

## LOW CARBON BUILDINGS FOR A SUSTAINABLE FUTURE





## We are Alumasc

Our purpose is to provide high quality products, systems and solutions, the majority of which manage the scarce resources of water and energy in the built environment.

Behave with integrity, building strong relationships and trust with our customers.

Be entrepreneurial and deliver on our promises.

### Half year financial highlights

Half year to 31 December	2020	2019
Revenue (£m) <sup>1</sup>	45.6	41.1
Underlying profit before tax (£m) <sup>1</sup>	6.0	2.3
Underlying earnings per share (pence) <sup>1</sup>	13.4	5.1
EBITDA (£m) <sup>2</sup>	7.4	3.5
Statutory profit before tax (£m)	5.5	2.1
Basic earnings per share (pence)	12.2	5.0
Dividends per share (pence) <sup>3</sup>	3.25	Nil
Net bank debt at 31 December (£m)	0.2	6.6

A reconciliation of underlying to statutory profit is provided in note 4 to the interim financial statements.

1 Continuing operations.

2 EBITDA: Underlying operating profit from continuing operations before interest, tax, depreciation and amortisation.

3 Prior year interim dividend of 2.95 pence per share was cancelled in light of the COVID-19 Pandemic's onset.

## OPERATING SEGMENTS



Water  
Management



Building  
Envelope



Housebuilding  
Products



The latest online...

More details on Alumasc's products and services can be found on our website at

[www.alumasc.co.uk](http://www.alumasc.co.uk)

## Review of Interim Results



“Reflecting the Board’s confidence in the year ahead, the underlying strength of the business and the strategic growth opportunities available to us, we have today proposed an interim dividend of 3.25 pence per share.”

*G. Paul Hooper*

**Paul Hooper**  
Chief Executive

### Overview

#### Financial overview

- Against a background of the continuing presence of COVID-19 and uncertainty surrounding the likelihood of a Trade Agreement being secured with the UK’s exit from the EU Alumasc’s performance in H1 was outstanding.
  - Group revenues were up by 11% to £45.6 million (2019: £41.1 million), with UK revenues 9% ahead and exports (representing 13% of Group revenues) 23% ahead
  - Gross margins were 36.7% (2019: 29.8%)
  - Underlying operating margins were ahead by 7.5 percentage points to 13.6% (2019: 6.1%) reflecting increased sales, improved margins and the benefit of the prior year cost reduction programme in lower overheads
  - Underlying profit before tax was £6.0 million (2019: £2.3 million)
  - EBITDA was £7.4 million (2019: £3.5million)
  - Statutory profit before tax was £5.5 million (2019: £2.1 million)
  - Underlying earnings per share were 13.4 pence (2019: 5.1 pence) and basic earnings per share 12.2 pence (2019: 5.0 pence)
- Net bank debt at 31 December was £0.2 million (30 June 2020: £4.3 million), benefitting from strong focus on working capital management.
- An interim dividend of 3.25 pence per share is planned for payment in April 2021, reflecting the Board’s confidence in the underlying strength of the business and strategic growth opportunities available to it. This would be an increase from the 2.95 pence per share interim dividend that was planned for April 2020 but which was cancelled in light of the Pandemic’s onset.
- Government grant income of £0.1 million was repaid during the period in relation to Coronavirus Job Retention Scheme income that had been claimed in the previous financial period for employees that have, unfortunately, subsequently been made redundant.

## Review of Interim Results continued

### Operational overview

- The 11% uplift in our revenues to £45.6 million reflects an increase in our market share won particularly in our Roofing business and Water Management Division. Following a refocus of the customer profile our Housebuilding Products Division's revenue grew slightly, bolstered by the success of several new products across the last twelve months.
- Export sales grew by 23% to £6.2 million, 13.5% of the total (2019: 12.1%), driven by sales to North America by Levolux.
- The Water Management Division, representing 42% of Group revenues, made a profit of £3.5 million (18% operating margin), £1.1 million (44%) ahead of the prior year first half, driven by £1.6 million (9%) volume increases, gross margin improvements and cost savings. The division continued to deliver Rain to Drain solutions, enabling customers to benefit from rainwater and drainage products that capture, retain and control the flow of rainwater inside and outside buildings from origination source to water course, sewer or ground.
- The Building Envelope Division, representing 46% of Group revenues, delivered a record performance, returning to profit of £2.5 million (12% operating margin), £2.8 million ahead of the prior year. This benefitted both from market share gains at Roofing and from the successful execution of the Levolux strategy, where more disciplined project management and reduced overheads led to a profit in every month of H1. The Roofing business has increased focus on a high end specification offer supported by the highest standards on a customer focused service level which meets the client's requirements on providing carbon reducing systems combined with safety in installation; all backed by bona fide long term warranties which combine to increase market share growth across all sectors.
- Housebuilding Products Division, representing 12% of Group revenues, grew profit by 29% to £1.2 million (22% operating margin), testament to the success of new product introductions, outstanding service and stringent cost controls. The achievement of 100% On Time In Full delivery performance in H1 was clearly appreciated by its customers.

