15 March 2022

Genuit Group plc

Audited results for the year ended 31 December 2021

Record profit and strong demand, improving price leadership

Genuit Group plc ("Genuit", the "Company" or the "Group"), a leading provider of sustainable water and climate management solutions for the built environment, today announces its audited results for the year ended 31 December 2021.

Joe Vorih, Chief Executive Officer, said:

"I am delighted to have joined Genuit and pleased to report that the Group has delivered another strong performance, toward the higher end of expectations, despite cost inflation and some supply chain constraints. While challenges remain, our team has taken additional measures to improve price and margins as we enter 2022 and we remain in a strong demand environment. It is also positive that, despite the operating environment, the team completed three strategic acquisitions in the year to broaden the Group's market offering, and that these are performing well, with Adey already ahead of expectations.

In visiting our sites since I joined last month, I am impressed by the knowledge of our team, the dedication we all share to customer service and the experience and commitment within the Genuit Group. I look forward to working together to unlock further ways to accelerate growth, continue progress on the Genuit strategy, and improve our operational excellence. From my early reviews, I am confident the Group is well positioned to deliver another strong financial performance this year and build on its track record of shareholder value creation."

Financial Results

	2021	**2020**	**Change**
Statutory measures			
Revenue	£594.3m	£398.6m	49.1%
Operating profit	£67.1m	£30.4m	120.7%
Profit before tax	£62.9m	£23.8m	164.3%
Basic earnings per share	16.7p	8.5p	96.5%
Dividend per share	12.2p	4.8p	154.2%
Alternative performance measures			
Underlying operating profit[1]	£95.3m	£42.2m	125.8%
Underlying cash generated from operations[2]	£57.2m	£39.3m	45.5%
Underlying operating margin[1]	16.0%	10.6%	540bps
Underlying profit before tax[1]	£91.1m	£35.7m	155.2%
Underlying basic earnings per share[1]	30.6p	13.5p	126.7%
Leverage[3] (times pro forma EBITDA[4])	1.2	0.3	0.9

Financial highlights

- Revenue increase of 49.1% due to significant increase in demand and robust price leadership in the market
- Ongoing recovery in underlying operating profit margin despite cost headwinds and supply chain constraints
- Underlying basic earnings per share of 30.6p, an increase of 126.7%
- Strong operational cash management and balance sheet, net debt 1.2 times pro forma EBITDA
- Continued strategic investment in business, net capital expenditure of £34.1m
- Proposed final 2021 dividend of 8.2p per share
- The three acquisitions made in the year (Adey, Nu-Heat and Plura) performed well with Adey exceeding expectations
- A strongly supported £96.3m capital raise to help fund the Adey acquisition Continuing to invest in market leading brands and growth drivers underpinned by sustainability, resilience and adaptation

ESG Highlights

- The Group is making progress against its 2025 ESG targets and senior management's incentive programmes are now aligned to these
- Continued focus on serving the needs created by four key sustainability drivers:
    - Increasing need for resilient drainage;
    - Need for green urbanisation;
    - Increased focus on clean healthy indoor air and ventilation; and
- A move towards a low, or zero carbon, built environment.
- As well as serving the needs of our sustainability-based growth drivers, we continue our progress on operating sustainably:
    - Material consumed from recycled inputs increased to 49.4%, against a target of 62.0% by 2025;
    - 44.0%[5] reduction in CO_2 intensity, signed up to Pledge to Net Zero 1.5 Degree Scheme and we are in the process of gaining SBTi verification;
    - Increased sales of new products to a value of £120.0m (2019: £77.1m) resulting in a Vitality Index of 20.2%, against our target of 25.0% by 2025; and
    - 3.2% of our workforce were in accredited work and learning programmes and we were awarded Silver Status within The 5% Club.

Board changes

- On 28 February 2022, Joe Vorih was appointed Chief Executive Officer and a member of the Board, and Martin Payne stepped down from the Board and as Chief Executive Officer but he will remain an employee of the Group and available to the Board in an advisory capacity until 20 May 2022.
- On 1 November 2021, Matt Pullen was appointed Chief Operating Officer and a member of the Board and Glen Sabin retired as Chief Operating Officer and a member of the Board.

Outlook

- We have balanced exposure to UK construction markets with robust growth drivers, and continue to execute our strategy investing organically and by acquisition. Our recent acquisitions are performing well.

