Brickability Group PLC
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21 July 2022

Brickability Group PLC
("Brickability" or "the Group")

Unaudited preliminary results for the year ended 31 March 2022

Strong performance across all divisions

Brickability Group PLC (AIM: BRCK), the leading construction materials distributor, is pleased to announce its preliminary results for the twelve-month period ended 31 March 2022.

Financial Highlights

- Revenue increased by 187.2% to £520.2m (2021: £181.1m)
- Group like-for-like(1) revenue growth of 31.9% versus 2021 and 40.5% versus 2020
- Gross profit increased by 128.4% to £86.8m (2021: £38.0m)
- Gross profit margin of 16.7% (2021: 21.0%), with the anticipated lower margins reflecting integration of the Taylor Maxwell acquisition
- Adjusted EBITDA(2) increased by 125.7% to £39.5m (2021: £17.5m)
- Adjusted Profit before tax(3) increased by 131.3% to £34.7m (2021: £15.0m)
- Statutory Profit before tax increased by 64.3% to £18.4m (2021: £11.2m)
- EPS increased by 4.9% to 4.40p (2021: 4.19p)
- Adjusted EPS increased by 80.9% to 10.06p (2021: 5.56p)
- Net cash as at 31 March £0.4m (2021: net debt £7.3m)
- Borrowing facility increased to £60 million plus £25m accordion following re-financing
- Final dividend proposed of 2.04 pence per share giving a total dividend for the year of 3.00p, an increase of 53.6% (2021: 1.9528p)

	2022 £m	2021 £m	% Change
Revenue	520.2	181.1	187.2%
Gross profit	86.8	38.0	128.4%
Adjusted EBITDA (2)	39.5	17.5	125.7%
Profit before tax	18.4	11.2	64.3%
Adjusted profit before tax (3)	34.7	15.0	131.3%
Adjusted EPS (4)	10.06p	5.56p	80.9%
EPS	4.40p	4.19p	4.9%
Net cash/ (debt) (5)	0.4	(7.3)	
Annual dividends paid and proposed per share	3.00p	1.9528p	53.6%

Operational Summary

- Strong performance reflecting the Group's strategic position within the industry, despite a challenging sector environment
- Acquisitions of Taylor Maxwell in June 2021, Leadcraft in August 2021, HBS NE in November 2021 and Beacon Roofing in March 2022, with all acquisitions integrated and performing in line with or above initial management expectations
- Appointment of Paul Hamilton as Chief Operating Officer in November 2021
- Further expansion of the Bricks and Building Materials division, with property purchased to facilitate new branch openings within the U Plastics business

Post Period and Outlook

- Acquisition of Modular Clay Products in May 2022
- Property purchased to facilitate the growth of HBS NE
- Ongoing review and progression of acquisition opportunities

- Trading in the first quarter of FY2023 has been very encouraging and, as a result of the contribution from the Group's acquisitions at and following year end, the Group is well positioned to modestly exceed market expectations for the current financial year[6]
- Whilst mindful of the broader macroeconomic uncertainties the Board believes that our diversified multi business strategy places us in a strong position to meet all stakeholder requirements moving forward

John Richards, Chairman, said:

"FY2022 has been a transformational year as we focused on strategically developing the Group both organically and acquisitively. The year saw the Group move into new segments within the market, increase our import and distribution capacity, expand our customer and client base and build upon our existing product portfolio, all of which has enabled us to capitalise and respond to the strong demand across our sectors and achieve our key operational and financial objectives.

This has been another successful year for the Group and yet again the results achieved are thanks to the Group's adaptability, diversity, strength and ability to work together to meet demands, manage pressures and seize opportunities. We remain positive with regards to the market outlook and the Board is confident in the Group's ability to continue delivering on its strategy."

(1) Like-for-like revenue is a measure of growth in sales, adjusted for the impact of acquisitions

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

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

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

(5) Cash less bank borrowings (2021: Bank borrowings less cash).

(6) Current consensus market expectations as at the date of this announcement of adjusted EBITDA for the year ended 31 March 2023 of not less than £41.0m.

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This announcement contains inside information

About Brickability

Brickability is a leading construction materials distributor, serving customers across the UK and Europe for over 36 years through its national and local networks. The Group supplies over 550m bricks annually and has over 55 locations across the country with over 600 employees.

Chairman's Statement

Overview

I am delighted to report that we have delivered a strong performance over the last year across all of our business divisions. Following a positive start to 2021, the Group maintained momentum, delivering a robust financial performance for the year ended 31 March 2022 with revenue of £520.2m, up 187.2% from the prior year and an adjusted EBITDA of £39.5m, up 125.7%.

FY2022 has been a transformational year as we continued to focus on strategically developing the Group both organically and acquisitively. The year saw the Group move into new segments within the market, increase our import and distribution capacity, expand our customer and client base and build upon our existing product portfolio, all of which has enabled us to capitalise and respond to the strong demand across the housebuilding sector and achieve our key operational and financial objectives.

I am pleased to say that the challenges we had previously faced due to COVID-19 are now behind us, and whilst the wider market has today been impacted by new pressures caused by macro-economic conditions and the geo-political backdrop, the fundamentals of the housebuilding market remain strong.

This has been another successful year for the Group and yet again the results achieved are thanks to the Group's adaptability, diversity, strength and ability to work together to meet demands, manage pressures and seize opportunities. We remain positive with regards to the market outlook and the Board is confident in the Group's ability to continue delivering on its strategy.

Acquisitions
Our strategy to date has focused on diversifying and growing the Group in order to create maximum shareholder returns. During the year we announced a series of acquisitions which have proved transformational, adding both scale to the business and significantly increasing our presence within the construction and housebuilding industry.

In June 2021 we completed the significant acquisition of Taylor Maxwell. This acquisition has brought significant scale and diversity to the Group through its product offering by adding timber, cladding materials and increasing our presence in brick distribution, while also expanding the customer base, with the business predominantly focusing activities on the merchanting and specification markets. Furthermore, we were honoured to have been awarded the 'AIM Transaction of the Year Award', at the AIM awards in October 2021, in recognition of this acquisition.

Following the acquisition of Taylor Maxwell, we were pleased to report the acquisitions of Leadcraft Limited, HBS NE Limited, Beacon Roofing Limited and the Schermbecker Building Products GmbH joint venture. Each one of these strategic acquisitions and partnerships has enabled us to further diversify and expand our proposition and meet the evolving demands of the market, whether that be emerging trends or in response to legislative changes.

The acquisitions have now been integrated within the wider Group and I'm pleased to say they are all performing strongly. Post period in May 2022, we were very pleased to announce a further acquisition, Modular Clay Products Ltd, which will significantly increase the Group's presence in the specification sector and bring access to a range of new European clay facing brick manufacturers. As we move forward, whilst we remain focused on organic growth and taking advantage of synergies across the Group, we continue to look for strategic opportunities for expansion and our pipeline of acquisitions remains healthy.

People
The success of the Group is thanks to the commitment and hard work of all our colleagues within the Brickability Group businesses.

As previously mentioned, the Group has significantly grown over the last year, and we recognise the need to continue to invest in and support employees as we integrate new businesses and continue to expand.

As part of the process of adapting to the new scale of the Group post acquisitions, we appointed Paul Hamilton, Managing Director of the Heating, Plumbing and Joinery Division, into the newly created role of Chief Operating Officer ("COO"). In his role as COO, reporting to Alan Simpson, CEO, Paul has driven the integration process of the acquisitions, standardising reporting and IT functions across the Group, and also holds responsibility for driving the Group's ESG strategy.

