Limited | Scotland | Ordinary | 100% | - |
| Topek Limited (19) | Scotland | Ordinary | 100% | - |
| TSL Assets Limited | England and Wales | Ordinary | 100% | - |
| Topek Southern Limited (20) | Scotland | Ordinary | 100% | - |

* The company changed its name since the year end to Roofing Distribution UK Limited, with effect from 2 April 2024.

(1) Wholly owned by Brickability Enterprises Investments Limited.

(2) Wholly owned by Brickability UK Holdings Limited.

(3) Wholly owned by P V H Holdings Limited.

(4) Wholly owned by Crest Brick Slate & Tile Limited.

(5) Wholly owned by Crest Roofing Limited.

(6) Wholly owned by Hamilton Heating Group Limited.

(7) Wholly owned by Towelrads.com Limited.

(8) 75% owned by Towelrads.com Limited.

(9) Wholly owned by Brickability Group PLC.

(10) Wholly owned by Taylor Maxwell Group (2017) Limited.

(11) Wholly owned by Taylor Maxwell Group Limited.

(12) Wholly owned by Taylor Maxwell Holdings Limited.

(13) Wholly owned by Taylor, Maxwell & Co Limited.

(14) Wholly owned by Taylor Maxwell Timber Limited.

(15) Wholly owned by Rangeley Holdings Limited.

(16) Wholly owned by Whiffen Holdings Limited.

(17) Wholly owned by HBS NE Limited.

(18) Wholly owned by SBS Cladding Limited.

(19) Wholly owned by Group Topek Holdings Limited.

(20) Wholly owned by TSL Assets Limited.

21. Subsidiaries (continued)

Forum Tiles Limited was incorporated in January 2021, with the Group owning 75% of the issued share capital. The non-controlling interest is not material to the Group and thus no further disclosure is included in respect of the profit or loss allocated to non-controlling interests.

HBS NE Two Limited was a dormant company that was dissolved on 24 October 2023.

By virtue of section 479A of the Companies Act 2006, the following subsidiaries are exempt from the requirements relating to the audit of individual accounts, with the ultimate parent company, Brickability Group PLC, providing a guarantee for these companies under section 479C:

| Subsidiary | Company number | Subsidiary | Company number |
|--|----------------|--|----------------|
| Brickability Enterprises Holding Limited | 10332050 | Roofing Distribution UK Limited* | 08732318 |
| Brickability Enterprises Investments Limited | 10332505 | U Plastics Limited | 05110347 |
| Brickability UK Holdings Limited | 07805178 | McCann Logistics Ltd | 01403830 |
| Brick-ability Ltd. | 01972562 | Forum Tiles Limited | 13134891 |
| Brick Services Limited | 03719911 | Taylor Maxwell Group (2017) Limited | 10596770 |
| The Matching Brick Company Limited | 02530773 | Taylor Maxwell Group Limited | 05726000 |
| Brick-Link Limited | 02245364 | Taylor Maxwell Holdings Limited | 01913316 |
| Plansure Building Products Limited | 06016447 | Taylor, Maxwell & Co Limited | 00476749 |
| P V H Holdings Limited | 02484708 | Taylor Maxwell Timber Limited | 01295681 |
| Crest Brick Slate & Tile Limited | 03633185 | The Vobster Cast Stone Company Limited | 00843928 |
| Crest Roofing Limited | 02487387 | SBS Cladding Ltd | 07607128 |
| Crown Roofing (Centres) Limited | 02828966 | Leadcraft Limited | 03839874 |
| Excel Roofing Services Limited | 03595977 | Rangeley Holdings Limited | 10476725 |
| Hamilton Heating Group Limited | 09921801 | HBS NE Limited | 13451727 |
| Towelrads.com Limited | 04906064 | Whiffen Holdings Limited | 07804032 |
| Radiatorsonline.com Ltd | 10757797 | Beacon Roofing Limited | 02830038 |
| Frazer Simpson Limited | 06838234 | Modular Clay Products Ltd | 06471686 |
| FSN Doors Limited | 07304174 | E. T. Clay Products Limited | 03373142 |
| DSH Flooring Limited | 08209834 | Heritage Clay Tiles Limited | 05044301 |
| CPG Building Supplies Limited | 02937329 | Precision Façade Systems Ltd | 11505956 |
| The Bespoke Brick Company Limited | 08723889 | Group Topek Holdings Limited | SC417306 |
| The Brick Slip Business Limited | 09707800 | Topek Limited | SC076272 |
| Brickmongers (Wessex) Ltd | 06944174 | TSL Assets Limited | 11461759 |
| LBT Brick & Facades Limited | 02545642 | Topek Southern Limited | SC361395 |

* Formerly named McCann Roofing Products Limited.

The Directors believe that the likelihood of the guarantee being called upon is remote, based on the above subsidiaries either being intermediate parents within the Group, with primarily just Group debt balances, or considered low risk.

22. 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 |
|--|------------------|
| Precision Façade Systems Ltd | 2 June 2023 |
| Group Topek Holdings Limited and Topek Limited | 10 October 2023 |
| TSL Assets Limited and Topek Southern Limited | 19 January 2024 |

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

| | Precision Façade Systems Ltd £'000 | Group Topek Group £'000 | TSL Assets Group £'000 | Total £'000 |
|--|--|----------------------------------|---------------------------|----------------|
| Property, plant and equipment | 15 | 46 | 312 | 373 |
| Right of use assets | - | 505 | 856 | 1,361 |
| Identifiable intangible assets (note 20) | - | 18,168 | 19,840 | 38,008 |
| Inventory | 5 | - | - | 5 |
| Trade and other receivables | 14 | 3,547 | 2,693 | 6,254 |
| Contract assets | - | 2,141 | 1,095 | 3,236 |
| Cash and cash equivalents | - | 7,912 | 9,924 | 17,836 |
| Trade and other payables | (13) | (2,356) | (3,038) | (5,407) |
| Loans and borrowings | - | (351) | - | (351) |
| Current income tax | - | (557) | 233 | (324) |
| Lease liabilities | - | (505) | (856) | (1,361) |
| Provisions | - | - | (364) | (364) |
| Deferred tax | - | (4,572) | (5,126) | (9,698) |
| Total identifiable net assets | 21 | 23,978 | 25,569 | 49,568 |
| Goodwill | 579 | 24,189 | 20,471 | 45,239 |
| Total consideration | 600 | 48,167 | 46,040 | 94,807 |

Satisfied by:

| | | | | |
|------------------------------------|-----|--------|--------|--------|
| Cash paid | 600 | 36,033 | 23,990 | 60,623 |
| Shares issued as consideration | - | - | 9,573 | 9,573 |
| Deferred consideration | - | - | 158 | 158 |
| Contingent consideration (note 36) | - | 12,134 | 12,319 | 24,453 |
| Total consideration | 600 | 48,167 | 46,040 | 94,807 |

Cash paid reflects an initial cash payment agreed in respect of the value attributed to the business, based on a multiple of Adjusted EBITDA, plus any further amounts paid in respect of excess working capital, including any surplus cash, based on agreed form completion accounts.

The cash outflow of £42,787,000 (2023: £11,998,000) in the Consolidated Statement of Cash Flows, in respect of the acquisition of subsidiaries, comprises cash consideration paid of £60,623,000 (2023: £16,674,000) less cash acquired of £17,836,000 (2023: £4,676,000).

The Group acquired each of the above subsidiaries in order to complement the Group's existing product range and expand its presence in the cladding remediation market.

The fair value of identifiable intangible assets acquired through business combinations relate to brands and customer relationships. The fair value of brands is based on a relief from royalty method, with a royalty rate of 1% applied based on comparable businesses in the market, reflecting the size of the entities acquired. The fair value of customer relationships is established using a multi-period excess earnings method, with discount rates of between 12.5% and 12.9% applied to the acquisitions in the year, based on expert advice procured by the directors. Such judgements are sensitive to the underlying assumptions such that a 1% increase in the discount rate applied would reduce the reported value of identifiable intangible assets by £1,600,000, with a corresponding adjustment to goodwill, subject to adjustment for deferred tax.

Projected cashflows that underpin the valuations are based on management's best estimate of the expected levels of trade and profits following acquisition, taking into account actual results around the time of acquisition. Forecasts are prepared for a three-year period, with an inflationary 2% growth in revenue applied thereafter.

Any excess paid over the value of net assets acquired is included as goodwill. 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.