- The housebuilding sector has had an encouraging start to 2022 with a greater level of starts versus completions. Residential repairs, maintenance and improvement ("RMI") remains strong with improvement in the commercial and infrastructure markets.

- The Group is offsetting input cost inflation with necessary market leading price increases, and has already taken a number of actions to address the lag impact of the price increases.

- The Board is mindful of the global macro-economic uncertainty from the ongoing tragic events in Ukraine. Whilst early in the current financial year, the Group continues to have strong momentum and is well positioned to make further progress in full year 2022.

[1] Underlying profit and earnings measures exclude certain non-underlying items and, where relevant, the tax effect of these items. The Directors consider that these measures provide a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance.

[2] Underlying cash generated from operations is defined as cash generated from operations, adjusted for non-underlying cash items, after movement in net working capital and capital expenditure net of proceeds from disposals of property, plant and equipment.

[3] Leverage is defined as net debt divided by pro forma EBITDA. Net debt within the leverage calculation is defined as loans and borrowings net of unamortised issue costs less cash and cash equivalents, excluding the effects of IFRS 16.

[4] Pro forma EBITDA is defined as underlying operating profit before depreciation and amortisation for the 12 months preceding the balance sheet date, adjusted, where relevant, to include a full year of EBITDA from acquisitions made during those 12 months.

[5] Carbon intensity defined as tonnes of carbon per tonne of output using the market-based method.

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A copy of this report will be available on our website www.genuitgroup.com today from 0700hrs (GMT).

There will be a presentation for analysts and investors at 0830hrs (GMT) on Tuesday 15 March 2022 at Brunswick Group's offices, 16 Lincoln's Inn Fields, London, WC2A 3ED. Please contact Genuit@brunswickgroup.com to confirm your attendance.

The presentation will also be available to listen into via webcast. Please register for access to the webcast via the following link: https://www.investis-live.com/genuit-group/6214bc79f1e36c0c006683c6/eabg.

We recommend you register by 0815hrs (GMT).

The webcast will be recorded and a replay will be available shortly after the webcast ends via the same link above.

The presentation is also available on the Reports, results and presentation page on Genuit's website at http://investors.genuit.com/

Notes to Editors:

Genuit Group plc ("Genuit", the "Company" or the "Group"), a leading provider of sustainable water and climate management solutions for the built environment, is the largest manufacturer in the UK, and among the ten largest manufacturers in Europe, of piping systems for the residential, commercial, civils and infrastructure sectors by revenue. It is also a leading designer and manufacturer of energy efficient solutions in water-based heating systems in the UK.

The Group operates from 29 facilities in total and manufactures the UK's widest range of solutions for heating, plumbing, drainage and ventilation. The Group primarily targets the UK and European building and construction markets with a presence in Italy and the Netherlands, and sells to specific niches in the rest of the world.

Genuit Group plc changed its name from Polypipe Group plc on 6 April 2021. The Group was established in 1980 and has been listed on the premium segment of the London Stock Exchange since 2014.

Group Results

The Group experienced a strong performance in the year despite the challenges associated with the continued Covid-19 pandemic, increasing raw material and transport costs and some constraints in the supply chain. Group revenue for the year ended 31 December 2021 was 49.1% higher than the prior year at £594.3m (2020: £398.6m) and 32.8% above 2019 (£447.6m). On a like-for-like basis, excluding the impact of acquisitions, revenue was 29.5% higher than prior year and 12.8% above the same period in 2019. The Group successfully implemented price increases in the year after the extent of the raw material cost inflation became apparent which, together with operating efficiencies, mitigated the effects of this inflation. The Group continued to focus on its medium-term drivers - a structural UK housing shortage, the regulatory and environmental drivers around water and climate management, and increasingly indoor air quality. The three acquisitions made in the year (Adey, Nu-Heat and Plura) performed well, with Adey exceeding expectations, and the integration of these businesses is now complete.

Underlying operating profit of £95.3m was 125.8% higher than the prior year (2020: £42.2m) and 22.0% higher than the same period in 2019 (£78.1m). This represents an increased underlying operating margin of 16.0%. This is a significant improvement on the prior year level of 10.6% but 140 basis points lower than 2019, due to the normal timing lag in effecting price increases to recover inflation and Covid-19 related costs.

Underlying finance costs of £4.2m (2020: £6.5m) were broadly in line with expectations due to the lower levels of debt. The prior year included costs related to the full draw down of the Group's Revolving Credit Facility (RCF), a £50m Covid-19 facility and a £100m Covid Corporate Financing Facility, which was repaid in full in September 2020. Interest cover was 31.3x for the year (2020: 7.8x).