With a growing portfolio of businesses and product services and offerings, the Board also took the decision to appoint a new Group Marketing Director, Robbie Thompson.

Board and Environmental, Social and Governance
We were delighted to announce the appointment of Susan McErlain to the Board as Independent Non-Executive Director with effect from 9 May 2022. As part of her appointment Susan has now also replaced me on both the Audit and Remuneration Committees. I speak on behalf of the entire Board when I say that with her wealth of experience and successful track record Susan is an excellent addition to the Board and we look forward to continuing to work with her.

As the Group continues to grow, we recognise our role and responsibility in tackling ESG priorities. At the end of 2021 we established a Group ESG Committee comprised of Board members and key members of Group management, of which I am leading. One of the first priorities of the ESG Committee was to develop Brickability Group's 2030 sustainability strategy which I'm pleased to announce has launched as of this month, July 2022, full details of which are included in our ESG Report within the Annual Report.

The strategy sets out plans to minimise the Group's negative impact, and increase positive impact, on people, planet and partners, fully integrating sustainability into our businesses and exploring our ambition to be carbon net zero in our sales businesses by 2030. The initial focus has been on measurement, insight and developing the ESG team and oversight.

We understand that in order to achieve meaningful change we will need to work in partnership with our employees, customers, partners and suppliers. As a first step towards this we have been carrying out sustainability workshops, with all employees, which are nearing completion. Furthermore this year we introduced a new Group wide Electric Vehicle (EV) policy which will see the transition of all company cars to Electric Vehicles and the installation of EV chargers at Group sites.

The Board is committed to improving the Group's focus on diversity and inclusion, and this year we have worked to eliminate any bias in our pay and employment policies and practices. We have completed our DEI (diversity, equity, inclusion) data collection and are now using the data to inform our DEI and broader people strategy. We have a robust recruitment policy that the Group will recruit, train and reward based on merit and provide opportunities for all our employees.

To maximise our ability to make a positive impact on communities and the environment, we were exceedingly proud to have launched the Brickability Foundation Trust in February 2022. The Foundation will not only support good causes but will also inspire and enable our employees to make a difference personally. Under the Foundation's charter, the Group will donate 0.5% of its Adjusted EBITDA in each financial year to the Foundation. £200,000 has been donated during the 2021/22 financial year, with £55,000 donated from the Foundation. The major charity chosen for 2022 is Maggie's cancer charity.

The Board is pleased with the work that has been carried out so far and remains committed to continuing to build upon it. We are especially proud of the enthusiasm and entrepreneurial spirit with which our employees have met the challenge of transforming the business for the future.

Shareholder Returns and Dividends
The Group paid an interim dividend of 0.96 pence per share on 24 February 2022 which reflected the performance of the business and the Board's confidence in the longer-term outlook.

With the continued growth on the back of strong demand and positive market fundamentals, the robust performance of the Group enables the Board to recommend the payment of a final dividend for the year ended 31 March 2022 of 2.04 pence per share. Subject to shareholder approval at the Annual General Meeting, the final dividend will be payable on 22 September 2022, with a record date of 26 August 2022 and an ex-dividend date of 25 August 2022.

John Richards
Chairman
20 July 2022

Chief Executive's Review

Positive ongoing momentum and demand for the Group's diverse multi business product offering resulted in the Group delivering a set of strong results. The results achieved are testament, not only to the strategic positioning of Brickability within the market, but also the Group's ability to successfully identify opportunities for growth and expansion as well as being able to adapt to changing market conditions.

As a growing, diversified, construction materials distribution business, we seek to continuously develop and strengthen our offering, improving our services, expanding our product lines and increasing our geographical footprint. Our expertise in procurement, from both the UK and overseas, sets us apart and is key to our success, enabling us more recently to navigate supply chain pressures, that include materials shortages, price increases and HGV shortages, efficiently and effectively, limiting the impact to our businesses and customers.

As announced at the FY2022 interim results, Group margins throughout the second half of the year were expected to reduce slightly reflecting the impact of Taylor Maxwell, which operates on lower margins than the Brickability Group was operating on prior to the acquisition. The diversity of our business has helped us to mitigate the overall impact of materials price inflation with margins remaining resilient and we expect this to be the case going forward.

Bricks and Building Materials Division

The Bricks and Building Materials Division has performed strongly, with like-for-like revenue up 32% on prior year and up 45% vs FY20 (pre-pandemic) through the inclusion of Taylor Maxwell, business unit growth and price inflation. Revenue of £462.3m for the year ended 31 March 2022 was up £318m on the prior year (2021: £144.2m). EBITDA at £33.1m for the year ended 31 March 2022 was up £21.4m on the prior year (2021: £11.7m).

The Group's bricks and building materials businesses performed very strongly over the period and the division has continued to scale. The division's unique offering, sourcing and supplying to both private and commercial specifiers, contractors, developers, builders and the retail sector has resulted in robust sales throughout the period with demand from these sectors remaining strong. Furthermore, with experienced management teams in place the brick and building materials businesses have been able to successfully respond and adapt to market needs. This has been achieved by offering a large product range, securing large allocations and by taking advantage of the businesses' import capabilities to develop ranges of products in Europe to meet increased UK demand, helping to drive margins.

Following the acquisition of Taylor Maxwell in June 2021, the Group has benefited from the significant increase in scale, range of solutions and expansion of client base in the specification sector. Whilst recent geo-political events have and will likely continue to impact the supply chain, it has been a record year for Taylor Maxwell. Market demand has seen order enquiry levels remain high and robust order books. Taylor Maxwell has benefitted from cross company synergies notably through importing capabilities, expansion of the wider team and working across the Group on the sourcing of bricks and supply of masonry and cladding. Cladding in particular has been identified as a key area of focus, offering opportunities for organic growth through the development of the portfolio and working in conjunction with other Group businesses such as Architectural Facades. Taylor Maxwell recently announced the opening of a new showroom in Edinburgh to support this expansion into the specification market. During the year, Taylor Maxwell also announced the closure of its brick yard in Edinburgh and in March 2022, acquired a new timber treatment plant in Cumbernauld, forming a collaboration between the timber and brick divisions. The new plant has enabled Taylor Maxwell to expand its national footprint and distribution into Scotland and Northern England and will not only allow it to double the volume of timber it can treat per year but also build stock capacity across the 6-acre site for both timber and brick.

The builder's merchant businesses, Brickability, Matching Brick, Brick Mongers and Brick Services performed particularly well during the year, due to their ability to service both locally as well as to national housebuilders, strong stock levels and extensive brick lines. In addition to brick sales, sales of other products including paving, cladding materials and the extensive range of building supplies offered by Alfiam Building Supplies, have been strong and continue to increase. The success of these other product lines has led to further geographical expansion and increased capacity through the addition of stocking facilities, including the new yard in Glasgow that will stock a mix of products, better servicing and supplying customers, and the opening of two new branches in Maidenhead and Enfield by U Plastics, the Group's specialist merchant for facia, soffits and guttering, external cladding and ancillary products.

McCann Roofing had a good year, despite the challenging market environment, and Crest Brick, Slate and Tile, despite being impacted by limitations in supply, still sets itself apart in the market thanks to its strength in identifying market requirements and designing exclusive products to suit markets in different regions of the UK. We believe that both the Schermbecker joint venture and the post period acquisition of Modular Clay Products Ltd will provide the division with an advantage in terms of access to a reliable supply of tiles and bricks and help to strengthen its footprint and product range.