22. Business combinations (continued)

Included within the fair value of trade and other receivables above are the following gross contractual amounts due and amounts not expected to be collected in respect of trade receivables:

| | Precision Façade Systems Ltd £'000 | Group Topek Group £'000 | TSL Assets Group £'000 |
|---------------------------------------|--|-------------------------------|---------------------------|
| Gross contractual trade receivables | 14 | 508 | 2,018 |
| Amounts not expected to be collected | - | - | (7) |
| Fair value of contractual receivables | 14 | 508 | 2,011 |

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

| | Precision Façade Systems Ltd £'000 | Group Topek Group £'000 | TSL Assets Group £'000 |
|------------|--|-------------------------------|---------------------------|
| Revenue | - | 10,767 | 4,664 |
| Net profit | - | 2,309 | 691 |

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 £632,528,000 (2023: £706,624,000) and Group profit would have been £24,167,000 (2023: £30,332,000).

Acquisition related costs, included in administrative expenses (note 14), amounted to £828,000 in respect of the above acquisitions, as follows:

| | Precision Façade Systems Ltd £'000 | Group Topek Group £'000 | TSL Assets Group £'000 |
|-------------------|--|-------------------------------|---------------------------|
| Acquisition costs | 23 | 395 | 410 |

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 adjusted EBITDA targets, over the three years following acquisition, with the exception of HBS NE Limited which is over five years.

The fair value of all contingent consideration is based on a discounting cash flow model, applying a discount rate of between 4.1% and 23.6% 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 2024 £'000 | Undiscounted amount payable 2024 £'000 | Fair value at reporting date 2023 £'000 | Undiscounted amount payable 2023 £'000 |
|--|------------------|---------------------------------------|--|---|--|---|
| U Plastics Limited | 3.5% | 2,208 | - | - | 962 | 964 |
| Bathroom Barn Limited | 1.7% | 231 | - | - | 108 | 110 |
| McCann Logistics Ltd | 1.7% | 889 | - | - | 1,324 | 1,330 |
| Taylor Maxwell Group (2017) Limited | 4.1% | - | 293 | 293 | 390 | 406 |
| SBS Cladding Limited | 4.1% | 1,845 | 797 | 800 | 1,464 | 1,500 |
| Leadcraft Limited | 7.4% | 722 | 922 | 961 | 964 | 1,128 |
| HBS NE Limited | 23.6% | 10,069 | 1,417 | 2,333 | 3,901 | 6,998 |
| Beacon Roofing Limited | 13.0% | 1,365 | 1,578 | 1,757 | 2,355 | 2,802 |
| E. T. Clay Products Limited | 16.0% | 1,043 | - | - | 2,433 | 3,210 |
| Heritage Clay Tiles Limited | 20.0% | 82 | - | - | 192 | 270 |
| Group Topek Holdings Limited | 12.5% | 12,134 | 12,870 | 16,200 | - | - |
| TSL Assets Limited | 12.9% | 12,319 | 12,571 | 16,450 | - | - |
| Total | | 42,907 | 30,448 | 38,794 | 14,093 | 18,718 |

The potential undiscounted amount payable in respect of Group Topek Holdings Limited ranges from £nil to £17,700,000, while the potential undiscounted amount payable in respect of TSL Assets Limited ranges from £nil to £20,700,000.

In respect of prior period acquisitions, the potential undiscounted amount payable in respect of E. T. Clay Products Limited and Heritage Clay Tiles Limited ranges from £nil to £3,480,000 (2023: £nil to £3,480,000) and the total amount payable for SBS Cladding Limited ranges from £1,200,000 to £2,000,000 (2023: £500,000 to £2,000,000). It is not possible to determine a range of outcomes for other acquisitions as the arrangements do not contain a maximum payable.

Changes in the range of outcomes are due to amounts paid or payable being determined during the year as milestones within the performance period are met.

The acquisition of Taylor Maxwell Group (2017) Limited is also subject to further payments depending on future performance, ranging from £nil to £13,000,000, over the three years following acquisition in June 2021. Based on current interpretation guidance concerning contingent payments to employees under IFRS 3, the earn-out amounts payable are recognised in profit or loss over the earn-out period as remuneration costs. This is due to the inclusion of a 'bad leaver' clause in the share purchase agreement, under which the earn-out consideration payment is forfeited. The earn-out consideration is therefore deemed to effectively be contingent on the continued employment of the seller and the seller not being considered a 'bad leaver'. The anticipated total amount payable, however, is not expected to change due to other clauses and payment terms within the share purchase agreement. A charge of £4,333,000 (2023: £4,333,333) has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses (note 14).

Similarly, the acquisition of Modular Clay Products Ltd is also subject to further amounts payable depending on future performance over the three years following acquisition in May 2022, which are recognised as remuneration due to a 'good leaver' clause within the share purchase agreement. It is not possible to determine a range for these future payments as the agreement does not contain a maximum payable. A charge of £611,000 (2023: £1,150,000) has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses (note 14).

Changes in amounts recognised in respect of contingent consideration can be reconciled as follows:

| Company acquired | Fair value at 31 March 2023 £'000 | Additions through business combinations £'000 | Finance expense (note 12) £'000 | Fair value (gains)/loss (note 13) £'000 | Settlement £'000 | Fair value at 31 March 2024 £'000 |
|---------------------------------|--|---|---------------------------------------|--|---------------------|---|
| U Plastics Limited | 962 | - | 2 | - | (964) | - |
| McCann Logistics Ltd | 1,324 | - | 6 | 7 | (1,337) | - |
| SBS Cladding Limited | 1,464 | - | 33 | - | (700) | 797 |
| HBS NE Limited | 3,901 | - | 808 | (3,292) | - | 1,417 |
| Beacon Roofing Limited | 2,355 | - | 253 | (3) | (1,027) | 1,578 |
| E. T. Clay Products Limited | 2,433 | - | 187 | (2,620) | - | - |
| Group Topek Holdings Limited | - | 12,134 | 736 | - | - | 12,870 |
| TSL Assets Limited | - | 12,319 | 252 | - | - | 12,571 |
| Other business combinations | 1,654 | - | 133 | (444) | (128) | 1,215 |
| Total | 14,093 | 24,453 | 2,410 | (6,352) | (4,156) | 30,448 |

During the year, a gain of £3,292,000 was recognised in respect of HBS NE Limited. Upon acquisition, significant growth was forecast with an anticipated increase in revenues and profits due to the introduction of Part L and Part S renewable energy legislation, which requires new homes within the UK to reduce their carbon footprint.

The application of this legislation by housebuilders has taken longer than initially anticipated. This, together with the ongoing slowdown of the housing market compared to prior years, is expected to further delay the period over which HBS NE will benefit from the new legislation and achieve the forecast growth. As a result, an increasing portion of the projected future growth is expected to fall outside of the performance period under which the contingent consideration payable is assessed.

A fair value gain of £2,620,000 for E. T. Clay Products Limited has arisen as trading has been more challenging than previously expected. A gain of £211,000 is also recognised in relation to Heritage Clay Tiles (within 'Other Business Combinations' line), with the total earn-out consideration payable dependent on the overall performance of both companies. Given the ongoing uncertainty in the market, and the anticipated timescales for the industry to return to former levels of demand, further payment in the earn-out period is not currently expected.

22. Business combinations (continued)

Contingent consideration (continued)

Other fair value gains and losses in the year also reflect changes in performance and/ or anticipated profits compared to those originally forecast at the end of the prior year or on acquisition.

A sensitivity in respect of the inputs into the discounted cash flow model, determining the contingent consideration, is outlined in note 36.

23. Associates

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

| Associate | Country of operation and incorporation | Class of share held | Proportion of shares held |
|---------------------------|--|---------------------|---------------------------|
| Apex Brickcutters Limited | England and Wales | Ordinary | 50% |

| Interest in associates | 2024 £'000 | 2023 £'000 |
|------------------------------------|---------------|---------------|
| At 1 April | 324 | 261 |
| Dividends received from associates | (60) | (60) |
| Share of profit | 71 | 123 |
| At 31 March | 335 | 324 |

| Aggregate information of associates that are not individually material | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Group's share of profit from continuing operations | 71 | 123 |
| Group's share of total comprehensive income | 71 | 123 |

Investments in associates are not attributed to the Group's reportable segments. No impairment loss has been recognised in either the current or prior year.

24. Joint Ventures

At the reporting date, the Group had the following associated undertaking, which is included in the consolidated financial statements using the equity method:

| Joint Venture | Country of operation and incorporation | Class of share held | Proportion of shares held |
|-------------------------------------|--|---------------------|---------------------------|
| Schermbecker Building Products GmbH | Germany | Ordinary | 50% |

| Interest in joint ventures | 2024 £'000 | 2023 £'000 |
|----------------------------|---------------|---------------|
| At 1 April | - | 279 |
| Additions | - | 442 |
| Share of loss | - | (721) |
| At 31 March | - | - |

The Group owns 50% of the share capital in Schermbecker Building Products GmbH, a tile manufacturer in Germany.