- The Levolux restructuring and turnaround performance created a much improved performance in which it achieved a profit in each month of H1. As anticipated, revenues have fallen in line with our decision to strategically position it as a specialist provider of solar shading, architectural screening and modular balconies, with an increasing bias towards design and supply work. Its performance was largely driven by the growth of export sales to the US in this design and supply category. Improved opportunity qualification and project management along with higher than budgeted cost reductions also contributed to the turnaround as the business continues to operate with a more professional approach to tender opportunity selection. The new approach is beginning to show a healthy pipeline of targeted projects for the future

### Outlook

- Underlying profit before tax at 13% of sales demonstrates what Alumasc can achieve in its chosen marketplace. The Group has a strong balance sheet, with a healthy cash position, and a well defined growth path. One mark of our confidence in the future is the resumption of the interim dividend today.
- While it is encouraging that an EU Free Trade Agreement has been agreed, we wait to see how frictionless this is in practice and what the impact of the proposed cessation of the Help to Buy and Stamp Duty government initiatives in our Q3 might be. In spite of COVID-19 and its mutations which have put the UK into a third lockdown construction, at least at this stage, is being allowed to continue to operate. It is hoped that the roll-out of vaccines should result in a more stable situation in our Q4. Nevertheless, despite the above risks and uncertainties, the Group is now in a very strong position to move further forward.

### Strategy update

- The significant improvement in the Group's fortunes emanates from the execution of the strategy which includes the stated objectives of:
  - Recovery of Levolux's financial performance back into a run rate profit
  - Continuing to simplify, streamline and reduce fixed costs across the Group.
- Over £1.8 million of costs (versus a target £1.5 million) were taken out of Levolux in the prior year and, when combined with its embryonic focus on supply only, improved project management and developing North America further, this has been successful with the aforementioned profit achieved in every month of H1 and a significant increase of sales into North America.
- Alongside these short-term areas of focus the Group has continued to progress its long-term strategy to deliver profitable growth through leveraging its strong strategic positions in sustainable building products and to outperform the UK construction market while continuing development of export markets. The Group's 11% revenue increase, including the 23% growth in export revenue, is testament to that.
- Alumasc is also in a very strong position to benefit from the environment/green/sustainability agenda both in terms of its own actions and through the development of further products to manage energy in buildings, to produce a greener built environment, to take CO<sub>2</sub> out of the atmosphere and to manage the scarce resource of water following changes in rainwater patterns in the UK. Many internal initiatives have also been taken to act in an environmentally sustainable manner, including the sourcing of electricity from renewable sources for over 50% of the Group's electricity.

## Operational review

### Water Management



- Revenue: £19.2 million (2019/20: £17.6 million)
- Operating profit: £3.5 million (2019/20: £2.4 million)
- Operating margin: 18.3% (2019/20: 13.8%)

Alumasc Water Management Division delivered another strong performance in the first half year, significantly increasing profit and operating margin. The drivers of the 44% improvement in operating profit to £3.5 million (18.3% operating margin) were the continued control of operating costs including the benefit of the Slotdrain manufacturing move from Dover to the Halstead facility along with improved productivity at the Burton Latimer facility. This was accompanied by a £1.6 million (9%) revenue increase which will have taken market share with all parts of the Division ahead. Within this the E-commerce business, Rainclear, delivered a significant, 30%, revenue growth following increased marketing activity and, as has been seen in many parts of the UK economy, greater activity has taken place online. Gatic and Wade performed very strongly in H1. Although not registered as revenue yet the first shipment to Chek Lap Kok's Airport Runway 3 will be recognised at the start of Q3.

Alumasc Water Management Solutions performed well with encouraging Alumasc Rainwater, Harmer Drainage and Skyline sales along with a strong Wade and Gatic Slotdrain performance. This followed successful marketing and sales initiatives in this Division.