As previously mentioned, the specification market has experienced significant growth and demand during the period. Bespoke Brick reported its most successful year to date with demand for bespoke bricks continuing to grow. Working with production partners in the Europe, able to cater for custom requirements, Bespoke Brick remains well equipped in terms of detailing and encouraging innovation regarding the use of bricks, which has resulted in very strong levels of enquiries from specifiers and architects, as well as large housing schemes and social housing. The acquisition of Modular Clay Products Ltd will add to the Group's ability to service this growing sector of the market, bringing new collaborations with new partners around the world as well as the import of innovative types of cladding systems and brick slip systems into the UK.

McCann Logistics has proven to be a timely acquisition and now gives the Group greater control over the logistics of its imports. The establishment of the in-house customs clearance agency has helped the Group manage costs and speed up imports across all its businesses. We are pleased to announce that we have nearly doubled the fleet of trailers to 200 and intend to increase this by a further 25% to cater for the requirements of both the Brickability Group businesses as well as third parties. We see significant room for expansion within McCann Logistics with the business now operating services from the Netherlands, Germany, France, Spain, Belgium and Portugal. The strategic addition of McCann Logistics to Brickability's portfolio of companies has been key in helping the Group mitigate recent supply chain issues concerning transportation shortages and we remain very positive and expect to see performance continuing to improve.

Heating, Plumbing and Joinery Division

Revenue of £36.7m for the year ended 31 March 2022 was up £12.2m on the prior year (2021: £24.5m). The Heating, Plumbing and Joinery Division has performed well, with like-for-like revenue up 31% on prior year and up 20% vs FY20 (pre-pandemic), reflecting growth across the business units. EBITDA at £7.2m for the year ended 31 March 2022 was up £1.4m on the prior year (2021: £5.8m).

The heating, plumbing and joinery businesses have performed well. Towelrads has been able to further scale thanks to the purchase of a new warehouse in 2020, enabling it to add commercial and designer radiators to its product range, complementing its towel radiators. Through existing relationships with national and regional housebuilders, commercial sales have increased and we see further scope for growth given the size of the market. During the period we were pleased to see strong sales of towel radiators and have launched our products with a new large retail distributor, which has given us further exposure to online retailing. Retail sales have remained strong, highlighting the strength of the retail market and importantly, consumer confidence. Radiator Valves UK, incorporated into Towelrads at acquisition, has seen good growth since being brought into the Group and despite some challenges with shipping from China and the impact of container costs, the business has not been adversely impacted given its ability to buy in volume. This in turn has led to new opportunities, new customers and positive on-going momentum.

FSN Doors had a positive year driven by its focus on the mid-range bracket of the market which has not been a traditional target of the larger manufacturers. Having ceased business with its previous supplier, Frazer Simpson has now identified new factories to work with and is back on track to deliver thanks to its focus on higher margin products including timber windows and composite front doors. The groundwork has now been laid for Forum Tiles, the startup business set up in in January 2021. We remain pleased with its performance to date and the range of stock that it has available on the ground has enabled it to focus on servicing local and regional developers, offering guarantees in terms of product numbers, specification and speed of delivery.

We were excited to announce the acquisition of HBS NE Limited (trading as UPOWA) in November 2021. With the introduction of new renewable energy legislation Part L and Part S, housebuilders are now having to adhere to new guidelines for new builds which has dramatically increased the market opportunity for UPOWA. Offering a suite of renewable energy product solutions and installation, UPOWA's sales into the new build sector have, for the first time, outperformed commercial sales. We are very positive regarding the outlook for UPOWA. The business remains in discussion with every leading housebuilder in the UK, is exploring further opportunities to scale up and import new products as well as looking to add further stocking and distribution facilities. Since acquisition the business has been developing a number of new strategic products, including a new EV car charger, an airsouce heat pump and cylinder to service and supply to regional developers. The strategic acquisition of UPOWA, on the back of the drive towards the use of renewable energy and technology across the housebuilding sector, has enabled us to explore and identify multiple synergies across our businesses where UPOWA can partner with existing Brickability businesses to service customers, an example being through the supply and installation of solar PV panels through our roofing business.

Roofing Services Division

Revenue of £21.2m for the year ended 31 March 2022 was up £8.8m on the prior year (2021: £12.4m). The Roofing Services Division has delivered growth, despite an unprecedented inflationary price and material supply environment, with like-for-like revenue up 32% on prior year and up 5% vs FY20 (pre-pandemic). EBITDA at £3.0m for the year ended 31 March 2022 was up £0.4m on the prior year (2021: £2.6m).

Our roofing business has remained the most impacted by the challenging market conditions. Whilst the order books are healthy, enquiry levels are strong and order intake is good across all the roofing businesses, pricing and availability has impacted the division which operates in a predominantly fixed price environment.

The division has benefitted from the strategic acquisitions of Leadcraft and Beacon Roofing during the year. Leadcraft has enabled the division to gain greater exposure to smaller developers and developments where fixed price contracts are less prevalent whilst Beacon Roofing has created greater geographical exposure. The acquisition of UPOWA will also have a positive impact adding a renewable energy product supplier to the Group which the roofing business can take good advantage of.

The roofing services division is currently experiencing a temporary state of margin impact, however, we expect that thanks to the strength of its offering and the recent strategic acquisitions, margins will come back.

Outlook
The environment in which we are currently operating has highlighted the strategic importance of importing capabilities, relationships, scale and ability to service clients and source quality products. With a wide range of businesses with multiple global suppliers we have been able to continue to successfully meet the demands and requirements of our customers.

Our priority remains unchanged, we aim to secure strong order intakes with clear and sustainable margins. Overall, whilst we remain vigilant of market pressures, the housebuilding market remains strong, benefitting from sustained and increased demand in both the private and public sectors. The Board therefore believes our diversified multi business strategy places us in a strong position to meet requirements moving forward.

The Group's trading in the first quarter of the 2023 financial year has been very encouraging and as a result of the contribution from the Group's acquisitions at and following year end, the Group is well positioned to modestly exceed current full year market expectations.

Alan Simpson
Chief Executive Officer

20 July 2022

Financial Review

The financial results reflect a combination of good organic growth alongside acquisitions, notably the significant acquisition of Taylor Maxwell in June 2021.

Revenue
Revenue totalled £520.2 million for the Year ended 31 March 2022. This represented an increase of 187.2% compared to the previous year (2021: £181.1 million). Group like-for-like revenue growth was 31.9% versus 2021 and 40.5% versus 2020.

Gross Profit
Gross profit for the year increased to £86.8 million from £38.0 million. Gross margin has decreased by 4.3% to 16.7% due to the inclusion of lower margin timber within the Group, stemming from the Taylor Maxwell acquisition (2021: 21.0%), which is as anticipated.

Adjusted profit and adjusted EBITDA

Statutory profit before tax of £18.4 million (2021: £11.2 million) includes other items of £16.3 million (2021: £3.8 million) which are not considered to be part of the Group's underlying operations. These are analysed as follows:

	(Unaudited) 2022 £'000	**(Audited) 2021 £'000**
Statutory profit before tax	**18,406**	**11,165**
Acquisition costs	1,139	105

Re-financing costs	97	-
Earn-out consideration classified as remuneration under IFRS 3	4,333	-
Share based payment expense	1,597	338
Amortisation of intangible assets	6,333	3,619
Impairment of goodwill	16	-
Unwinding of discount on contingent consideration	938	127
Share of post-tax (profit)/losses of equity accounted associates	(55)	6
Fair value losses/(gains) on contingent consideration	1,916	(360)
Total other items before tax	**16,314**	**3,835**
Adjusted profit before tax	**34,720**	**15,000**
Share of post-tax losses of joint ventures	149	-
Depreciation and amortisation	3,342	1,837
Finance income	(54)	(13)
Finance expenses	1,311	718
Adjusted EBITDA	**39,468**	**17,542**

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

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

Adjusted EBITDA increased by 125.7% to £39.5 million (2021: £17.5 million) for the year ended 31 March 2022. Detailed segmental analysis is per note 3 to the preliminary results. Growth occurred in all divisions, notably Bricks and Building Materials following the transformational acquisition of Taylor Maxwell in June 2021.