The joint venture's performance has been below that initially expected due to ongoing delays in becoming fully operational as a result of increased gas prices in Europe, delays in obtaining necessary plant and machinery to facilitate tile production and continued economic volatility resulting in lower demand during the year.

The joint venture company has generated a loss of £1,187,000 during the year. In accordance with IAS 28, the Group has not recognised its share of the loss that exceeds the carrying value of its investment.

During the prior year, the Group issued a loan of €3,450,000 to the joint venture. An amount of £2,975,000 is included within non-current trade receivables in respect of this loan at the year end. The loan is secured on the assets of the joint venture, is repayable by 30 September 2027 and carries interest, payable monthly, at a rate of 3% above the Bank of England base rate.

During the year, the Group issued a second loan to the joint venture of €2,550,000, for which a balance of £2,199,000 is included within non-current trade receivables at the year end. This loan is secured on the assets of the joint venture, is repayable by 30 September 2026 and carries interest, payable monthly, at a rate of 3% above the Bank of England base rate.

The Group has performed an ECL review in accordance with IFRS 9 on the loan balance, as outlined in note 27.

| Summarised financial information in relation to the joint venture is presented below: | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Current assets | 2,014 | 2,586 |
| Non-current assets | 3,040 | 2,732 |
| Current liabilities | 1,376 | 2,575 |
| Non-current liabilities | 5,138 | 3,033 |
| Included in the above amounts are: | | |
| Cash and cash equivalents | 234 | 382 |
| Current financial liabilities (excluding trade and other payables and provisions) | 36 | - |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 5,138 | 3,033 |
| Net liabilities (100%) | (1,460) | (290) |
| Group share of net liabilities (50%) | (730) | (145) |
| Year ended 31 March | | |
| Revenue | 5,104 | 4,487 |
| Loss from continuing operations | (1,187) | (1,699) |
| Total comprehensive loss | (1,187) | (1,699) |
| Group share of total comprehensive loss (50%) | (594) | (849) |
| Included in the above amounts are: | | |
| Depreciation and amortisation | 192 | 196 |
| Interest income | - | - |
| Interest expense | 382 | 165 |
| Income tax expense | - | 1 |

| Reconciliation between above summarised financial information and the carrying amount of investments in equity accounted joint ventures | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| Net liabilities of joint venture | (1,460) | (290) |
| Group's share of net liabilities | (730) | (145) |
| Group's share of loss not recognised | 722 | 128 |
| Cumulative effect of foreign exchange translation | 8 | 17 |
| Carrying amount of investment in joint venture | - | - |

25. Investments in financial assets

| Investments in equity instruments at fair value through other comprehensive income | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Non-current | | |
| At 1 April | 188 | 178 |
| Change in fair value recognised in OCI | - | 10 |
| Disposals | (188) | |
| At 31 March | - | 188 |

At the year end, the Group held an investment of nil% (2023: 14.46%) in Lendwell Holdings Limited. On 8 June 2023, the Group sold its share to the majority shareholder for consideration of £188,000. The proceeds equated to the carrying value of the investment and thus there was no gain or loss on the sale of the investment.

The equity investments were not held for trading and thus the Group made an irrevocable election to classify the equity instruments at fair value through other comprehensive income as it is considered more appropriate for this nature of investment.

The fair value in the prior year was based on the Group's share of the net assets of the entity in which it has the investment, under a cost approach. The investment was in an unquoted entity but the fair value of the assets and liabilities were not expected to be significantly different to the carrying value. As the net asset value was observable, it was considered to be at level 2 of the fair value hierarchy.

26. Inventories

| | Group | | Company | |
|------------------|---------------|---------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Goods for resale | 29,842 | 33,159 | - | - |

27. Trade and other receivables

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Current | | | | |
| Trade receivables | 102,284 | 118,598 | - | - |
| Less allowance for expected credit loss | (1,992) | (1,699) | - | - |
| | 100,292 | 116,899 | - | - |
| Amounts owed by group undertakings | - | - | 5,029 | 1,893 |
| Prepayments and accrued income | 6,550 | 5,092 | 19 | 9 |
| Other receivables | 5,962 | 3,612 | 473 | - |
| | 112,804 | 125,603 | 5,521 | 1,902 |
| Non-current | | | | |
| Trade receivables | 1,949 | 578 | - | - |
| Loan to joint venture (note 24) | 5,174 | 3,033 | - | - |
| Amounts owed by group undertakings | - | - | 200,958 | 153,527 |
| | 7,123 | 3,611 | 200,958 | 153,527 |
| | 119,927 | 129,214 | 206,479 | 155,429 |

Included within prepayments and accrued income for the Group is an amount of £1,735,000 (2023: £768,000) in relation to supplier rebates receivable at the year end.

The Group has considered whether an expected credit loss should be recognised in respect of the loans to the joint venture, within non-current receivables. There is not considered to have been a significant increase in credit risk between initial recognition of the loans and the reporting date. As such, 12 month expected credit losses have been assessed. Interest is being repaid in accordance with the loan terms and final repayment is not expected until September 2026 and September 2027, when the joint venture is expected to be trading profitably and in a position to repay the loans. The probability of default within the next 12 months is therefore considered low and thus no expected credit loss has been recognised in respect of the loans.

Non-current trade receivables for the Group relate to retentions payable after one year, in connection with contracting services.

Trade receivables are non-interest bearing. The allowance for credit losses has been determined by reference to past default experience and a review of specific customers' debts at the year end. The Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. Trade receivables are written off when there is no reasonable expectation of recovering the amounts due, for example when a customer has entered liquidation.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk and loss patterns, for example by customer type, size or credit rating. The concentration of credit risk is limited due to the customer base being large and unrelated.

The provision matrix is initially based on the Group's historical observed default rates over the previous 2 years. The Group will then adjust the historical loss rate to take into account forward-looking information, for example when forecast economic conditions, such as gross domestic product or unemployment rates, are expected to deteriorate. At each reporting date, the historical default rates are updated and forward-looking estimates re-assessed.

The increase in the Group's ECL rate reflects the downturn in the market during the year with ongoing economic volatility, following an increase in inflation and interest rates, which have a subsequent impact on mortgages and the construction and housebuilding sectors. The forward-looking estimates applied have considered the ongoing impact of economic challenges and the potential future risk of loss, also taking into account any known cases of default that have occurred since the 2 year period on which the historical rate is initially calculated.

The Group maintains credit insurance for its main customer accounts within the Bricks and Building Materials division, which will mitigate some of this risk. Details of the Group's credit exposure are included in note 36.

Set out below is the risk profile of trade receivables and contract assets based on the Group's provision matrix. Any reasonable change in rates applied would not result in a material adjustment to the expected credit loss recognised.

| | Trade Receivables Days past due | | | | | |
|---------------------------|------------------------------------|--------------------|---------------------|---------------------|-------------------|----------------|
| | Current £'000 | < 30 days £'000 | 30-60 days £'000 | 61-90 days £'000 | >91 days £'000 | Total £'000 |
| 31-Mar-24 | | | | | | |
| Expected credit loss rate | 0.18% | 0.28% | 3.03% | 2.86% | 14.94% | |
| Gross carrying amount | 55,229 | 31,656 | 5,278 | 1,329 | 10,742 | 104,234 |
| Expected credit loss | 101 | 88 | 160 | 38 | 1,605 | 1,992 |

| | Trade Receivables Days past due | | | | | |
|---------------------------|------------------------------------|--------------------|---------------------|---------------------|-------------------|----------------|
| | Current £'000 | < 30 days £'000 | 30-60 days £'000 | 61-90 days £'000 | >91 days £'000 | Total £'000 |
| 31-Mar-23 | | | | | | |
| Expected credit loss rate | 0.33% | 0.51% | 1.44% | 24.83% | 14.35% | |
| Gross carrying amount | 70,463 | 35,829 | 5,359 | 1,164 | 6,361 | 119,176 |
| Expected credit loss | 236 | 184 | 77 | 289 | 913 | 1,699 |

| Movement in the allowance for expected credit losses | 2024 £'000 | 2023 £'000 |
|---|-----------------------|-----------------------|
| Balance at the beginning of the year | 1,699 | 854 |
| Increase in loss allowance arising from acquisitions | 8 | 12 |
| Impairment losses recognised | 1,643 | 1,611 |
| Amounts written off as uncollectible | (1,358) | (778) |
| | 1,992 | 1,699 |

28. Contract assets

| | 2024 £'000 | 2023 £'000 |
|---|---------------|---------------|
| At 1 April | - | - |
| Acquisition through business combinations | 3,236 | - |
| Transfers from contract assets recognised at the beginning of the period to receivables | (2,760) | - |
| Performance obligations satisfied in the year yet to be transferred to receivables | 6,056 | - |
| At 31 March | 6,532 | - |
| The ageing of contract assets at the year end was: | | |
| Due within one year | 6,532 | - |
| Due after one year | - | - |
| At 31 March | 6,532 | - |

The Group expects £3,808,000 (2023: £nil) to be recognised as revenue in the next financial year in respect of contracts that have a duration of more than one year and that were in progress at the year end.