### Building Envelope



- Revenue: £21.1 million (2019/20: £18.2 million)
- Underlying operating profit/(loss) £2.5 million (2019/20: £(0.3) million)
- Underlying operating margin: 12.0% (2019/20: (1.5)%)
- Operating profit/(loss) £2.4 million (2019/20: £(0.4) million)

The Building Envelope Division had a significant turnaround in H1 from a small loss in the prior year to a £2.5 million (12% operating margin) operating profit.

Alumasc Roofing had an outstanding first half year and, in particular, benefitted from the further investment in its sales team particularly in areas that had been historically weak for it. It also had increased activity focussed into the refurbishment market. The COVID-19 impact meant that there was more demand for external work, for instance, on schools rather than on internal refurbishment. Alumasc benefitted from this while taking market share. New Build work also held up well during H1.

It was very pleasing to see the result of much hard work at Levolux turning into profit for every month including December. The strategy, to focus on good value added projects in the UK, preferably supply only, and better project management while developing the strong opportunity further in North America is showing encouraging early signs. This is very much the case despite the UK new commercial market being a little challenging.

Specification sales opportunities are growing from the new integrated Building Envelope sales approach with some combined project wins already achieved.

### Housebuilding Products



- Revenue: £5.3 million (2019/20: £5.3 million)
- Underlying operating profit: £1.2 million (2019/20: £0.9 million)
- Operating margin: 22.2% (2019/20: 17.3%)
- Operating profit: £1.1 million (2019/20: £0.9 million)

Timloc, our Housebuilding Products business, continues to perform well. It really benefitted from the introduction of several new products across the last year and also from its acclaimed 100% OTIF delivery performance.

Its new products, such as Adapt-Air, InvisiWeep, Meter boxes, Fire-rated Cavity Closer and Rad-Seal, have been very successful. There has been an increased focus on operational efficiency improvements which has led to cost reductions in H1. Continued investment in new equipment with much improved energy consumption, delivering excellent paybacks, has been a significant contribution to assisting the reduction in the Group's greenhouse gas emissions. In addition, Timloc has now sourced all its energy requirements from renewable sources.

## Review of Interim Results continued

### Financial review

The Group's net cash inflow was £4.1 million in the period, with net bank debt decreasing to £0.2 million at 31 December 2020 compared with £4.3 million at 30 June 2020. Capital expenditure was £1.0 million in the period, in line with depreciation and non-brand amortisation. The Group continues to invest in new plant and machinery to support new product development and to improve operational efficiency and environmental performance, and the expectation is that capital investment will exceed depreciation in the shorter term to continue with these improvements.

The Group's net assets and shareholders' funds increased from £19.8 million at the beginning of the financial year to £27.6 million at 31 December 2020, reflecting the impact of pension scheme actuarial gains and the retained profit after tax in the first half year, offset by the payment of the prior year's final dividend in October. The Group's IAS 19 pension liability was £12.8 million at 31 December 2020, £6.4 million lower than at 30 June 2020, with an increase in the valuation of gross pension liabilities due to reduced gilt yields more than offset by a good investment performance and company deficit reduction contributions. Post tax return on investment was 13.9% (2019: 10.6%) reflecting the higher year on year operating profit.

### Board

A new Group Finance Director, Simon Dray, will join the Board on 1 March 2021. After qualifying as a Chartered Accountant Simon moved into industry where he served six years at Halma plc, becoming Group Financial Controller before joining Low and Bonar plc where he moved from Group Financial Controller to Interim CFO before becoming Director of Group Strategy and M&A. Simon brings with him much experience in running the finance side of a PLC along with significant M&A experience which will assist Alumasc in its next phase of strategy growth.

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

4 February 2021

## Financial Statements

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the half year to 31 December 2020