Net debt, pre IFRS 16, increased to £145.1m (2020: £14.8m) to help fund the acquisitions. Including the impact of IFRS 16, net debt was £165.7m (2020: £27.7m). Cash conversion for the year was 60% (2020: 93%), leaving net debt to pro forma EBITDA at 1.2x (2020: 0.3x).

Profit before tax was significantly higher than prior year at £62.9m (2020: £23.8m), and 4.7% above the same period in 2019 (£60.1m).

Non-underlying items increased to £28.2m (2020: £11.9m) primarily related to the acquisitions of Adey, Nu-Heat and Plura in February 2021. These consist of non-cash amortisation charges of £14.2m (2020: £7.8m) in respect of intangible assets arising from acquisitions since 2015, £6.6m (2020: £3.0m) of costs related to acquisitions and other M&A costs, a product liability claim of £2.6m, and restructuring costs of £1.1m (2020: £1.1m). There was also £3.7m of fair value adjustments associated with the Adey acquisition.

The total tax charge for the year of £21.9m (2020: £5.3m) represents an effective tax rate of 34.8% (2020: 22.3%). The underlying effective tax rate of 17.6% (2020: 17.6%) was lower than the standard UK rate of tax of 19.0% (2020: 19.0%) primarily due to the benefit of patent box relief and super-deduction capital allowances.

Underlying net profit for the year was 155.4% higher than the prior year at £75.1m (2020: £29.4m), with underlying basic earnings per share at 30.6 pence (2020: 13.5 pence).

Chairman and Chief Executive Officer Review

We are delighted to report that the Group has delivered a record performance in the year with revenue 49.1% higher than prior year at £594.3m (2020: £398.6m) and 32.8% above 2019 (£447.6m). CPA statistics show the UK market was 3.6% below 2019 levels, and so it is pleasing to see us outperforming the market with like-for-like volume growth of 2.6% versus 2019. This is a reflection of our businesses being focused on real growth drivers and providing innovative solutions that our customers value. The acquisitions we completed early in 2021 are all performing well, with Adey ahead of expectations and all are well established within the Group. We are now focusing on leveraging their performance further. In common with the rest of the manufacturing sector, the speed of recovery from 2020 placed stress upon our supply chains, both with cost and availability of components. Our teams worked incredibly hard to satisfy customer needs and, due to our brand strengths and product offerings, we were able to take price leadership positions across our key sectors.

We remain committed to market outperformance via organic and inorganic growth, and our financial performance and strong shareholder support enables us to pursue our M&A objectives.

With strong fundamentals in our markets, the strength of our talent and our focus on innovation, this is an exciting time for the Genuit Group.

Environmental, Social and Governance

At our Capital Markets Event in November 2020, we explained how our focus on addressing growth drivers relating to the sustainability agenda would be matched by our commitment to operating sustainably. We have continued to make strong progress against the various ESG targets we announced then.

We reduced our like-for-like carbon intensity by 44.0% during the year, which is excellent progress toward our 2025 goal of a 66.0% reduction and of course we have also signed up to the ambitious 1.5 degree warming target as part of our Pledge to Net Zero. Operating sustainably is now deeply embedded across our businesses and within our culture.

We are engaged with Science Based Targets and are part of the cohort that will have independently verified targets and measures by Summer 2022. As part of our governance process of assessing climate risk and impact, our 2021 Annual Report & Accounts will include Taskforce on Climate-related Financial Disclosures ("TCFD").

Our commitment to employee development and social mobility is reflected in our membership of The 5% Club with 3.2% of qualifying colleagues participating in accredited training schemes thus earning us Silver Status. Our use of recycled material in the year increased to 49.4% of our total tonnage consumption. By 2025, recycled materials should represent 62.0% of our total polymer consumption; the maximum possible under current regulations across our ranges. We have committed to expanding our ability to utilise recycled materials in 2021 by initiating a £2.5m investment in a new multi-layer extrusion line at our Aylesford site. We are also seeking to broaden the potential for products containing recyclate, by using our influence within various standards and approvals bodies, so that they recognise the societal requirement for these products, which offer equivalent performance levels but with the lower carbon content our customers increasingly value. We continue to place innovation at the heart of our business, ensuring we have the solutions for the emerging challenges faced by the construction sector. Our sales of products launched in the last five years totalled £120.0m in 2021, or 20.2% of net revenues. We will continue to drive this toward our 2025 target of 25.0%.