The Company does not have any contract assets.

29. Cash and cash equivalents

| | Group | | Company | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Cash and cash equivalents | 15,581 | 21,645 | - | - |

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

30. Trade and other payables

| | Group | | Company | |
|---------------------------------------|----------------|----------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Current | | | | |
| Trade payables | 70,236 | 83,262 | - | - |
| Amounts owed to group undertakings | - | - | 76,577 | 45,294 |
| Accruals and deferred income | 19,730 | 22,121 | 798 | 576 |
| Other taxation and social security | 7,617 | 9,852 | 32 | 22 |
| Deferred and contingent consideration | 8,630 | 7,762 | 158 | 1,531 |
| Other payables | 10,585 | 8,422 | 4,597 | 4,333 |
| | 116,798 | 131,419 | 82,162 | 51,756 |
| Non-current | | | | |
| Accruals and deferred income | 153 | 191 | 38 | 67 |
| Deferred and contingent consideration | 23,034 | 8,647 | 13,552 | - |
| Other payables | 891 | 754 | - | - |
| | 24,078 | 9,592 | 13,590 | 67 |
| | 140,876 | 141,011 | 95,752 | 51,823 |

Trade payables are non-interest bearing and principally comprise amounts outstanding for trade purchases and ongoing costs. The Group's policy is to pay all payables within its pre-agreed credit terms, which, for the majority of suppliers, is a period of 30 days. The Directors consider that the carrying amount of trade payables approximates to their fair value.

31. Loans and borrowings

| | Group | | Company | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Current | | | | |
| Overdrafts | 8,620 | 12,624 | 4,175 | 6,885 |
| | 8,620 | 12,624 | 4,175 | 6,885 |
| Non-current | | | | |
| Bank loans | 62,911 | 16,800 | 62,911 | 16,800 |
| | 62,911 | 16,800 | 62,911 | 16,800 |
| Total loans and borrowings | 71,531 | 29,424 | 67,086 | 23,685 |

The Directors consider that the carrying amount of loans and borrowings approximates to their fair value. Non-current bank loans comprise a principal loan value of £63,500,000 (2023: £17,000,000) less arrangement fees of £589,000 (2023: £200,000), which are amortised over the term of the loan.

In the prior year, the Group had a revolving credit facility of £60,000,000, including an ancillary carve out of a £5,000,000 overdraft. During the year, the Group refinanced, with the revolving credit facility increased to an initial £100,000,000 which reduces to £80,000,000 over the term of the facility. As at the year end, the RCF facility had reduced to £98,000,000. The facility initially runs for 3 years from October 2023 with two extension options of one year.

The revolving facility bears interest at a variable rate based on the SONIA. At the reporting date, interest was charged at a rate of 2.15% (2023: 1.9%) above the adjusted SONIA interest rate benchmark.

The Group has a notional pool agreement, whereby certain cash balances within the Group are entitled to be offset, providing the overall overdrawn balance does not exceed the £5,000,000 facility limit. The Company's overdraft balance at the year end is a result of the timing of cash transfers within the Group and funds being transferred from the Group's central facility.

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.

32. Leases

Group as lessee

Right of use assets

| | Land and buildings £'000 | Plant and vehicles £'000 | Equipment £'000 | Total £'000 |
|--|-----------------------------|-----------------------------|--------------------|----------------|
| Cost | | | | |
| At 1 April 2022 | 10,516 | 5,572 | 187 | 16,275 |
| Additions | 6,227 | 2,630 | 102 | 8,959 |
| Acquisition through business combinations | 1,016 | 110 | - | 1,126 |
| Transferred to property, plant and equipment | - | (35) | - | (35) |
| Depreciation on disposals | (1,531) | (912) | (6) | (2,449) |
| At 31 March 2023 | 16,228 | 7,365 | 283 | 23,876 |
| Additions | 4,322 | 2,110 | - | 6,432 |
| Acquisition through business combinations | 869 | 483 | 9 | 1,361 |
| Disposals | (1,777) | (223) | (26) | (2,026) |
| At 31 March 2024 | 19,642 | 9,735 | 266 | 29,643 |

32. Leases (continued)**Group as lessee** (continued)**Right of use assets** (continued)

| | Land and buildings £'000 | Plant and vehicles £'000 | Equipment £'000 | Total £'000 |
|--|-----------------------------|-----------------------------|--------------------|----------------|
| Depreciation | | | | |
| At 1 April 2022 | 2,479 | 1,530 | 104 | 4,113 |
| Charge for the year | 1,693 | 1,358 | 50 | 3,101 |
| Transferred to property, plant and equipment | - | (20) | - | (20) |
| Depreciation on disposals | (1,031) | (838) | (2) | (1,871) |
| At 31 March 2023 | 3,141 | 2,030 | 152 | 5,323 |
| Charge for the year | 1,723 | 2,132 | 46 | 3,901 |
| Depreciation on disposals | (820) | (218) | (26) | (1,064) |
| At 31 March 2024 | 4,044 | 3,944 | 172 | 8,160 |
| Carrying value | | | | |
| At 31 March 2024 | 15,598 | 5,791 | 94 | 21,483 |
| At 31 March 2023 | 13,087 | 5,335 | 131 | 18,553 |

Lease liabilities

| | Land and buildings £'000 | Plant and vehicles £'000 | Equipment £'000 | Total £'000 |
|---|-----------------------------|-----------------------------|--------------------|----------------|
| At 1 April 2022 | 8,553 | 3,993 | 87 | 12,633 |
| Additions | 2,974 | 2,630 | 102 | 5,706 |
| Acquisition through business combinations | 1,016 | 110 | - | 1,126 |
| Interest expense | 441 | 221 | 13 | 675 |
| Lease payments | (1,793) | (1,610) | (63) | (3,466) |
| Foreign exchange losses | - | 123 | - | 123 |
| Disposals | (530) | (75) | - | (605) |
| At 31 March 2023 | 10,661 | 5,392 | 139 | 16,192 |
| Additions | 4,073 | 2,072 | - | 6,145 |
| Acquisition through business combinations | 869 | 483 | 9 | 1,361 |
| Interest expense | 540 | 347 | 11 | 898 |
| Lease payments | (2,007) | (2,457) | (57) | (4,521) |
| Foreign exchange losses | - | (63) | - | (63) |
| Disposals | (963) | (5) | - | (968) |
| At 31 March 2024 | 13,173 | 5,769 | 102 | 19,044 |

Maturity analysis

| | 2024 £'000 | 2023 £'000 |
|---------------------------|---------------|---------------|
| Due within 1 year | 3,907 | 3,225 |
| Due between 1 and 5 years | 8,679 | 7,668 |
| Due after 5 years | 6,458 | 5,299 |
| | 19,044 | 16,192 |

The undiscounted maturity analysis in respect of lease payments is disclosed in note 36.

Included within administration expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income is an amount of £195,000 (2023: £213,000) in respect of short-term leases and an amount of £16,000 (2023: £15,000) in respect of low value asset leases.

The lease liabilities are secured over the assets to which they relate. The Group is not permitted to pledge these assets as security for any other borrowings or to sell them to another entity.

Company as lessee

Right of use assets

| | Land and buildings £'000 |
|-------------------------|-----------------------------|
| Cost | |
| At 1 April 2022 | - |
| Additions | 2,525 |
| At 31 March 2023 | 2,525 |
| At 31 March 2024 | 2,525 |
| Depreciation | |
| At 1 April 2022 | - |
| Charge for the year | 2 |
| At 31 March 2023 | 2 |
| Charge for the year | 2 |
| At 31 March 2024 | 4 |
| Carrying value | |
| At 31 March 2024 | 2,521 |
| At 31 March 2023 | 2,523 |

The Company's right of use asset relates to a long leasehold property for which a negligible fee is payable annually, if requested. It is not expected that any lease payments will be made in respect of the long leasehold property and thus there is no lease liability associated with the right of use asset.

Group as lessor

The Group does not have significant leasing activities acting as a lessor. Operating leases, in which the Group is the lessor relate to the sub-let of part of its freehold and leasehold property.