Taxation
The statutory charge for taxation was £6.1 million (2021: £1.5 million), an effective rate of taxation (Tax expense divided by Profit Before Tax) of 33.2% (2021: 13.5%). The effective rate for the year is higher than the statutory rate of corporation tax of 19% mainly due to the effect of expenses not deductible for tax purposes and impact on deferred tax with the liability remeasured at 25% having originally being recognised at 19%. The 2021 effective tax rate was lower than the main rate of tax following the research and development tax credits claimed in relation to prior years.

Earnings Per Share
Basic EPS for the year was 4.40p (2021: 4.19p). The Group also reports an adjusted underlying EPS which adjusts for the impact of the other items analysed in the table above. Adjusted EPS has increased from 5.56p to 10.06p per share.

Dividends
As a result of the Group's trading performance and also in recognition of the strength of the balance sheet at the year end, the Board is recommending a final dividend of 2.04p per share, bringing the full year dividend to 3.00p.

Subject to approval by shareholders, the final dividend will be paid on 22 September 2022, with a record date of 26 August 2022 and an ex-dividend date of 25 August 2022.

Balance sheet review
Inventories at £28.1m (2021: £12.1m) increased primarily due to the impact of acquisitions, the increase in Uplastics inventory due to business expansion and the higher value of inventory following price increases in the trade. Debtors and creditors working capital flows were in line with expectations following a normal trading year. Additional working capital requirements are also included for the new acquisitions, since their addition to the Group.

Cash Flow and Net Debt
Operating cash flows before movements in working capital increased to £35.2 million from £17.4 million in 2021. Cash generated from operations increased to £27.5 million from £13.1 million.

At 31 March 2022, net cash (borrowings less cash) was £0.4 million which compares to net debt of £7.3 million at the prior year end. This is after additional investment in property, plant and equipment of £6.3 million (2021: £5.7 million), tax paid of £7.3 million (2021: £2.4 million), net proceeds from the issue of new shares £52.7m (2021: £nil), the initial payments for four new subsidiaries of £50.3 million (2021: £2.5 million) and the payment of deferred consideration, in relation to prior year acquisitions, of £1.4 million (2021: £7.9 million). Dividends of £6.1 million (2021: £4.5 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 has revolving credit facilities with HSBC and Barclays of £60 million, which includes an ancillary facility carve out of a £5 million overdraft. The facilities agreement also provides for an accordion facility to increase the commitment under revolving facilities by up to a further £25 million. As at the year end, the Group had utilised £24.6 million of the facilities.

Subsequent events
The Group completed the acquisition of Modular Clay Products Limited in May 2022 for consideration of £6.8million. Full details of events occurring since the year end are disclosed in note 10 to the preliminary results.

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

Mike Gant
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2022

		2022 (Unaudited)			2021 (Audited)		
		Adjusted	Other (note 5)	Total	Adjusted	Other (note 5)	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue		**520,169**	**-**	**520,169**	181,084	-	181,084
Cost of sales		**(433,366)**	**-**	**(433,366)**	(143,112)	-	(143,112)
Gross profit		**86,803**	**-**	**86,803**	37,972	-	37,972
Other operating income		**354**	**-**	**354**	92	-	92
Administrative expenses		**(50,581)**	**(13,515)**	**(64,096)**	(22,018)	(4,062)	(26,080)
Comprising:							
Depreciation and amortisation		**(3,342)**	**(6,349)**	**(9,691)**	(1,837)	(3,619)	(5,456)
Other administrative expenses		**(47,239)**	**(7,166)**	**(54,405)**	(20,181)	(443)	(20,624)
Impairment losses on financial assets		**(450)**	**-**	**(450)**	(341)	-	(341)
Finance income		**54**	**-**	**54**	13	-	13
Finance expense		**(1,311)**	**(938)**	**(2,249)**	(718)	(127)	(845)
Share of post-tax profit/ (loss) of equity accounted associates		**-**	**55**	**55**	-	(6)	(6)
Share of post-tax loss of equity accounted joint ventures		**(149)**	**-**	**(149)**	-	-	-
Fair value (losses)/ gains		**-**	**(1,916)**	**(1,916)**	-	360	360
Profit/ (loss) before tax		**34,720**	**(16,314)**	**18,406**	15,000	(3,835)	11,165
Tax (expense)/ credit		**(6,494)**	**391**	**(6,103)**	(2,193)	687	(1,506)
Profit/ (loss) for the year		**28,226**	**(15,923)**	**12,303**	12,807	(3,148)	9,659
Other comprehensive income							
Items that will not be reclassified to profit or loss:							
Remeasurements of defined benefit pension schemes		**-**	**(1,970)**	**(1,970)**	-	-	-
Deferred tax on remeasurement of defined benefit pension schemes		**-**	**374**	**374**	-	-	-
Fair value gain on investments in equity instruments designated as FVTOCI		**-**	**53**	**53**	-	-	-
Other comprehensive income for the year		**-**	**(1,543)**	**(1,543)**	**-**	**-**	**-**
Total comprehensive income/ (loss)		**28,226**	**(17,466)**	**10,760**	**12,807**	**(3,148)**	**9,659**

	Note						
Profit/ (loss) for the year attributable to:							
Equity holders of the parent		**28,310**	**(15,923)**	**12,387**	12,813	(3,148)	9,665
Non-controlling interests		**(84)**	**-**	**(84)**	(6)	-	(6)
		28,226	**(15,923)**	**12,303**	**12,807**	**(3,148)**	**9,659**
Total comprehensive income/ (loss) attributable to:							
Equity holders of the parent		**28,310**	**(17,466)**	**10,844**	12,813	(3,148)	9,665
Non-controlling interests		**(84)**	**-**	**(84)**	(6)	-	(6)
		28,226	**(17,466)**	**10,760**	**12,807**	**(3,148)**	**9,659**
Earnings per share							
Basic earnings per share	7			**4.40p**			4.19p
Diluted earnings per share	7			**4.32p**			4.18p
Adjusted basic earnings per share	7			**10.06p**			5.56p
Adjusted diluted earnings per share	7			**9.86p**			5.54p

All results relate to continuing operations.