		Half year to 31 December 2020			Half year to 31 December 2019			Year to 30 June 2020
	Notes	Underlying (Unaudited) £000	Non- underlying (Unaudited) £000	Total (Unaudited) £000	Underlying (Unaudited) £000	Non- underlying (Unaudited) £000	Total (Unaudited) £000	Total (Audited) £000
<b>Continuing operations:</b>								
Revenue	5	45,551	–	45,551	41,099	–	41,099	75,992
Cost of sales		(28,851)	–	(28,851)	(28,854)	–	(28,854)	(53,413)
<b>Gross profit</b>		<b>16,700</b>	<b>–</b>	<b>16,700</b>	<b>12,245</b>	<b>–</b>	<b>12,245</b>	<b>22,579</b>
Net operating expenses								
Net operating expenses before non-underlying items		(10,497)	–	(10,497)	(9,718)	–	(9,718)	(19,386)
Other operating income		–	–	–	–	–	–	968
IAS 19 past service pension cost	4	–	(150)	(150)	–	–	–	–
Other non-underlying items	4	–	(178)	(178)	–	(313)	(313)	(1,045)
<b>Net operating expenses</b>		<b>(10,497)</b>	<b>(328)</b>	<b>(10,825)</b>	<b>(9,718)</b>	<b>(313)</b>	<b>(10,031)</b>	<b>(19,463)</b>
<b>Operating profit</b>	4, 5	<b>6,203</b>	<b>(328)</b>	<b>5,875</b>	<b>2,527</b>	<b>(313)</b>	<b>2,214</b>	<b>3,116</b>
Finance expenses	6	(251)	(134)	(385)	(247)	(160)	(407)	(757)
<b>Profit before taxation</b>		<b>5,952</b>	<b>(462)</b>	<b>5,490</b>	<b>2,280</b>	<b>(473)</b>	<b>1,807</b>	<b>2,359</b>
Tax expense	7	(1,167)	33	(1,134)	(447)	81	(366)	(442)
<b>Profit for the period from continuing operations</b>		<b>4,785</b>	<b>(429)</b>	<b>4,356</b>	<b>1,833</b>	<b>(392)</b>	<b>1,441</b>	<b>1,917</b>
<b>Discontinued operations:</b>								
Profit after taxation for the period from discontinued operations		–	–	–	–	339	339	339
<b>Profit for the period</b>		<b>4,785</b>	<b>(429)</b>	<b>4,356</b>	<b>1,833</b>	<b>(53)</b>	<b>1,780</b>	<b>2,256</b>
<b>Other comprehensive income:</b>								
<b>Items that will not be recycled to profit or loss:</b>								
Actuarial gain/(loss) on defined benefit pensions, net of tax				4,373			(1,271)	(6,473)
<b>Items that are or may be recycled subsequently to profit or loss:</b>								
Effective portion of changes in fair value of cash flow hedges, net of tax				(300)			(167)	176
Exchange differences on retranslation of foreign operations				(41)			(8)	11
				(341)			(175)	187
<b>Other comprehensive gain/(loss) for the period, net of tax</b>				<b>4,032</b>			<b>(1,446)</b>	<b>(6,286)</b>
<b>Total comprehensive profit/(loss) for the period, net of tax</b>				<b>8,388</b>			<b>334</b>	<b>(4,030)</b>
<b>Earnings per share</b>				<b>Pence</b>			<b>Pence</b>	<b>Pence</b>
<b>Basic earnings per share</b>								
– Continuing operations				12.2			4.0	5.4
– Discontinued operations				–			1.0	0.9
	10			12.2			5.0	6.3
<b>Diluted earnings per share</b>								
– Continuing operations				12.1			4.0	5.4
– Discontinued operations				–			1.0	0.9
	10			12.1			5.0	6.3
<b>Alternative Performance Measures:</b>								
Underlying earnings per share (pence)	10			13.4			5.1	8.2

Full reconciliations of underlying to statutory profits and earnings per share are provided in notes 4 and 10 respectively.



## Financial Statements continued

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	31 December 2020 (Unaudited) £000	31 December 2019 (Unaudited) £000	30 June 2020 (Audited) £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment – owned assets		11,210	11,652	11,089
Property, plant and equipment – right of use assets		5,474	4,820	5,856
Goodwill		18,705	18,705	18,705
Other intangible assets		3,389	3,335	3,352
Deferred tax assets		2,441	2,217	3,661
		41,219	40,729	42,663
<b>Current assets</b>				
Inventories		9,779	10,732	8,596
Trade and other receivables		14,987	12,712	13,868
Contract assets		2,416	2,758	2,402
Derivative financial assets		–	–	207
Cash at bank	11	19,759	9,773	16,143
Corporation tax receivable		–	31	325
		46,941	36,006	41,541
<b>Total assets</b>		<b>88,160</b>	<b>76,735</b>	<b>84,204</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings	11	(19,935)	(10,883)	(19,909)
Lease liability		(4,914)	(4,506)	(5,244)
Employee benefits payable		(12,847)	(13,043)	(19,269)
Provisions		(1,028)	(1,120)	(1,182)
Deferred tax liabilities		(1,203)	(753)	(1,007)
		(39,927)	(30,305)	(46,611)
<b>Current liabilities</b>				
Trade and other payables		(17,194)	(13,719)	(14,413)
Contract liabilities		(662)	(900)	(898)
Lease liability		(670)	(348)	(680)
Provisions		(1,172)	(1,512)	(1,194)
Corporation tax payable		(758)	–	–
Derivative financial liabilities		(163)	(211)	–
Bank overdraft		–	(5,535)	(567)
		(20,619)	(22,225)	(17,752)
<b>Total liabilities</b>		<b>(60,546)</b>	<b>(52,530)</b>	<b>(64,363)</b>
<b>Net assets</b>		<b>27,614</b>	<b>24,205</b>	<b>19,841</b>
<b>Equity</b>				
Called up share capital		4,517	4,517	4,517
Share premium		445	445	445
Capital reserve – own shares		(416)	(416)	(416)
Hedging reserve		(132)	(175)	168
Foreign currency reserve		60	82	101
Profit and loss account reserve		23,140	19,752	15,026
<b>Total equity</b>		<b>27,614</b>	<b>24,205</b>	<b>19,841</b>