Rental income on operating leases recognised in the Statement of Profit or Loss and Other Comprehensive Income is as follows:

| | 2024 £'000 | 2023 £'000 |
|---------------|---------------|---------------|
| Rental income | 120 | 124 |

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

Maturity analysis

| | 2024 £'000 | 2023 £'000 |
|---------------------------|---------------|---------------|
| Due within 1 year | 105 | 102 |
| Due between 1 and 5 years | 104 | 158 |
| | 209 | 260 |

The Company did not have any non-cancellable operating lease arrangements in place at the reporting date, with rent charged to subsidiaries during the year on a rolling basis.

33. Provisions

Group

| | Defect provisions £'000 | Dilapidation provisions £'000 | Total £'000 |
|---------------------------------------|----------------------------|-------------------------------------|----------------|
| At 1 April 2022 | 1,259 | 469 | 1,728 |
| Additions | 26 | 745 | 771 |
| Arising through business combinations | - | 32 | 32 |
| Utilised in the year | (49) | (50) | (99) |
| Unused amounts reversed | (68) | - | (68) |
| At 31 March 2023 | 1,168 | 1,196 | 2,364 |
| Additions | 508 | 279 | 787 |
| Arising through business combinations | 364 | - | 364 |
| Utilised in the year | (94) | (317) | (411) |
| Unused amounts reversed | (118) | (82) | (200) |
| At 31 March 2024 | 1,828 | 1,076 | 2,904 |

The Company does not have any provisions.

Defect provisions

A 10-year warranty is offered in connection with the provision of services within the contracting division. These warranties are offered in the normal course of business and are in line with industry standards. Provision is therefore recognised for expected defect claims on goods and services sold during the last 10 years. The provision is based on the estimated cost to rectify potential claims as a proportion of sales, applied to sales in the previous 10 years. The rectification cost is based on management's best estimate of the Group's liability under the warranties granted, based on past experience. The main uncertainty relates to estimating the value and number of claims expected to be made.

Management consider their estimate on a case by case basis, following a specific review of jobs carried out during the year. This is considered to be the most appropriate method for determining the provision due to the individual nature of the materials used in construction, the size and geography of the site and other external factors. The cost and number of historical claims forms the basis of the estimated costs that could potentially arise from future claims over the 10-year warranty period. The cost of any warranty claim is charged against the associated provision as those costs become payable. Due to the long-term nature of the liabilities and uncertainty surrounding the potential timing of the claims, the provision is inherently subjective. The potential impact of discounting is considered immaterial.

Dilapidation provisions

Provision is recognised for expected repairs on the Group's operating premises. Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as part of the right of use asset and is depreciated over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

34. Deferred tax

Group

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

| Group | Accelerated tax depreciation £'000 | Acquired intangibles £'000 | Other temporary differences £'000 | Total £'000 |
|--|---------------------------------------|-------------------------------|--------------------------------------|-----------------|
| At 1 April 2022 | (554) | (17,902) | 354 | (18,102) |
| (Charged)/credited to profit or loss | (51) | 1,596 | 255 | 1,800 |
| Charged to other comprehensive income | - | - | (11) | (11) |
| Charged directly to equity | - | - | (197) | (197) |
| Acquired through business combinations | (23) | (1,647) | (64) | (1,734) |
| At 31 March 2023 | (628) | (17,953) | 337 | (18,244) |
| (Charged)/credited to profit or loss | (114) | 2,558 | 767 | 3,211 |
| Credited to other comprehensive income | - | - | 4 | 4 |
| Charged directly to equity | - | - | (79) | (79) |
| Acquired through business combinations | (196) | (9,502) | - | (9,698) |
| At 31 March 2024 | (938) | (24,897) | 1,029 | (24,806) |

Following the amendments to IAS 12, the initial recognition exemption in respect of transactions that give rise to an equal taxable and deductible temporary difference no longer applies to leases transactions under IFRS 16.

Included within Other temporary differences is a net deferred tax asset of £44,000 (2023: £55,000), comprising deferred tax liabilities of £4,447,000 (2023: £3,899,000), in relation to right of use assets, and deferred tax assets of £4,491,000 (2023: £3,954,000), in relation to lease liabilities.

The Group has a legally enforceable right to set off its current tax assets and liabilities and intends to settle on a net basis. All of the Group's deferred tax assets and liabilities relate to tax within the UK. Accordingly, the Group has offset its deferred tax assets and liabilities within the Consolidated Balance Sheet.

| Company | Accelerated tax depreciation £'000 | Other temporary differences £'000 | Total £'000 |
|--------------------------------------|---------------------------------------|--------------------------------------|----------------|
| At 1 April 2022 | - | 186 | 186 |
| Credited to profit or loss | - | 179 | 179 |
| Charged directly to equity | - | (6) | (6) |
| At 31 March 2023 | - | 359 | 359 |
| (Charged)/credited to profit or loss | (14) | 197 | 183 |
| Charged directly to equity | - | (12) | (12) |
| At 31 March 2024 | (14) | 544 | 530 |

Deferred tax assets and liabilities are presented in the Consolidated Balance Sheet and Company Balance Sheet as follows:

| | Group | | Company | |
|--------------------------|-----------------|-----------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Deferred tax assets | - | - | 530 | 359 |
| Deferred tax liabilities | (24,806) | (18,244) | - | - |
| | (24,806) | (18,244) | 530 | 359 |

At the reporting date, the Group had no unused tax losses (2023: £nil), available for offset against future profits, where deferred tax assets have not been recognised.

35. Pensions

Defined contribution plans

The total expense recognised in profit or loss in relation to contributions payable under defined contribution pension plans is £1,540,000 (2023: £1,200,000).

At the reporting date, contributions of £272,000 (2023: £192,000) due in respect of the reporting period had not yet been paid over to the pension provider.

Defined benefit plans

When the Group acquired Taylor Maxwell Group (2017) Limited on 30 June 2021, the net assets acquired included the Taylor Maxwell Group Limited Pension and Assurance Scheme. The Group commenced a buy-out process shortly afterwards and this process was completed during the year.

On 1 August 2023 the Scheme's liabilities relating to the policy were transferred fully to the insurance company when the policy was converted to individual policies in members' names. Post buy-out residual liabilities, relating to top-up benefit payments due to past members of the Scheme following a High Court ruling on the Lloyds Banking Group pensions court case, were paid out and there was no liability remaining as at 31 March 2024.

The scheme was funded by the payment of contributions to a separately administered trust fund and provided both defined benefit and defined contribution pension benefits to members. The defined benefit pension scheme was closed to future accrual. Pension benefits were related to the members' final salary at retirement (or earlier date of leaving or death) and their length of service.

The scheme is a registered scheme under UK legislation and is subject to scheme funding requirements. It was established under trust and is governed by the scheme's Third Definitive Trust Deed and Rules, dated 20 September 2016. The trustees are responsible for the operation and governance of the scheme, including making decisions regarding the scheme's funding and investment strategy, in conjunction with the Group. The most recent actuarial valuation was conducted as at 31 March 2018.

During the year, the Group made contributions of £nil (2023 - £nil) to the scheme. Contributions in the next year are also expected to be £nil.

A full actuarial valuation has been carried out as at 1 August 2023, the date the Scheme's liabilities were transferred to an insurer, based on scheme membership data as at 1 October 2022 by a qualified independent actuary. Scheme invested assets are stated at their current bid price at 31 March 2024.

The principal assumptions used for the purposes of the actuarial valuations on settlement were as follows:

Defined benefit plans - key assumptions

| | 2024* | 2023 |
|--|------------|------------|
| Discount rate | 5.30% | 4.80% |
| Inflation rate (CPI) | 3.10% | 3.00% |
| Pension increases (Post 1988 GMP) | 2.60% | 2.60% |
| Pension increases (Post 1997 pension) | 3.10% | 3.00% |
| Longevity at retirement age for current pensioners | | |
| Male | 22.1 years | 22.1 years |
| Female | 24.5 years | 24.4 years |
| Longevity at retirement age for future pensioners | | |
| Male | 23.5 years | 23.4 years |
| Female | 25.9 years | 25.8 years |

* As at 1 August 2023, when all scheme liabilities were transferred to an insurer.

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Service cost - administrative cost | 224 | 196 |
| Service cost - including current and past service costs, and settlements | 43 | - |
| Net interest income | (27) | (18) |
| Included in profit or loss | 240 | 178 |

The service cost has been included in profit or loss within administrative expenses and the net interest income within other interest receivable (note 11). The remeasurement of the net defined benefit asset is included in other comprehensive income.