Consolidated Balance Sheet
As at 31 March 2022

	Note	(Unaudited) 2022 £'000	(Audited) 2021 £'000
Non-current assets			
Property, plant and equipment		**18,555**	9,125
Right of use assets		**12,162**	7,945
Intangible assets		**150,585**	76,848
Investments in equity accounted associates		**261**	221
Investments in equity accounted joint ventures		**279**	-
Investments in financial assets		**178**	125
Deferred tax assets		**-**	98
Trade and other receivables		**1,023**	460
Total non-current assets		**183,043**	94,822
Current assets			
Inventories		**28,120**	12,127
Trade and other receivables		**131,202**	42,832
Employee benefit assets	10	**781**	-
Current income tax assets		**101**	-
Cash and cash equivalents		**25,028**	8,592
Total current assets		**185,232**	63,551
Total assets		**368,275**	158,373
Current liabilities			
Trade and other payables		**(140,046)**	(38,769)
Current income tax liabilities		**-**	(426)
Lease liabilities		**(2,216)**	(1,497)
Total current liabilities		**(142,262)**	(40,692)
Non-current liabilities			
Trade and other payables		**(17,717)**	(3,153)

Loans and borrowings	9	**(24,240)**	(15,750)
Lease liabilities		**(10,417)**	(6,796)
Provisions		**(1,728)**	(1,247)
Deferred tax liabilities		**(17,427)**	(5,301)
Total non-current liabilities		**(71,529)**	(32,247)
Total liabilities		**(213,791)**	(72,939)
Net assets		**154,484**	85,434
Equity			
Called up share capital		**2,985**	2,305
Share premium account		**102,146**	49,999
Capital redemption reserve		**2**	2
Share-based payment reserve		**1,930**	266
Merger reserve		**11,146**	1,245
Retained earnings		**36,365**	31,623
Equity attributable to owners of the Company		**154,574**	85,440
Non-controlling interests		**(90)**	(6)
Total equity		**154,484**	85,434

Consolidated Statement of Changes in Equity
For the year ended 31 March 2022

	Share capital	Share premium account	Capital redemption	Share-based payments	Merger reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020 (Audited)	**2,305**	**49,999**	**2**	**56**	**1,245**	**26,458**	**80,065**	**-**	**80,065**
Profit or (loss) for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Total comprehensive income for the year	-	-	-	-	-	9,665	9,665	(6)	9,659
Dividends paid	-	-	-	-	-	(4,500)	(4,500)	-	(4,500)
Increase in share-based payment reserve	-	-	-	210	-	-	210	-	210
Total contributions by and distributions to owners	-	-	-	210	-	(4,500)	(4,290)	-	(4,290)
At 31 March 2021 (Audited)	**2,305**	**49,999**	**2**	**266**	**1,245**	**31,623**	**85,440**	**(6)**	**85,434**
Profit or (loss) for the year	-	-	-	-	-	12,387	12,387	(84)	12,303
Other comprehensive income for the year	-	-	-	-	-	(1,543)	(1,543)	-	(1,543)
Total comprehensive income for the year	-	-	-	-	-	10,844	10,844	(84)	10,760
Dividends paid	-	-	-	-	-	(6,102)	(6,102)	-	(6,102)
Issue of paid shares	578	54,422	-	-	-	-	55,000	-	55,000
Issue of consideration shares	99	-	-	-	9,901	-	10,000	-	10,000
Issue of shares on exercise of share options	3	12	-	-	-	-	15	-	15
Equity settled share based payments	-	-	-	1,173	-	-	1,173	-	1,173
Deferred tax on share based payment transactions	-	-	-	491	-	-	491	-	491
Share issue costs	-	(2,287)	-	-	-	-	(2,287)	-	(2,287)

Total contributions by and distributions to owners	680	52,147	-	1,664	9,901	(6,102)	58,290	-	58,290
At 31 March 2022 (Unaudited)	**2,985**	**102,146**	**2**	**1,930**	**11,146**	**36,365**	**154,574**	**(90)**	**154,484**

Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Note	(Unaudited) 2022 £'000	(Audited) 2021 £'000
Operating activities			
Profit for the year		**12,303**	9,659
Adjustments for:			
Depreciation of property, plant and equipment		**1,143**	726
Depreciation of right of use assets		**2,136**	1,111
Amortisation of intangible assets		**6,396**	3,619
(Gain)/loss on disposal of property, plant and equipment and right of use assets		**(75)**	4
Foreign exchange (gains)/ losses		**(27)**	(19)
Share-based payment expense		**1,597**	338
Other operating income		**(27)**	-
Share of post-tax loss/ (profit) in equity accounted associates		**(55)**	6
Share of post-tax loss/ (profit) in joint ventures		**149**	-
Impairment of goodwill		**16**	-
Fair value changes in contingent consideration		**1,916**	(360)
Movements in provisions		**12**	(142)
Finance income		**(54)**	(13)
Finance expense		**2,249**	845
Acquisition costs	5	**1,236**	105
Income tax expense		**6,103**	1,506
Pension charge in excess of contributions paid		**140**	-
Operating cash flows before movements in working capital		**35,158**	17,385
Changes in working capital:			
Increase in inventories		**(6,700)**	(2,011)
Increase in trade and other receivables		**(22,194)**	(4,077)
Increase in trade and other payables		**21,234**	1,792
Cash generated from operations		**27,498**	13,089
Payment of acquisition expenses		**(1,139)**	(105)
Interest received		**18**	13
Interest paid		**-**	(368)
Income taxes paid		**(7,256)**	(2,435)
Net cash from operating activities		**19,121**	10,195
Investing activities			
Purchase of property, plant and equipment		**(6,317)**	(5,669)
Proceeds from sale of property, plant and equipment		**187**	59
Proceeds from sale of right of use assets		**-**	9

Purchase of intangible assets		**(488)**	-
Acquisition of subsidiaries	8	**(50,292)**	(2,548)
Net cash acquired with subsidiary undertakings	8	**3,422**	2,274
Acquisition of interests in joint ventures		**(428)**	-
Proceeds from repayment of directors' loans		**978**	-
Dividends received from associates	8	**15**	-
Net cash used in investing activities		**(52,923)**	(5,875)
Financing activities			
Equity dividends paid	6	**(6,102)**	(4,500)
Proceeds from issue of ordinary shares net of share issue costs		**52,728**	-
Payment of financing costs		**(97)**	-
Proceeds from bank borrowings		**52,100**	3,400
Repayment of bank borrowings		**(43,400)**	(12,500)
Payment of lease liabilities		**(2,103)**	(1,398)
Payment of deferred and contingent consideration		**(1,358)**	(7,883)
Interest paid		**(1,139)**	-
Payment of transaction costs relating to loans and borrowings		**(375)**	(90)
Net cash flows from/ (used in) financing activities		**50,254**	(22,971)
Net increase in cash and cash equivalents		**16,452**	(18,651)
Cash and cash equivalents at beginning of period		**8,592**	27,268
Effect of changes in foreign exchange rates		**(16)**	(26)
Cash and cash equivalents at end of year		**25,028**	8,592

Notes to the Preliminary Results
Year ended 31 March 2022

1. General information

This announcement was approved by the Board of Directors on 20 July 2022.

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

The financial information set out above does not constitute the Group's statutory financial statements for the year ended 31 March 2022 or 2021 but is derived from these financial statements. Statutory financial statements for 2021 have been delivered to the Registrar of Companies and those for 2022 will be delivered by 30 September 2022. The auditor reported on the statutory financial statements for the year ended 31 March 2021; their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The audit of the statutory financial statements for the year ended 31 March 2022 is not yet complete. These financial statements will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Group's annual general meeting.

2. Basis of preparation

The consolidated financial information has been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. There has been no impact on the financial information as a result of the transition from applying International Financial Reporting Standards (IFRS) adopted for use in the European Union to the UK adopted international accounting standards.

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

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

Going Concern

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

Budget scenarios have been prepared comparing a number of outcomes where there is a significant and prolonged drop in demand in the industry. The Group has focused on the 18 month period from the year end to 30 September 2023 in its going concern review.

For each scenario, cash flow and covenant compliance forecasts have been prepared. A drop in revenue of 50% did not lead to any breach of covenants. A drop of 75% revenue would be required with no corresponding adjustment to the cost base of the business to breach covenants within the period of review.

The Directors consider this to be a highly unlikely scenario, and in the event of it occurring would take steps to reduce the cost base by at least 15% which would mean covenants would not be breached.