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the half year to 31 December 2020

	Notes	Half year to 31 December 2020 (Unaudited) £000	Half year to 31 December 2019 (Unaudited) £000	Year to 30 June 2020 (Audited) £000
<b>Operating activities</b>				
Operating profit		5,875	2,214	3,116
Adjustments for:				
Depreciation		1,056	750	1,851
Amortisation		157	334	313
Impairment of assets		–	–	300
Loss on disposal of property, plant and equipment		3	58	4
IAS 19 past service pension cost		150	–	–
(Increase)/decrease in inventories		(1,183)	(244)	1,892
(Increase)/decrease in receivables		(1,133)	5,914	5,114
Increase/(decrease) in trade and other payables		2,516	(5,452)	(4,564)
Movement in provisions		(176)	(973)	(1,229)
Cash contributions to retirement benefit schemes		(1,307)	(1,601)	(2,254)
Share based payments		100	–	–
<b>Cash generated by operating activities of continuing operations</b>		<b>6,058</b>	<b>1,000</b>	<b>4,543</b>
Tax received/(paid)		409	(34)	(93)
<b>Net cash inflow from operating activities</b>		<b>6,467</b>	<b>966</b>	<b>4,450</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(804)	(645)	(1,342)
Payments to acquire intangible fixed assets		(194)	(253)	(417)
Proceeds from sales of property, plant and equipment		41	50	143
Net proceeds from sale of business activity		–	339	339
<b>Net cash outflow from investing activities</b>		<b>(957)</b>	<b>(509)</b>	<b>(1,277)</b>
<b>Financing activities</b>				
Bank interest paid		(141)	(150)	(297)
Equity dividends paid		(715)	(1,574)	(1,574)
Draw down of amounts borrowed		–	3,000	12,000
Principal paid on lease liabilities		(340)	(173)	(346)
Interest paid on lease liabilities		(90)	(76)	(153)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(1,286)</b>	<b>1,027</b>	<b>9,630</b>
<b>Net increase in cash at bank and bank overdrafts</b>		<b>4,224</b>	<b>1,484</b>	<b>12,803</b>
Net cash at bank and bank overdraft brought forward		15,576	2,762	2,762
Net increase in cash at bank and bank overdraft		4,224	1,484	12,803
Effect of foreign exchange rate changes		(41)	(8)	11
<b>Net cash at bank and bank overdraft carried forward</b>	11	<b>19,759</b>	<b>4,238</b>	<b>15,576</b>

## Financial Statements continued

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year to 31 December 2020

	Share capital £'000	Share premium £'000	Capital reserve – own shares £'000	Hedging reserve £'000	Foreign currency reserve £'000	Profit and loss account reserve £'000	Total £'000
At 1 July 2020	4,517	445	(416)	168	101	15,026	19,841
Profit for the period	–	–	–	–	–	4,356	4,356
Exchange differences on retranslation of foreign operations	–	–	–	–	(41)	–	(41)
Net loss on cash flow hedges	–	–	–	(370)	–	–	(370)
Tax on derivative financial liability	–	–	–	70	–	–	70
Share based payments	–	–	–	–	–	100	100
Actuarial gain on defined benefit pension schemes, net of tax	–	–	–	–	–	4,373	4,373
Dividends	–	–	–	–	–	(715)	(715)
<b>At 31 December 2020</b>	<b>4,517</b>	<b>445</b>	<b>(416)</b>	<b>(132)</b>	<b>60</b>	<b>23,140</b>	<b>27,614</b>