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

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Re-measurement (gain)/loss arising from: | | |
| Financial assumptions | (279) | (1,974) |
| Experience assumptions | (19) | 167 |
| Return on assets, excluding interest income | 314 | 1,764 |
| Included in other comprehensive income/(loss) | 16 | (43) |

Reconciliation of defined benefit obligation and fair value of scheme assets

| | Defined benefit obligation £'000 | Fair value of scheme assets £'000 | Net defined scheme asset £'000 |
|---|--|---|--------------------------------------|
| At 1 April 2022 | (9,345) | 10,126 | 781 |
| Interest cost | (236) | 254 | 18 |
| Net re-measurement gains - financial | 1,974 | - | 1,974 |
| Net re-measurement losses - experience | (167) | - | (167) |
| Return on assets, excluding interest income | - | (1,764) | (1,764) |
| Benefits paid | 522 | (522) | - |
| Scheme administrative cost | - | (196) | (196) |
| At 31 March 2023 | (7,252) | 7,898 | 646 |
| Interest cost | (117) | 144 | 27 |
| Net re-measurement gains - financial | 279 | - | 279 |
| Net re-measurement losses - experience | 19 | - | 19 |
| Return on assets, excluding interest income | - | (314) | (314) |
| Benefits paid | 449 | (449) | - |
| Scheme administrative cost | - | (224) | (224) |
| Settlements | 6,622 | (6,665) | (43) |
| At 31 March 2024 | - | 390 | 390 |

The weighted average duration of the scheme at 31 March 2023 was 9.3 years. During the year, all liabilities were transferred to an insurer.

Disaggregation of defined benefit scheme assets

The fair value of the scheme assets is analysed as follows:

| | 2024 £'000 | 2023 £'000 |
|------------------------------------|---------------|---------------|
| Cash fund and net current assets | 390 | 852 |
| Insured annuities | - | 7,046 |
| Fair value of scheme assets | 390 | 7,898 |

The scheme assets do not include any of the Group's own financial instruments or any property occupied by the Group. The surplus balance at the year end reflects the cash held in the pension scheme which is expected to be transferred to the Group during the financial year ending 31 March 2025. It is therefore classified as a current asset in the balance sheet.

Risks

Following completion of the buy-out process, the Group is no longer exposed to the risks of the scheme, with the year-end balance reflecting cash held.

36. Financial instruments

The Group has the following financial assets and liabilities:

| Financial assets | 2024 £'000 | 2023 £'000 |
|--|-----------------------|-----------------------|
| Financial assets measured at amortised cost | | |
| Cash and cash equivalents (note 29) | 15,581 | 21,645 |
| Trade and other receivables (note 27) | 113,377 | 124,122 |
| Contract assets (note 28) | 6,532 | - |
| Total financial assets | 135,490 | 145,767 |
| Financial liabilities | 2024 £'000 | 2023 £'000 |
| Financial liabilities measured at amortised cost | | |
| Trade and other payables (note 30) | 102,811 | 117,067 |
| Loans and borrowings (note 31) | 71,531 | 29,424 |
| Lease liabilities (note 32) | 19,044 | 16,192 |
| | 193,386 | 162,683 |
| Financial liabilities measured at fair value through profit or loss | | |
| Contingent consideration | 30,448 | 14,093 |
| | 30,448 | 14,093 |
| Total financial liabilities | 223,834 | 176,776 |

Fair values

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, loans and borrowings, deferred consideration and lease liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value.

For details of the fair value of loans and borrowings, refer to note 31.

The significant unobservable inputs used in the fair value measurements categorised within level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis at 31 March 2024 and 31 March 2023 are shown below:

| Financial instrument | Valuation technique | Significant Unobservable inputs | Range/estimate | Sensitivity of the input to fair value |
|--|------------------------------------|---|--|--|
| Contingent Consideration in a business combination (note 22) | Present value of future cash flows | Assumed probability-adjusted EBITDA of acquired entities. | 2024: £293,000 – £27,500,000 2023: £406,000 – £17,702,000 | The higher the adjusted EBITDA, the higher the fair value. If forecast EBITDA was 10% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would increase by £2,424,000. A 10% decrease in EBITDA would result in a decrease in the liability of £3,430,000. (2023: increase of £706,000 and decrease of £706,000) |
| | | Discount rate | 2024: 4.1% - 23.6% 2023: 1.7% - 23.6% | The higher the discount rate, the lower the fair value. If the discount rate applied was 2% higher, while all other variables remained constant, the fair value of the overall contingent consideration liability would decrease by £982,000. A 2% decrease in the rate would result in an increase in the liability of £1,042,000. (2023: decrease of £372,000 and increase of £393,000) |

Reconciliation of level 3 fair value measurements of financial instruments

| | Contingent consideration £'000 |
|--|-----------------------------------|
| At 1 April 2022 | (19,774) |
| Additions through business combinations | (1,125) |
| Finance expense charged to profit or loss | (2,853) |
| Settlement | 1,483 |
| Fair value gains recognised in profit or loss | 8,176 |
| At 31 March 2023 | (14,093) |
| Additions through business combinations | (24,453) |
| Finance expense charged to profit or loss | (2,410) |
| Settlement | 4,156 |
| Fair value losses recognised in profit or loss | 6,352 |
| At 31 March 2024 | (30,448) |

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including cash flow, interest rate and currency risk), investment risk, liquidity risk and credit risk. Risk management is carried out by the Directors. The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade receivables and payables which arise directly from the Group's operations.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with an instrument will fluctuate due to changes in market interest rates. Interest bearing assets, including cash and cash equivalents, are considered to the short-term liquid assets. It is the Group's policy to settle trade payables within the credit terms allowed and thus the Group does not incur interest on overdue balances. The Group's exposure to interest rate risk is therefore primarily in respect of its long-term floating rate borrowings.

The Group has the facility to offset cash and cash equivalents against its bank borrowings in order to minimise its interest charge.

Interest rate sensitivity analysis

The following table demonstrates the impact on the Group's profit before tax and equity based on the sensitivity of a reasonably possible change in interest rates on the Group's floating rate borrowings, with all other variables held constant. The analysis is prepared assuming the liability outstanding at the reporting date was outstanding for the whole year.

| | 2024 | | 2023 | |
|----------|----------------|--------------------------------------|----------------|--------------------------------------|
| | Change in rate | Effect on profit before tax £'000 | Change in rate | Effect on profit before tax £'000 |
| Sterling | +1.0% | (635) | +1.0% | (170) |
| | -1.0% | 635 | -1.0% | 170 |

The change in interest rate is based on the observable market environment.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies and thus there is the risk of exposure to changes in foreign currency exchange rates. The Group enters into forward foreign exchange contracts in order to manage fluctuations in exchange rates. The fair value of any contracts in place over the reporting date is not material.

36. Financial instruments (continued)

Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

| | Assets | | Liabilities | |
|-------|---------------|---------------|---------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Euro | 1,280 | 1,317 | 5,783 | 6,951 |
| USD | 496 | 173 | - | 163 |
| Total | 1,776 | 1,490 | 5,783 | 7,114 |

Foreign currency sensitivity analysis

The Group is mainly exposed to the Euro currency.

The following table demonstrates the Group's sensitivity to a reasonably possible change in the Euro and USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives.

| | 2024 | | 2023 | |
|------|----------------|---|----------------|---|
| | Change in rate | Effect on profit and equity before tax £'000 | Change in rate | Effect on profit and equity before tax £'000 |
| Euro | 10% | 409 | 10% | 512 |
| | -10% | (500) | -10% | (626) |
| USD | 10% | (37) | 10% | (1) |
| | -10% | 45 | -10% | 1 |

The change in exchange rate is based on management's assessment of the reasonably possible change in foreign exchange rates.

Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash balances and reserves and by ensuring it has adequate banking and borrowing facilities available. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

Liquidity and inherent risk tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities, based on the undiscounted cash flows.

| 31-Mar-24 | < 1 year £'000 | 1 – 5 years £'000 | > 5 years £'000 | Total £'000 |
|---|-------------------|----------------------|--------------------|----------------|
| Non-derivative financial liabilities | | | | |
| Trade and other payables | 108,476 | 33,127 | - | 141,603 |
| Lease liabilities | 4,788 | 11,064 | 8,415 | 24,267 |
| Loans and borrowings | 8,620 | 75,961 | - | 84,581 |
| Total financial liabilities | 121,884 | 120,152 | 8,415 | 250,451 |

| 31-Mar-23 | < 1 year £'000 | 1 – 5 years £'000 | > 5 years £'000 | Total £'000 |
|---|-------------------|----------------------|--------------------|----------------|
| Non-derivative financial liabilities | | | | |
| Trade and other payables | 121,815 | 13,980 | - | 135,795 |
| Lease liabilities | 3,906 | 9,556 | 6,570 | 20,032 |
| Loans and borrowings | 12,624 | 18,635 | - | 31,259 |
| Total financial liabilities | 138,345 | 42,171 | 6,570 | 187,086 |

Capital risk management

The capital structure of the Group consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium, retained earnings and the merger reserve which is equal to the amount shown as 'Equity' in the Balance Sheet. Total debt comprises loans and borrowings and lease liabilities.