After making appropriate enquiries, considering the scenarios modelled and reviewing the Group's risk assessments, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of this financial information. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial information.

New standards, interpretations and amendments not yet effective from 1 January 2021

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

- Interest rate benchmark reform – IBOR 'phase 2' (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16; and
- COVID-19 related rent concessions beyond 30 June 2021 (amendments to IFRS 16)).

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

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 2022:

- onerous contracts – cost of fulfilling a contract (amendments to IAS 37);
- property, plant and equipment – Proceeds before intended use (amendments to IAS 16));
- annual improvements to IFRS standards 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- references to the Conceptual Framework (amendments to IFRS 3).

Amendments effective from 1 January 2023:

- disclosure of accounting policies (amendments to IAS 1 and IFRS Practice Statement 2));
- definition of accounting estimates (amendments to IAS 8); and
- deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12).

The Group is currently assessing the potential impact of the new standards. The amendments to IAS 12 will likely result in the Group recognising additional deferred tax assets and liabilities in respect of right of use assets accounted for under IFRS 16. The other amendments listed above are not expected to have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Segmental analysis

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

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

The Group's segments are strategic business units that offer different products and services. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The 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. 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. All of the revenue generated in Europe is included within revenue within the Bricks and Building Materials segment below. £66,000 is included within revenue from the sale of goods, with the balance arising from the rendering of services. 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 rendering of services within the Bricks and Building Materials segment relates to the provision of transportation and distribution services. Revenue from the rendering of services within the Heating, Plumbing and Joinery segment relates to the provision of flooring and solar panel installation services.

Right of use assets, in respect of trailers, with a carrying value of £3,207,000 (2021: £1,251,000), are either held in the United Kingdom or Europe at the year end, depending on the timing and location of goods being transported. All other non-current assets are solely held within the United Kingdom.

Included within revenue is a total of £nil (2021: £19,910,000) in respect of a customer accounting for more than 10% of the Group's total revenue. Revenue from this customer is included within all three reportable segments.

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

	2022 (Unaudited)				2021 (Audited)			
	Bricks and Building Materials	**Roofing Services**	**Heating, Plumbing and Joinery**	**Consolidated**	Bricks and Building Materials	Roofing Services	Heating, Plumbing and Joinery	Consolidated
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Revenue from sale of goods	**452,084**	**-**	**30,585**	**482,669**	141,019	-	24,452	165,471
Revenue from rendering of services	**10,180**	**21,179**	**6,141**	**37,500**	3,187	12,426	-	15,613
Total revenue	**462,264**	**21,179**	**36,726**	**520,169**	144,206	12,426	24,452	181,084
EBITDA	**33,083**	**3,022**	**7,203**	**43,308**	11,662	2,571	5,766	19,999
Centralised costs				**(3,915)**				(2,453)
Profit/ (loss) on disposal of assets				**75**				(4)
Group adjusted EBITDA				**39,468**				17,542
Impairment of goodwill				**(16)**				-
Depreciation				**(3,279)**				(1,837)
Amortisation				**(6,396)**				(3,619)
Acquisition expenses				**(1,236)**				(105)
Earn-out consideration classified as remuneration under IFRS 3				**(4,333)**				-
Share based payment expense				**(1,597)**				(338)
Finance income				**54**				13
Finance expense				**(2,249)**				(845)
Share of results of associates				**55**				(6)
Share of results of joint ventures				**(149)**				-
Fair value gains and losses				**(1,916)**				360
Group profit before tax				**18,406**				11,165

For the purposes of monitoring segment performance and allocating resources between segments, the CODM monitors the total non-current and current assets attributable to each segment. All assets are allocated to reportable segments with the exception of those used primarily for corporate purposes (head office), investments in associates, joint ventures and financial assets and deferred tax assets. Goodwill has been allocated to reportable segments. 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 (head office), bank borrowings and deferred tax liabilities.

	2022 (Unaudited)	2021 (Audited)

	Bricks and Building Materials	Roofing Services	Heating, Plumbing and Joinery	Consolidated	Bricks and Building Materials	Roofing Services	Heating, Plumbing and Joinery	Consolidated
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Non-current segment assets	**108,897**	**30,221**	**42,678**	**181,796**	46,276	18,235	29,867	94,378
Current segment assets	**155,844**	**8,626**	**19,740**	**184,210**	45,635	3,799	12,582	62,016
Total segment assets	**264,741**	**38,847**	**62,418**	**366,006**	91,911	22,034	42,449	156,394
Investment in associates				**261**				221
Investment in joint ventures				**279**				-
Investments in financial assets				**178**				125
Deferred tax assets				**-**				98
Head office				**1,551**				1,535
Group assets				**368,275**				158,373
Total segment liabilities	**(120,036)**	**6,571**	**(10,403)**	**(123,868)**	(37,570)	(2,815)	(7,040)	(47,425)
Loans and borrowings (excluding leases and overdrafts)				**(24,240)**				(15,750)
Deferred tax liabilities				**(17,427)**				(5,301)
Other unallocated central liabilities				**(48,256)**				(4,463)
Group liabilities				**(213,791)**				(72,939)

4. Profit before tax

Profit before tax is stated after charging/ (crediting):	**(Unaudited) 2022**	(Audited) 2021
	£'000	£'000
Amortisation of intangible assets	**6,396**	3,619
Impairment of goodwill	**16**	-
Depreciation of property, plant and equipment	**1,143**	726
Depreciation of right of use assets	**2,136**	1,111
(Gain)/ loss on disposal of property, plant and equipment and right of use assets	**(75)**	4
Cost of inventories recognised as an expense	**418,698**	134,691*
Subcontractor costs	**9,437**	4,446
Impairment of trade receivables	**450**	341
Net foreign exchange gains	**(32)**	(173)
Government grant income	**-**	(1,360)

*Restated to include all inventory expenses as previously incorrectly excluded inventories delivered direct to site.

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

5. Other items

In order to assist with the understanding of the Group's performance, items that management consider to not be directly attributable to the Group's underlying trade are presented separately, on the face of the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

	(Unaudited) 2022 £'000	(Audited) 2021 £'000
Amortisation of intangible assets	**(6,333)**	(3,619)
Impairment of goodwill	**(16)**	-
Total depreciation and amortisation	**(6,349)**	(3,619)
Acquisition costs	**(1,139)**	(105)
Re-financing costs	**(97)**	-
Earn-out consideration classified as remuneration under IFRS 3	**(4,333)**	-
Share-based payment expense (including employer NI)	**(1,597)**	(338)
Total administrative expenses	**(7,166)**	(443)
Unwinding of discount on contingent consideration	**(938)**	(127)
Total finance expense	**(938)**	(127)
Share of post-tax profit/ (loss) of equity accounted associates	**55**	(6)
Fair value (losses)/gains	**(1,916)**	360
Total other items before tax	**(16,314)**	(3,835)
Tax on other items	**391**	(6,103)
Total other items after tax	**(15,923)**	(9,938)
Other comprehensive income		
Remeasurements of defined benefit pension schemes	**(1,970)**	-
Deferred tax on remeasurement of defined benefit pension schemes	**374**	-
Fair value gain on investments in equity instruments designated as PVTOCI	**53**	-
Total other comprehensive income	**(1,543)**	
Total other items in comprehensive income	**(17,466)**	(9,938)

The amortisation of intangibles within other items is the element associated with those intangibles recognised on acquisition as part of the fair value assessment. Significant changes in the fair value and discounting of contingent consideration also does not necessarily directly reflect the underlying trade of the Group. Inclusion within other items is consistent with the presentation of other acquisition related costs.