	Share capital £'000	Share premium £'000	Capital reserve – own shares £'000	Hedging reserve £'000	Foreign currency reserve £'000	Profit and loss account reserve £'000	Total £'000
At 1 July 2019	4,517	445	(416)	(8)	90	20,817	25,445
Profit for the period	–	–	–	–	–	1,780	1,780
Exchange differences on retranslation of foreign operations	–	–	–	–	(8)	–	(8)
Net loss on cash flow hedges	–	–	–	(201)	–	–	(201)
Tax on derivative financial liability	–	–	–	34	–	–	34
Actuarial loss on defined benefit pension schemes, net of tax	–	–	–	–	–	(1,271)	(1,271)
Dividends	–	–	–	–	–	(1,574)	(1,574)
<b>At 31 December 2019</b>	<b>4,517</b>	<b>445</b>	<b>(416)</b>	<b>(175)</b>	<b>82</b>	<b>19,752</b>	<b>24,205</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### For the half year to 31 December 2020

#### 1 Basis of preparation

The condensed consolidated interim financial statements of The Alumasc Group plc and its subsidiaries have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, that are effective at 31 December 2020.

The condensed consolidated interim financial statements have been prepared using the accounting policies set out in the statutory accounts for the financial year to 30 June 2020 and in accordance with AIM Rule 18, and the same accounting policies will be adopted in the 2021 annual financial statements.

The consolidated financial statements of the Group as at and for the year ended 30 June 2020 are available on request from the Company's registered office at Burton Latimer, Kettering, Northants, NN15 5JP or on the website [www.alumasc.co.uk](http://www.alumasc.co.uk).

The comparative figures for the financial year ended 30 June 2020 are not the Company's statutory accounts for that financial year but have been extracted from those accounts. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements for the half year ended 31 December 2020 are not statutory accounts and have been neither audited nor reviewed by the Group's auditors. They do not contain all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30 June 2020.

These condensed consolidated interim financial statements were approved by the Board of Directors on 4 February 2021.

The Group has out-performed ahead of the Base Case trading scenario modelled as part of the 30 June 2020 year end Going Concern review, and also compared to the stress testing performed in relation to additional National lockdowns. On the basis of the Group's financing facilities and current financial plans and sensitivity analyses, the Board is satisfied that the Group has adequate resources to continue in operational existence for twelve months from the date of signing this report and accordingly continues to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

#### 2 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020, namely the valuation of defined benefit pension obligations, the valuation of the Group's acquired goodwill, the recognition of revenue and profit on contracts with customers where revenue is recognised over time and the valuation of lease liabilities following the adoption of IFRS 16 on 1 July 2019.

During the six months ended 31 December 2020, management reassessed and updated its estimates in respect of retirement benefit obligations based on market data available at 31 December 2020. The resulting impact was a £5.4 million pre-tax actuarial gain, calculated using IAS 19 conventions, recognised in the six month period to 31 December 2020.

#### 3 Risks and uncertainties

A summary of the Group's principal risks and uncertainties was provided on pages 20 and 21 of Alumasc's Report and Accounts for the year ended 30 June 2020. The Board considers these risks and uncertainties remain relevant to the current financial year.

Specific risks and uncertainties relating to the Group's performance in the second half year are:

- Continued economic uncertainty on a global basis surrounding the COVID-19 pandemic;
- The impact of the cessation of government incentives on the construction industry, such as the Stamp Duty Land Tax holiday;
- Potential cost increases following Brexit; and
- Prolonged period of bad weather impacting the Group's construction markets.

## Financial Statements continued

### 4 Underlying to statutory profit reconciliation

	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	Year to 30 June 2020 £000
<b>Profit before tax</b>			
Underlying profit before tax	5,952	2,280	3,665
Brand amortisation	(119)	(119)	(238)
IAS 19 net pension scheme finance costs	(134)	(160)	(261)
IAS 19 past service cost in respect of GMP equalisation	(150)	–	–
Restructuring & relocation costs	(59)	(194)	(807)
Continuing operations	5,490	1,807	2,359
Profits/gains relating to discontinued operations	–	339	339
<b>Statutory profit before tax</b>	<b>5,490</b>	<b>2,146</b>	<b>2,698</b>
	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	31 December Year to 30 June 2020 £000
<b>Operating profit</b>			
Underlying operating profit	6,203	2,527	4,161
Brand amortisation	(119)	(119)	(238)
IAS 19 past service cost in respect of GMP equalisation	(150)	–	–
Restructuring & relocation costs	(59)	(194)	(807)
<b>Statutory operating profit</b>	<b>5,875</b>	<b>2,214</b>	<b>3,116</b>

In the presentation of underlying profits, management treats the amortisation of acquired brands and IAS 19 pension costs consistently as non-underlying items because they are material non-cash and non-trading items that typically would be excluded in assessing the value of the business.