The Group's objectives when maintaining capital are to:

- safeguard the Group's ability to remain a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group is not subject to any externally imposed capital requirements.

The Board reviews the capital structure annually, considering the cost of capital and the risks associated with each class of capital.

The Group's gearing ratio at the reporting date is as follows:

| | 2024 £'000 | 2023 £'000 |
|---------------------------------|---------------|---------------|
| Debt | 90,575 | 45,616 |
| Cash and cash equivalents | (15,581) | (21,645) |
| Net total debt | 74,994 | 23,971 |
| Equity | 191,878 | 175,378 |
| Net debt to equity ratio | 39% | 14% |

Total debt is defined as short and long-term loans and borrowings and lease liabilities, as detailed in notes 31 and 32. Equity includes all capital and reserves.

Credit risk and impairment

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. In order to minimise the risk, the Group endeavours to only deal with companies which are demonstrably creditworthy. This, together with the aggregate financial exposure, is continuously monitored. Credit approval processes are in place for new customers and regular reviews of credit limits carried out. Credit insurance is also taken out where appropriate. Policies in place primarily cover customers within the Bricks and Building Materials segment.

The maximum exposure to credit risk is the carrying value of the Group's financial assets, including trade and other receivables and cash and cash equivalents. The Group does not consider that there is any concentration of risk within either trade or other receivables. The age of receivables is analysed and evaluated on a regular basis for potential credit losses, considering historic, current and forward-looking information. Details regarding the credit risk exposure on trade receivables are outlined in note 27.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

37. Share capital

| | Group and Company | | | |
|--|--------------------|--------------|-------------|-------|
| | 2024 | | 2023 | |
| | Number | £'000 | Number | £'000 |
| Issued and fully paid - Ordinary shares of £0.01 each | | | | |
| At 1 April | 300,286,567 | 3,003 | 298,534,802 | 2,985 |
| Issued during the year | 19,213,662 | 192 | 1,751,765 | 18 |
| At 31 March | 319,500,229 | 3,195 | 300,286,567 | 3,003 |

During the year, a total of 2,119,645 (2023: 1,751,765) ordinary shares of £0.01 each were issued upon the exercising of share options, for consideration of £82,000 (2023: £719,000).

On 22 January 2024, 17,094,017 ordinary shares of £0.01 were issued as consideration equating to £10,000,000 for the acquisition of TSL Assets Limited. The fair value of the consideration at the acquisition date of 19 January 2024 was £9,573,000, with the fair value difference of £427,000 recognised within the merger reserve (note 38).

37. Share capital (continued)

Any profits distributed shall be applied *pari passu* amongst the holders of the ordinary shares. In the event of liquidation, the surplus assets shall be applied *pari passu* amongst the holders of the ordinary shares.

The Company has share option schemes under which options have been granted to certain employees to acquire ordinary shares. Further details are included in note 39.

38. Reserves

The share capital reserve represents the nominal value received for shares issued.

The share premium reserve represents the amount received, for shares issued, in excess of the nominal value, less transaction costs.

The capital redemption reserve represents the par value of shares purchased back by the Company and subsequently cancelled.

The share-based payment reserve represents the value of equity settled share-based payments provided to employees, including key management personnel, as part of their remuneration. See note 39.

The retained earnings reserve represents the total of all current and prior period retained profits and losses.

The merger reserve in the Consolidated Balance Sheet includes £1,245,000 in respect of a difference between the carrying value of assets and liabilities acquired and the value of consideration transferred in a historical group re-organisation. £9,901,000 is included in respect of merger relief applied when shares were issued at a premium in exchange for obtaining the shareholding of Taylor Maxwell Group (2017) Limited. £9,402,000 is also included in respect of merger relief for the shares issued at a premium during the year in exchange for obtaining the shareholding in TSL Assets Limited.

Within the Company Balance Sheet, the merger reserve represents merger relief arising on historical and current period acquisitions following a share for share exchange and the issue of shares as consideration, as noted above for the Group.

39. Share-based payments

Equity settled share option plans

The Company operates a Company Share Option Plan (CSOP) and Long-term Incentive Plan (LTIP) for certain employees, including senior management and Directors.

Company Share Option Plan (CSOP)

Options are exercisable at a price equal to the market value per ordinary share at the grant date. Options have a vesting period of three years and a contractual life of ten years. Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Some CSOP awards were subject to performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with each award split equally between the two performance conditions. These performance conditions were waived in March 2024 as the Group no longer considered them to be an appropriate measure of performance for the individuals involved. All CSOP options held are therefore now only subject to a service condition.

During the year, it was also identified that some options originally granted in October 2021 were not valid due to the individuals holding options to a value in excess of the scheme limit. Replacement awards were therefore issued in March 2024 to the affected individuals. The replacement awards were granted on the same terms as the original grant and there is no change overall to the number of share options outstanding at the year end.

Details of the CSOP share options outstanding during the year are as follows:

| | 2024 | | 2023 | |
|---------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | Number of share options | Weighted average exercise price £ | Number of share options | Weighted average exercise price £ |
| Outstanding at 1 April | 1,710,729 | 0.54 | 3,382,660 | 0.48 |
| Granted during the year | 190,490 | 1.05 | - | - |
| Forfeited during the year | (3,318) | 0.41 | 84,461 | 0.41 |
| Exercised during the year | (153,734) | 0.41 | (1,751,765) | 0.41 |
| Lapsed during the year | (199,338) | 1.02 | (4,627) | 0.41 |
| Outstanding at 31 March | 1,544,829 | 0.56 | 1,710,729 | 0.54 |
| Exercisable at 31 March | 1,192,483 | 0.41 | 1,358,383 | 0.41 |

The options outstanding at the reporting date have an exercise price ranging between £0.41 and £1.05. The options have a remaining weighted average contractual life of 6.14 years (2023: 6.8 years).

The aggregate of the estimated fair value of options granted in the year was £17,000 (2023: £nil). The fair value of awards granted in the year was determined using a Black-Scholes model. The inputs to these models were as follows:

| | 2024 | 2023 |
|---------------------------------|----------|------|
| Weighted average share price | £0.61 | - |
| Weighted average exercise price | £1.05 | - |
| Expected volatility | 33.82% | - |
| Option life | 10 years | - |
| Risk free interest rate | 4% | - |

Long Term Investment Plan (LTIP)

Options granted under the LTIP scheme are exercisable at the nominal price of £0.01. Some are subject to performance based vesting conditions dependent on total shareholder return (TSR) and adjusted EBITDA, with the award split equally between the two performance conditions. Vesting occurs on a straight-line basis on achieving 18% (equivalent to 6% per annum) to 30% (equivalent to 10% annually) of the relevant performance condition over the performance period. There is no vesting if the relevant target is not met but a 50% or 25% vesting if the initial 18% hurdle is met with a proportionate additional vesting of up to 100% at the 30% threshold being met. Some awards granted in the current and prior year are only subject to service-related vesting conditions and not TSR and EBITDA performance criteria.

LTIP awards granted in prior years also carry an entitlement to dividend equivalents, by reference to the dividends that would have been paid on vested shares between the grant and vesting date. Dividend equivalents are settled by way of additional shares at the time of exercise.

Options are forfeited if the employee leaves employment before the options vest, unless considered a 'good leaver'.

Details of the share options outstanding during the year are as follows:

| | 2024 | | 2023 | |
|------------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|
| | Number of share options | Weighted average exercise price £ | Number of share options | Weighted average exercise price £ |
| Outstanding at 1 April | 10,757,629 | 0.01 | 6,845,054 | 0.01 |
| Granted/adjustment during the year | 4,717,291 | 0.01 | 4,037,124 | 0.01 |
| Forfeited during the year | (845,112) | 0.01 | (124,549) | 0.01 |
| Exercised during the year | (1,965,912) | 0.01 | - | 0.01 |
| Lapsed during the year | (931,320) | 0.01 | - | 0.01 |
| Outstanding at 31 March | 11,732,576 | 0.01 | 10,757,629 | 0.01 |
| Exercisable at 31 March | 2,170,580 | 0.01 | - | - |

The options outstanding at the reporting date have an exercise price of £0.01 and a remaining weighted average contractual life of 8.55 years (2023: 8.56 years).