Outlook

We have balanced exposure to UK construction markets with robust growth drivers, and continue to execute our strategy investing organically and by acquisition. Our recent acquisitions are performing well. The housebuilding sector has had an encouraging start to 2022 with a greater level of starts versus completions. Residential repairs, maintenance and improvement ("RMI") remains strong with improvement in the commercial and infrastructure markets.

The Group is offsetting input cost inflation with necessary market leading price increases, and has already taken a number of actions to address the lag impact of the price increases.

The Board is mindful of the global macro-economic uncertainty from the ongoing tragic events in Ukraine. Whilst early in the current financial year, the Group continues to have strong momentum and is well positioned to make further progress in full year 2022.

Ron Marsh
Chairman

Joe Vorih
Chief Executive Officer

Financial Review

REVENUE AND OPERATING MARGIN

Revenue and operating margin	2021 £m	2020 £m	Change
Revenue	**594.3**	398.6	49.1%
Underlying operating profit	**95.3**	42.2	125.8%
Underlying operating margin	**16.0%**	10.6%	540bps

Revenue by geographic destination	2021 £m	2020 £m	Change
UK	**534.1**	354.6	50.6%
Rest of Europe	**38.3**	27.6	38.8%
Rest of World	**21.9**	16.4	33.5%
Group	**594.3**	398.6	49.1%

Group revenue for the year ended 31 December 2021 was £594.3m (2020: £398.6m), an increase of 49.1%. UK revenue increased by 50.6% following significant demand as the nation recovered from the Covid-19 pandemic. On a like-for-like basis, Group revenue increased by 29.5%. This was ahead of the overall UK construction market where the Construction Products Association (CPA) Winter Forecast suggested a year-on-year increase of 13.3%. Private housing new build and repair, maintenance and improvements (RMI) reached a historic high level of growth of 17.0%. Activity in the RMI sector slowed during last Summer as supply constraints reached a peak but sector demand returned to 'new normal' levels towards the end of the year. Infrastructure activity was again less affected by the pandemic than other sectors of the construction industry with growth estimated at 23.5% (source: CPA Winter Forecast/MHCLG).

Operating profit was £67.1m (2020: £30.4m), an increase of 120.7%. The Group underlying operating margin increased to 16.0% (2020: 10.6%) as volumes recovered following the pandemic. This is 140 basis points below 2019 as the Group continued to bear ongoing costs of managing the impact of the pandemic. Profit before tax was £62.9m (2020: £23.8m), an increase of 164.3%.

The Group continued to invest in product development and innovation throughout the pandemic. In 2021, underlying operating profit benefited from £2.0m of HMRC approved Research & Development Expenditure Credit, relating to the years ended 31 December 2020 and 2021.

BUSINESS REVIEW

Revenue	**2021 £m**	2020 £m	Change %	LFL Change %
Residential Systems	**372.9**	223.9	66.5	34.5
Commercial and Infrastructure Systems	**221.4**	174.7	26.7	23.1
	594.3	398.6	49.1	29.5

Underlying operating profit	**2021 £m**	**ROS %**	2020 £m	ROS %	Change %
Residential Systems	**73.1**	**19.6**	29.8	13.3	145.3
Commercial and Infrastructure Systems	**22.2**	**10.0**	12.4	7.1	79.0
	95.3	**16.0**	42.2	10.6	125.8

Residential Systems

Revenue in our Residential Systems segment, which is almost exclusively derived from the UK market, was 66.5% above the prior year at £372.9m (2020: £223.9m) and 43.3% ahead of the same period in 2019 (£260.3m). On a like-for like-basis, revenue was 34.5% ahead of prior year and 15.7% above 2019.

The residential sector continued its fast-paced recovery, due to a combination of pent-up demand, and Government stimulus. The second quarter of 2020 was the most impacted by Covid-19, however, the strength of the housing recovery was highlighted by the first quarter of 2021 seeing private starts and completions at 36.0% and 21.0% higher than prior year, respectively (source: CPA Summer Forecast/MHCLG). These trends continued beyond the first quarter with private starts and completions forecasted at 30.0% and 19.0% higher respectively for full year 2021 (source: CPA Winter Forecast/MHCLG). The CPA full year 2021 estimation is that total housing output will be slightly below 2019, as the gradient of recovery begins to shallow out, partly reflecting possible constraining factors on the supply side, including some key construction materials as well as labour. These supply side constraints have driven cost inflation through the course of 2021, which was offset by our ability to pass on cost increases.