In addition, management has presented the following items as non-underlying as they are non-recurring items that are judged to be significant enough to affect the understanding of the underlying trading performance of the business:

- One-off costs of material restructuring and relocation of separate businesses within the Group in both 2019/20 and 2020/21;
- One-off IAS 19 past service pension cost relating to Guaranteed Minimum Pension (“GMP”) equalisation between men and women, following a High Court decision on 20 November 2020; and
- One-off profit relating to the sales proceeds recognised in relation to the contingent consideration earned and received in cash following the divestment of the Alumasc Facades business.



## 5 Segmental analysis

In accordance with IFRS 8 Operating Segments, the segmental analysis below follows the Group's internal management reporting structure.

### Half Year to 31 December 2020

	Revenue £000	Segmental operating result £000
Water Management	19,160	3,501
Building Envelope	21,064	2,519
Housebuilding Products	5,327	1,184
<b>Trading</b>	<b>45,551</b>	<b>7,204</b>
Unallocated costs		(1,001)
<b>Total</b>	<b>45,551</b>	<b>6,203</b>
		£000
Segmental operating result		6,203
Brand amortisation		(119)
Past service cost in respect of GMP equalisation		(150)
Restructuring & relocation costs		(59)
<b>Total operating profit</b>		<b>5,875</b>

### Half Year to 31 December 2019

	Revenue £000	Segmental operating result £000
Water Management	17,619	2,436
Building Envelope	18,178	(269)
Housebuilding Products	5,302	919
<b>Trading</b>	<b>41,099</b>	<b>3,086</b>
Unallocated costs		(559)
<b>Total</b>	<b>41,099</b>	<b>2,527</b>
		£000
Segmental operating result		2,527
Brand amortisation		(119)
Restructuring & relocation costs		(194)
<b>Total operating profit</b>		<b>2,214</b>

## Financial Statements continued

### 5 Segmental analysis continued

Full Year to 30 June 2020

	Revenue £000	Segmental operating result £000
Water Management	33,715	4,824
Building Envelope	33,209	(939)
Housebuilding Products	9,068	1,243
<b>Trading</b>	<b>75,992</b>	<b>5,128</b>
Unallocated costs		(967)
<b>Total</b>	<b>75,992</b>	<b>4,161</b>
		£000
Segmental operating result		4,161
Brand amortisation		(238)
Restructuring & relocation costs		(807)
<b>Total operating profit</b>		<b>3,116</b>

### 6 Finance expenses

	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	Year to 30 June 2020 £000
Finance costs – Bank overdrafts	8	17	40
– Revolving credit facility	153	154	303
– Interest on lease liabilities	90	76	153
	251	247	496
– IAS 19 net pension scheme finance costs	134	160	261
	385	407	757

### 7 Tax expense

	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	Year to 30 June 2020 £000
Current tax:			
UK corporation tax	652	300	22
Overseas tax	29	–	48
Amounts over provided in previous years	–	(10)	(19)
<b>Total current tax</b>	<b>681</b>	<b>290</b>	<b>51</b>
Deferred tax:			
Origination and reversal of temporary differences	450	99	450
Amounts under/(over) provided in previous years	3	(23)	(157)
Rate change adjustment	–	–	98
<b>Total deferred tax</b>	<b>453</b>	<b>76</b>	<b>391</b>
<b>Total tax expense</b>	<b>1,134</b>	<b>366</b>	<b>442</b>
Deferred tax recognised in other comprehensive income:			
Actuarial gains/(losses) on pension schemes	1,026	(262)	(1,838)
Cash flow hedges	(70)	(34)	41
Tax charged/(credited) to other comprehensive income	956	(296)	(1,797)
<b>Total tax charge/(credit) in the statement of comprehensive income</b>	<b>2,090</b>	<b>70</b>	<b>(1,355)</b>

## 8 Dividends

The Directors have approved an interim dividend per share of 3.25 pence (2019/20: £nil) which will be paid on 6 April 2021 to shareholders on the register at the close of business on 26 February 2021. The cash cost of the dividend is expected to be £1,162,000. In accordance with accounting requirements, as the dividend was approved after the statement of financial position date, it has not been accrued in the interim consolidated financial statements. A final dividend per share of 2.0 pence in respect of the 2019/20 financial year was paid at a cash cost of £715,000 during the six months to 31 December 2020.