Acquisition costs comprise of transaction costs of £383,000, in relation to stamp duty, plus a further £756,000 in respect of legal and professional fees. £1,060,000 was directly associated with the acquisitions in the year (note 8), while the remainder related to aborted acquisitions.

To facilitate the acquisition of Taylor Maxwell Group (2017) Limited in the year, the Group re-financed and agreed an increase in its available banking facilities, The re-financing costs directly associated with this are therefore considered to be connected with the acquisition and outside the normal course of business.

The agreement to purchase Taylor Maxwell Group (2017) Limited includes earn-out consideration, payable if certain performance-based targets are met over the following three years. The share purchase agreement also includes a 'bad leaver' clause, under which the earn-out consideration payment to such a leaver is forfeited. The clause was 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 and not reflective of the underlying trade of the Group.
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.

The share-based payment expense represents the share-based payment charge for the year, including associated accrued employer taxes. The accounting charge is not considered to be directly linked to the Group's trading operations and thus separate disclosure is deemed appropriate to assist with the understanding of the Group's performance in the year.

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.

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

Other comprehensive income relates to the re-measurement of defined pension schemes, the associated deferred tax movement and the fair value gain on investments in equity instruments designated as fair value through other comprehensive income.

In respect of the defined benefit pension scheme acquired in the year, the Group has entered into a buy-in insurance policy and intends to complete a buy-out process, whereby the defined benefit pension liability is transferred to an insurer. As such, the scheme related re-measurement 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.

The fair value change in investments in equity instruments designated as fair value through other comprehensive income is also not reflective of the Group's underlying trading performance and thus is not included in the Group's adjusted comprehensive income.

6. Dividends

	(Unaudited) 2022 £'000	(Audited) 2021 £'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2021 of 1.0850p per share (2021: for the year ended 31 March 2020 of 1.0850p per share)	**3,236**	2,500
Interim dividend for the year ended 31 March 2022 of 0.9600p per share (2021: for the year ended 31 March 2021 of 0.8678p per share)	**2,866**	2,000
Total dividends paid in the year	**6,102**	4,500

The Directors recommend that a final dividend for 2022 of 2.04p (2021: 1.0850p) per ordinary share be paid.

The final dividend will be paid, subject to shareholders' approval at the Annual General Meeting, to shareholders on the register at the close of business on 26 August 2022. This dividend has not been included as a liability in these financial statements.

7. Earnings per share

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

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

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

	2022 (Unaudited)			2021 (Audited)		
	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	**12,387**	**281,474,903**	**4.40**	9,665	230,458,821	4.19
Effect of dilutive securities						
Employee share options	**-**	**5,512,650**	**-**	-	629,983	-
Diluted earnings per share	**12,387**	**286,987,553**	**4.32**	9,665	231,088,804	4.18

Adjusted earnings per share and adjusted diluted earnings per share based on the adjusted profit attributable to the equity holders of the parent, as shown in the Adjusted column of the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Details of the Other items after tax, forming the difference between the statutory earnings above and adjusted earnings below, are outlined in note 5 to the preliminary results.

	2022 (Unaudited)			2021 (Audited)		
	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	**28,310**	**281,474,903**	**10.06**	12,813	230,458,821	5.56
Effect of dilutive securities						
Employee share options	**-**	**5,512,650**	**-**	-	629,983	-

Adjusted diluted earnings per share	**28,310**	**286,987,553**	**9.86**	12,813	231,088,804	5.54

8 Business combinations

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

Company acquired	Acquisition date
Taylor Maxwell Group (2017) Limited	30 June 2021
Rangeley Holdings Limited and Leadcraft Limited	31 July 2021
HBS NE Limited	23 November 2021
Whiffen Holdings Limited and Beacon Roofing Limited	31 March 2022

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

	Taylor Maxwell Group £'000	Rangeley Holdings Group £'000	HBS NE Limited £'000	Whiffen Holdings Group £'000
Property plant and equipment	3,519	128	16	709
Right of use assets	2,977	133	-	-
Identifiable intangible assets	42,099	1,782	6,312	-
Inventory	9,126	13	109	45
Trade and other receivables	63,940	778	853	2,476
Employee benefit assets	2,855	-	-	-
Cash and cash equivalents	2,586	94	1	741
Trade and other payables	(74,167)	(247)	(928)	(1,206)
Current income tax	(119)	(138)	(10)	(365)
Lease liabilities	(3,122)	(133)	-	-
Provisions	(469)			(76)
Deferred tax	(11,407)	(442)	(1,508)	(73)
Total identifiable net assets	37,818	1,968	4,845	2,251
Goodwill	11,437	3,529	8,534	5,968
Total consideration	49,255	5,497	13,379	8,219
Satisfied by:				
Cash paid	38,114	3,532	3,276	5,371
Shares issued as consideration	10,000	-	-	-
Deferred cash consideration	1,141	1,243	34	1,676
Contingent consideration	-	722	10,069	1,172
Total consideration	49,255	5,497	13,379	8,219

Due to the timing of the acquisitions of Whiffen Holdings Limited and Beacon Roofing Limited, the initial accounting for these business combinations is incomplete. A detailed assessment of the fair value of the contingent consideration and all identifiable net assets, and the value of any uncollectable contractual cash flows, has not yet been completed at the date of these financial statements. The values reported above for the Whiffen Holdings Group are therefore subject to change. The amounts included are based on management's best estimate based on the information available at the time of preparing these financial statements.

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

Goodwill principally comprises the value of expected synergies arising from the acquisitions and the value of the assembled workforce. None of the goodwill is expected to be deductible for tax purposes.

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

	Taylor Maxwell Group £'000	Rangeley Holdings Group £'000	HBS NE Limited £'000	Whiffen Holdings Group £'000
Revenue	235,503	3,340	2,819	-
Net profit	7,401	575	47	-

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 £617,122,000 (2021: £185,840,000) and Group profit would have been £15,507,000 (2021: £10,006,000).

Acquisition related costs, included in administrative expenses, amounted to £1,060,000 in respect of the above acquisitions, as follows:

	Taylor	Rangeley	HBS NE	Whiffen

	Maxwell Group £'000	Holdings Group £'000	Limited £'000	Holdings Group £'000
Acquisition costs	819	96	75	70

Contingent consideration

The Group has entered into contingent consideration arrangements during the purchase of several subsidiaries. Final amounts payable under these agreements are all subject to future performance and the acquired business achieving pre-determined EBITDA targets, over the three years following acquisition, 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 1.7% and 23.60% 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 2022 £'000	Fair value at reporting date 2021 £'000	Undiscounted amount payable 2022 £'000	Undiscounted amount payable 2021 £'000
The Bespoke Brick Company Limited	4.9%	-	675	-	686	-
Brickmongers (Wessex) Ltd	4.8%	138	87	-	89	-
CPG Building Supplies Limited	4.0%	(201)	-	-	-	-
U Plastics Limited	3.5%	2,208	2,092	2,270	2,164	2,400
Bathroom Barn Limited	1.7%	231	166	241	170	248
McCann Logistics Ltd	1.7%	889	1,597	931	1,628	958
Taylor Maxwell Group (2017) Limited	4.1%	-	422	-	435	-
SBS Cladding Limited	4.1%	1,845	1,804	-	1,900	-
Leadcraft Limited	10.4%	722	795	-	1,028	-
HBS NE Limited	16.1% - 23.6%	10,069	10,770	-	22,188	-
Beacon Roofing Limited	4.1%	1,172	1,172	-	1,295	-

The total potential undiscounted amount payable in respect of U Plastics Limited ranges from £246,000 to £2,400,000 (2021: £246,000 to £2,400,000). The amount payable for SBS Cladding Limited ranges from £nil to £2,000,000. It is not possible to determine a range of outcomes for the other companies acquired as the arrangements do not contain a maximum payable.