In the RMI sector, demand remained high for home renovation driven by the 'race for space' early in the year with activity slowing towards the end of the year, most likely affected by increases in the cost of living and constraints in supply of key raw materials and labour. The sector was estimated to have grown by 17.0% in the year (source: CPA Winter Forecast/MHCLG).

Our acquisitions, Adey and Nu-Heat, performed strongly and increased our mix toward RMI activity, which was generally less volatile than new housing, and more profitable. The growth drivers and regulatory framework around low carbon heating, which support both of these businesses, continue to provide confidence in their ability to deliver against their strategic plans.

Residential Systems delivered underlying operating profit of £73.1m (2020: £29.8m), a significant improvement on prior year and 36.9% ahead of the same period in 2019. Operating margin increased to 19.6% (2020: 13.3%).

Commercial and Infrastructure Systems

Revenue in our Commercial and Infrastructure Systems segment was 26.7% higher than the prior year at £221.4m (2020: £174.7m), 18.2% ahead of 2019. On a like-for like-basis, revenue was 23.1% ahead of prior year and 8.8% above 2019.

Sales of ventilation products were strong, benefiting from the increased focus on the importance of fresh air in the workspace, with suitability for retrofitting minimising the impact of the low level of new build activity. We saw strong demand for our water management systems with the expansion of larger housing development sites, which was necessary due to the rapid build out rates and completions which occurred in the second half of 2020. Plura performed in line with expectations and is well positioned to benefit from the near-term growth in infrastructure activity highlighted above.

Commercial and Infrastructure Systems showed some resilience during the pandemic, with the larger sites and open spaces making continued operation easier than the housing sector. However, differing trends have been developing as we emerge from the pandemic, as the impact from wider structural constraints starts to be seen.

The commercial sector was affected by the move toward home working during the pandemic, as well as online shopping. This trend was particularly evident in London, which accounted for over a third of commercial new build activity (source: CPA). Latest projections forecast growth in this sector of 5.4% in 2022 and 3.1% in 2023.

Infrastructure was the strongest performing sector with continued growth in the regulated sectors such as roads. Although some project delays have caused a slight movement of work from 2021 to 2022, the CPA estimate for 2021 remains 23.5% ahead of prior year, and 19.0% ahead of 2019.

Commercial and Infrastructure Systems delivered an underlying operating profit of £22.2m (2020: £12.4m).and operating margin increased to 10.0% (2020: 7.1%).

ACQUISITIONS

On 2 February 2021, the Group acquired Nu-Heat, the leading supplier of sustainable underfloor heating solutions, air and ground source heat pumps and other renewable heating systems, for a cash consideration of £27.0m on a cash-free, debt-free basis. On 5 February 2021, the Group acquired 51% of the voting rights and shares of Plura Composites Limited (Plura) for an initial consideration of £1.25m. Plura provides a range of products for utility companies, road and rail operations, network builders and designers in the construction and maintenance of their networks. These acquisitions were both funded entirely from the Group's Revolving Credit Facility. Acquisition costs have been charged to non-underlying items.

On 10 February 2021, the Group acquired Adey for a cash consideration of £210.0m on a cash-free, debt-free basis. Adey is the UK's leading provider of magnetic filters, chemicals and related products, which protect against magnetite and other performance constraints in water-based heating systems and improve energy efficiency.

During February 2021, the Group successfully raised £96.3m through an equity placing of its shares, funds which were used along with a drawdown on its Revolving Credit Facility to acquire Adey.

NON-UNDERLYING ITEMS

Non-underlying items before taxation increased to £28.2m (2020: £11.9m) primarily relating to the acquisitions of Adey, Nu-Heat and Plura in February 2021. These consist of non-cash amortisation charges of £14.2m (2020: £7.8m) in respect of intangible assets arising from acquisitions since 2015, £6.6m (2020: £3.0m) of costs related to acquisitions and other M&A costs, a product liability claim of £2.6m, and restructuring costs of £1.1m (2020: £1.1m). There was also £3.7m of fair value adjustments associated with the Adey acquisition.