## 9 Share based payments

During the period the Group awarded 170,000 options (2019/20: 160,000) under the Executive Share Option Scheme ("ESOS"). These options have an exercise price of 79.0 pence and require certain criteria to be fulfilled before vesting. No existing options (2019/20: none) were exercised during the period and 120,000 existing options lapsed (2019/20: 130,000).

Total awards granted under the Group's Long Term Incentive Plans ("LTIP") amounted to 265,760 (2019/20: 219,078). LTIP awards have no exercise price but are dependent on certain vesting criteria being met. No existing LTIP awards were exercised during the period (2019/20: none) and 257,688 existing LTIP awards lapsed (2019/20: 253,208).

## 10 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, after allowing for the exercise of outstanding share options. The following sets out the income and share data used in the basic and diluted earnings per share calculations:

	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	Year to 30 June 2020 £000
Net profit attributable to equity holders of the parent – continuing operations	4,356	1,441	1,917
Net profit attributable to equity holders of the parent – discontinued operations	–	339	339
	4,356	1,780	2,256
	000s	000s	000s
Basic weighted average number of shares	35,764	35,764	35,764
Dilutive potential ordinary shares – employee share options	169	16	55
Diluted weighted average number of shares	35,933	35,780	35,819
	Half year to 31 December 2020 Pence	Half year to 31 December 2019 Pence	Year to 30 June 2020 Pence
<b>Basic earnings per share:</b>			
Continuing operations	12.2	4.0	5.4
Discontinued operations	–	1.0	0.9
	12.2	5.0	6.3
<b>Diluted earnings per share:</b>			
Continuing operations	12.1	4.0	5.4
Discontinued operations	–	1.0	0.9
	12.1	5.0	6.3

## Financial Statements continued

### 10 Earnings per share continued

Calculation of underlying earnings per share from continuing operations:

	Half year to 31 December 2020 £000	Half year to 31 December 2019 £000	Year to 30 June 2020 £000
Reported profit before taxation from continuing operations	5,490	1,807	2,359
Brand amortisation	119	119	238
IAS 19 net pension scheme finance costs	134	160	261
Pension GMP equalisation	150	–	–
Restructuring & relocation costs	59	194	807
Underlying profit before taxation from continuing operations	5,952	2,280	3,665
Tax at underlying Group tax rate of 19.6% (2019/20 first half year: 19.6%; full year: 20.3%)	(1,167)	(447)	(744)
Underlying earnings from continuing operations	4,785	1,833	2,921
Weighted average number of shares	35,764	35,764	35,764
Underlying earnings per share from continuing operations	13.4p	5.1p	8.2p

### 11 Movement in borrowings

	Cash at bank/ bank overdrafts £000	Bank loans £000	Net bank cash/(debt) £000	Lease liabilities £000	Total borrowings £000
At 1 July 2019	2,762	(7,857)	(5,095)	–	(5,095)
Impact of adoption of IFRS 16	–	–	–	(5,027)	(5,027)
Cash flow movements	1,484	(3,000)	(1,516)	173	(1,343)
Non-cash movements	–	(26)	(26)	–	(26)
Effect of foreign exchange rates	(8)	–	(8)	–	(8)
At 31 December 2019	4,238	(10,883)	(6,645)	(4,854)	(11,499)

	Cash at bank/ bank overdrafts £000	Bank loans £000	Net bank cash/(debt) £000	Lease liabilities £000	Total borrowings £000
At 1 July 2020	15,576	(19,909)	(4,333)	(5,924)	(10,257)
Cash flow movements	4,224	–	4,224	340	4,564
Non-cash movements	–	(26)	(26)	–	(26)
Effect of foreign exchange rates	(41)	–	(41)	–	(41)
At 31 December 2020	19,759	(19,935)	(176)	(5,584)	(5,760)

### 12 Related party disclosure

The Group has a related party relationship with its Directors and with its UK pension schemes. There has been no material change in the nature of the related party transactions described in the Report and Accounts 2020. Related party information is disclosed in note 29 of that document.

### Responsibility Statement

The Directors confirm that, to the best of their knowledge, the condensed consolidated interim financial statements have been prepared in accordance with Alternative Investment Market (“AIM”) Rule 18.

On behalf of the Board

**G P Hooper**  
Chief Executive



## Notes

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## Notes continued

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