Options were granted under the LTIP scheme on 24 January 2024. Those issued to senior management ('Management options') are subject to a two-year holding period in addition to the performance criteria outlined above. Awards to other staff do not have performance based vesting conditions but do require that the employee remains employed with the Group for a period of three years. The aggregate of the estimated fair value of the options granted during the year is £1,899,000 (2023: £2,030,000). For options granted during the year, the fair value in connection with the TSR awards was determined using a Monte Carlo model. The fair value of the EBITDA awards and service only awards was determined using a Black-Scholes model. The weighted average inputs to these models are as follows:

| | 2024 | 2023 |
|---------------------------------|----------|----------|
| Weighted average share price | £0.61 | £0.74 |
| Weighted average exercise price | £0.01 | £0.01 |
| Expected volatility | 28.1% | 32.4% |
| Option life | 10 years | 10 years |
| Expected dividend yield | 3.5% | 3.5% |
| Risk free interest rate | 4.1% | 3.2% |
| Adjustment for holding period | 10% | 10% |

40. Notes to the statement of cash flows

Cash and cash equivalents

Cash and cash equivalents within the Consolidated Statement of Cash Flows comprise:

| | 2024 £'000 | 2023 £'000 |
|----------------------------------|---------------|---------------|
| Cash and bank balances (note 29) | 15,581 | 21,645 |
| Bank overdrafts (note 31) | (8,620) | (12,624) |
| Cash and cash equivalents | 6,961 | 9,021 |

Changes in liabilities arising from financing activities

The table below outlines the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

| | 1 April 2023 £'000 | Financing cash flows ⁽¹⁾ £'000 | Non-cash changes | | | | 31 March 2024 £'000 |
|--|-----------------------|---|---------------------|---|-----------------------------------|--|---------------------------|
| | | | New leases £'000 | Acquisition of subsidiaries £'000 | Changes in fair value £'000 | Other changes ⁽²⁾ £'000 | |
| Bank borrowings (note 31) | 16,800 | 45,449 | - | 351 | - | 311 | 62,911 |
| Lease liabilities (note 32) | 16,192 | (3,623) | 6,145 | 1,361 | - | (1,031) | 19,044 |
| Deferred and contingent consideration (note 30) | 16,408 | (5,240) | - | 24,611 | (6,352) | 2,237 | 31,664 |
| Total liabilities from financing activities | 49,400 | 36,586 | 6,145 | 26,323 | (6,352) | 1,517 | 113,619 |

| | 1 April 2022 £'000 | Financing cash flows ⁽¹⁾ £'000 | Non-cash changes | | | | 31 March 2023 £'000 |
|--|-----------------------|---|---------------------|---|-----------------------------------|--|---------------------------|
| | | | New leases £'000 | Acquisition of subsidiaries £'000 | Changes in fair value £'000 | Other changes ⁽²⁾ £'000 | |
| Bank borrowings (note 31) | 24,240 | (7,600) | - | - | - | 160 | 16,800 |
| Lease liabilities (note 32) | 12,633 | (2,791) | 5,706 | 1,125 | - | (481) | 16,192 |
| Deferred and contingent consideration (note 30) | 23,919 | (3,499) | - | 1,318 | (8,176) | 2,846 | 16,408 |
| Total liabilities from financing activities | 60,792 | (13,890) | 5,706 | 2,443 | (8,176) | 2,525 | 49,400 |

(1) The cash flows make up the net amount of proceeds and repayments of loans and borrowings in the cash flow statement.

(2) Other changes include interest and fee accruals, foreign currency movements and right of use lease remeasurements.

41. Assets classified as held for sale

In January 2024 the Board announced its intention to dispose of a property used within U Plastics and began marketing the property. The sale was completed in June 2024.

The decision was taken to close the Group's Enfield branch with a view to saving fixed costs associated with the branch whilst servicing the customer base from other existing branches, thus maximising profitability and reducing sales overlap with nearby geographical regions.

At the year end, the Group had committed to selling the property, initiated the process to find a buyer and the sale was expected to be completed within 12 months. The Group had also ceased trading from the branch. Accordingly, the property and associated property, plant and equipment assets were considered to be available for immediate sale and thus reclassified as assets held for sale within the Consolidated Balance Sheet.

The property was sold for consideration of £2,850,000, with a profit on disposal of £240,000 recognised after allowing for associated selling costs.

The non-current assets held for sale are within the Distribution segment in note 6.

42. Related party transactions

Group

In accordance with IAS 24 and AIM Rule 19, the Group has undertaken the following transactions with related parties:

Transactions and balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel

| | 2024 £'000 | 2023 £'000 |
|--|---------------|---------------|
| Key management personnel compensation | | |
| Short-term employee benefits | 4,373 | 6,031 |
| Post-employment benefits | 102 | 80 |
| Share-based payment expense | 693 | 538 |
| | 5,168 | 6,649 |

Key management personnel consists of members on the Board of Directors and the Group's Management Board during the year. Details of the directors' remuneration, including share options awarded to directors under the Group's long-term incentive plan, are outlined in the Report of the Remuneration Committee on pages 54 to 59.

During the year, the Group made sales amounting to £3,000 (2023: £31,000) to members of key management. A balance of £nil (2023: £nil) was included within trade receivables at the reporting date, in respect of these sales.

Other related parties

Included within trade and other receivables/payables are the following amounts due from/to other related parties, at the reporting date:

| | Amounts owed by related parties | | Amounts owed to related parties | |
|--------------------------|---------------------------------|---------------|---------------------------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Associates (note 23) | - | 6 | 75 | 184 |
| Joint ventures (note 24) | 5,174 | 3,033 | 26 | 88 |
| Other related parties | 127 | 200 | - | 27 |
| | 5,301 | 3,239 | 101 | 299 |

Transactions undertaken between the Group and its related parties during the year were as follows:

| | Sales to related parties | | Purchases from related parties | |
|--------------------------|--------------------------|---------------|--------------------------------|---------------|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Associates (note 23) | - | 5 | 579 | 537 |
| Joint ventures (note 24) | - | - | 242 | 431 |
| Other related parties | 412 | 202 | 574 | 218 |
| | 412 | 207 | 1,395 | 1,186 |

Other related parties comprise of entities owned by directors or key management. Sales related to building materials. Purchases from associates and joint ventures related to bricks and tiles. Purchases from other related parties related to rent payable.

Right of use assets in respect of properties leased from other related parties had a carrying value of £5,353,000 (2023: £2,377,000), while associated lease liabilities of £5,066,000 (2023: £2,209,000) are included at the year end.

Included within the right of use carrying value of properties leased from other related parties is a total of £5,248,000 (2023: £2,245,000) in relation to properties leased from Queensgate Bracknell Limited, a company co-owned and controlled by a director during the year, Alan Simpson, and a member of key management, Paul Hamilton. The associated lease liabilities amounted to £4,951,000 (2023: 2,067,000). Rent of £498,000 (2023: £144,000) was paid to Queensgate Bracknell Limited during the year. The increase compared to the prior year follows the Group entering into a lease for a second property during the year.

During the year, the Group paid £444,000 (2023: £nil) for a property owned by a company controlled by a member of key management.

42. Related party transactions (continued)**Company**

In accordance with the exemption under FRS 101, transactions and balances with wholly owned Group members and key management personnel are not disclosed.

At the year end, a balance of £33,000 (2023: £33,000) was due from a subsidiary that is not wholly owned within the Group.

43. Post balance sheet events

In May 2024, the Group committed to selling a property, and associated fixtures and fittings, that had a carrying value of £2,564,000 at the year end. The consideration from the sale of the property is expected to be in line with the carrying value of the assets.

On 12 June 2024, the Group completed the sale of a property within U Plastics Limited for consideration of £2,850,000 (see note 41).

Company Information

Board of Directors

Chairman

John Richards

Chief Executive Officer

Frank Hanna

Chief Financial Officer

Mike Gant

Non-Executive Directors

Clive Norman

David Simpson

Susan McErlain

Sharon Daly (née Collins)

Company Secretary

Prism Cosec Limited

Registered office and number

C/O Brickability Limited
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Bridgend Industrial Estate
Bridgend
United Kingdom
CF31 3XG

Registered number: 11123804

Auditor

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RG1 1LX

Registrars

Link Group
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

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Cornerstone
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Nominated Adviser and Broker

Peel Hunt LLP
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London
EC2M 2AT

Financial PR Advisers

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London
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FINANCIAL CALENDAR

Annual General Meeting

11 September 2024

Interim Report

November 2024

Dividends:

Final announced

July 2024

Paid

September 2024

Interim announced

November 2024

Paid

February 2025



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