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. 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. As outlined in note 5, a charge of £4,333,000 has been recognised in the year in respect of this earn-out consideration, presented within other administrative expenses.

9. Loans and borrowings

	(Unaudited) 2022 £'000	(Audited) 2021 £'000
Non-current		
Bank loans	**24,240**	15,750

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

The Group has a revolving credit facility of £60,000,000, including an ancillary carve out of a £5,000,000 overdraft. The facility runs for three years to June 2024, with the option of two one-year extensions. Interest is charged at a rate of 1.9% above the adjusted SONIA interest rate benchmark.

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.

10. Pensions

Defined contribution plans

The total expense recognised in profit or loss in relation to contributions payable under defined contribution pension plans is £1,020,000 (2021: £586,000).

At the reporting date, contributions of £104,000 (2021: £75,000) due in respect of the reporting period had not yet been paid over to the pension provider.

On 30 June 2021, the Group acquired Taylor Maxwell Group (2017) Limited, which operated a defined benefit pension scheme. The Group therefore also acquired the Taylor Maxwell Group Limited Pension and Assurance Scheme which is funded by the payment of contributions to a separately administered trust fund. The defined benefit pension scheme is closed to future accrual. Pension benefits are 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.

During the year, the Group made contributions of £nil (2021 - £nil) to the scheme. Contributions in the next year are also expected to be £nil. The most recent actuarial valuation was conducted as at 31 March 2018.

The Group commenced a buy-out process to transfer the risk associated with the scheme to an insurer. As part of this process, a buy-in contract was incepted on 7 July 2021 to meet the future benefits payable and reduce the risk of additional funding being required from the Group. The full process is expected to reach the buy-out stage by September 2022.

A full actuarial valuation has been carried out at 31 March 2022, based on scheme membership data as at 28 February 2021, by a qualified independent actuary. Scheme assets are stated at their current bid price at 31 March 2022.

The principal assumptions used for the purposes of the actuarial valuations, on acquisition and at the reporting date, were as follows:

	31 March 2022	30 June 2021
Discount rate	**2.60%**	1.70%
Inflation rate (CPI)	**3.60%**	2.90%
Pension increases (Post 1988 GMP)	**2.80%**	2.50%
Pension increases (Post 1997 pension)	**3.60%**	2.90%
Longevity at retirement age for current pensioners		
Male	**22.0 years**	21.9 years
Female	**24.3 years**	24.3 years
Longevity at retirement age for future pensioners		
Male	**23.4 years**	23.3 years
Female	**25.8 years**	25.7 years

Amounts recognised in profit or loss in respect of the defined benefit plan are as follows:

	2022	2021
	£'000	£'000
Service cost	**140**	-
Net interest expense	**(36)**	-
Included in profit or loss	**104**	-

The service cost has been included in profit or loss within administrative expenses and the net interest expense within other interest receivable The re-measurement 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:

	2022	2021
	£'000	£'000
Re-measurement (gain)/ loss arising from:		
Financial assumptions	**(637)**	-
Experience assumptions	**62**	-
Return on assets, excluding interest income	**2,545**	-
Included in other comprehensive income	**1,970**	-

Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation	Fair value of scheme assets	Net defined scheme asset
	£'000	£'000	£'000
At 1 April 2020 and 31 March 2021	-	-	-
Acquired through business combinations	(10,210)	13,065	2,855
Interest cost	(127)	163	36
Net re-measurement gains/ (losses) - financial	637	-	637
Net re-measurement gains/ (losses) - experience	(62)	-	(62)
Return on assets, excluding interest income	-	(2,545)	(2,545)
Benefits paid	417	(417)	-
Scheme administrative cost	-	(140)	(140)
At 31 March 2022	**(9,345)**	**10,126**	**781**

The weighted average duration of the scheme is 11.3 years.

Disaggregation of defined benefit scheme assets

The fair value of the scheme assets is analysed as follows:

	31 March 2022	30 June 2021
	£'000	£'000
Liability driven investments	**-**	11,522
Cash fund and net current assets	**980**	1,543
Insured annuities	**9,146**	-
Fair value of scheme assets	**10,126**	13,065

The scheme assets do not include any of the Group's own financial instruments or any property occupied by the Group.

Risks

The scheme exposes the Group to actuarial risk, such as market (investment) risk, interest rate risk, inflation risk, currency risk and longevity risk.

The key risks are considered to be life expectancy and inflation risk. The scheme's obligation is to provide a pension for the life of the member, As the life expectancy increases, the value of the scheme's liabilities would also increase. The benefit obligations are also linked to inflation. Higher inflation would therefore result in an increase in the scheme's liabilities.

However, following the purchase of a buy-in insurance policy, many of the risks associated with future pension obligations are transferred to the insurer under the policy. The scheme does not expose the Group to any unusual scheme specific or group specific risks.

The value of the insured annuity policy is expected to equal the value of the liabilities, excluding any additional liability that may arise from amending benefits for the impact of the recent Lloyds Banking Group high court ruling on GMP equalisation. The insured annuity policy therefore provides a high level of protection against interest, inflation and mortality risks associated with the benefits. The cash holding is expected to be sufficient to meet any additional GMP equalisation liabilities and future expenses of running the scheme.

Sensitivity

A sensitivity analysis has been determined based on reasonably possible changes the discount rate, rate of inflation (CPI) and life expectancy, with all other variables held constant. Increases in pension payments are derived from the assumed inflation rate.

If the discount rate were to decrease by 0.25%, the defined benefit scheme obligation would increase by £266,000. If the rate of inflation (CPI) were to increase by 0.25%, the defined benefit scheme obligation would increase by £111,000. If the life expectancy were to increase by 1 year, the defined benefit scheme obligation would increase by £437,000.

11. Post balance sheet events

On 29 April 2022, the Group and Company completed the purchase of a property for £980,000. A deposit of £94,000 was paid before the year end and is included within land and building additions, in respect of this property.

On 31 May 2022, the Group completed the acquisition of the entire share capital and 100% of the voting rights in Modular Clay Products Limited, one of the UK's leading suppliers of timber and non-combustible cladding to the construction industry.

The acquisition was made in order to expand the Group's presence in the specification market and further broaden the

Group's access to manufacturers in the European market.

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

	£'000
Property plant and equipment	16
Inventory	164
Trade and other receivables	2,894
Cash and cash equivalents	4,205
Trade and other payables	(2,615)
Total identifiable net assets	4,664

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

The total consideration expected to be payable is:

	£'000
Cash	5,375
Contingent consideration	1,425
Total consideration	6,800

The above consideration is subject to post completion adjustments.

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

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

Acquisition costs of £100,000, in relation to stamp duty and legal and professional fees, are estimated to be incurred in connection with this acquisition and will be recognised in profit or loss. Due to the timing of the acquisition, not all costs have been invoiced or finalised at the time of approving these financial statements.

On 7 July 2022, the Group and Company purchased a property for £2,521,000.

12. Availability of annual report and accounts

The Annual Report and Accounts for the year ended 31 March 2022 will be posted to shareholders on or before 4 August 2022 and laid before the Group at the Annual General Meeting on 6 September 2022. Copies of the Annual Report and Accounts for the year ended 31 March 2022 will be available on request from the Company Secretary at Brickability Group PLC, South Road, Bridgend Industrial Estate, Bridgend CF31 3XG and from the Group's website www.brickabilitygroupplc.com.