Non-underlying items comprised:

	2021 **£m**	2020 £m
Amortisation of intangible assets	**14.2**	7.8
Acquisition costs	**4.7**	0.6
Fair value adjustments on acquisitions	**3.7**	-
Contingent consideration on acquisitions	**1.9**	2.4
Product liability claim	**2.6**	-
Restructuring costs	**1.1**	1.1
Non-underlying items before taxation	**28.2**	11.9
Tax effect on non-underlying items	**(3.4)**	(1.0)
Impact of change in statutory tax rate	**9.3**	-
Non-underlying items after taxation	**34.1**	10.9

EXCHANGE RATES

The Group trades predominantly in Sterling but has some revenue and costs in other currencies, mainly the US Dollar and the Euro, and takes appropriate forward cover on these cash flows using forward currency derivative contracts in accordance with its hedging policy.

FINANCE COSTS

Underlying finance costs decreased to £4.2m (2020: £6.5m) due to lower interest rates and the prior year included costs related to the full draw down of the Group's Revolving Credit Facility (RCF), a £50m Covid-19 facility and a £100m Covid Corporate Financing Facility, which was repaid in full in September 2020. Interest cover was 31.3x for the year (2020: 7.8x).

Interest was payable on the RCF at LIBOR plus an interest rate margin ranging from 0.90% to 2.75%. The interest rate margin at 31 December 2021 was 1.40% (2020: 1.40%). With effect from 4 January 2022, LIBOR was replaced by the Standard Overnight Index Average (SONIA).

TAXATION

Underlying taxation:

The underlying tax charge in 2021 was £16.0m (2020: £6.3m) representing an effective tax rate of 17.6% (2020: 17.6%). This was below the UK standard tax rate of 19.0% (2020: 19.0%). Patent box relief contributes to a lowering of the underlying effective tax rate by some 1.8 percentage points.

Taxation on non-underlying items:

The non-underlying net taxation charge of £5.9m (2020: £1.0m credit) represents an effective rate of 20.9% (2020: 8.4%). The charge includes £9.3m in respect of the restatement of the deferred income tax liability on intangible assets as a result of the change in the main UK corporation tax rate.

EARNINGS PER SHARE

	2021	2020
Pence per share:		
Basic	**16.7**	8.5
Underlying basic	**30.6**	13.5
Diluted	**16.5**	8.4
Underlying diluted	**30.2**	13.3

The Directors consider that the underlying basic earnings per share (EPS) measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance.

Underlying basic EPS increased by 126.7% in 2021 due to a significant increase in the underlying operating result after taxation following the Group's strong recovery from the impact of the Covid-19 pandemic.

DIVIDEND

The final dividend of 8.2 pence (2020: 4.8 pence) per share is being recommended for payment on 25 May 2022 to shareholders on the register at the close of business on 22 April 2022. The ex-dividend date will be 21 April 2022.

Our dividend policy is normally to pay a minimum of 40% of the Group's annual underlying profit after tax. The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of the interim and preliminary results, respectively, with the interim dividend being approximately one half of the prior year's final dividend.

BALANCE SHEET

The Group's balance sheet is summarised below:

	2021	2020
	£m	£m
Property, plant and equipment	**151.7**	134.2
Right-of-use assets	**20.6**	12.9
Goodwill	**467.7**	345.4
Other intangible assets	**175.1**	48.4
Net working capital	**22.0**	2.0
Taxation	**(47.4)**	(10.2)
Other current and non-current assets and liabilities	**(6.3)**	(4.1)
Net debt (loans and borrowings, and lease liabilities, net of cash and cash equivalents)	**(165.7)**	(27.7)
Net assets	**617.7**	500.9

The net value of property, plant and equipment has increased by £17.5m following the acquisitions in the year and the Group's continued strategic investment in its businesses. The value of right-of-use assets has increased by £7.7m.

The acquisitions in the year had an impact on both goodwill and other intangible assets, with increases of £122.3m and £126.7m, respectively. Net working capital increased by £20.0m. Net debt is discussed below.

PENSIONS

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Pension costs for the year amounted to £5.4m (2020: £4.2m) reflecting the inclusion of the acquisitions made in the year and an overall increase in the number of scheme participants.

CASH FLOW AND NET DEBT

The Group's cash flow statement is summarised below:

	2021	2020
	£m	£m
Operating cash flows before movement in net working capital	**111.4**	60.0
Add back non-underlying cash items	**6.9**	2.3
Underlying operating cash flows before movement in net working capital	**118.3**	62.3
Movement in net working capital	**(27.0)**	1.5
Capital expenditure, net	**(34.1)**	(24.5)
Underlying cash generated from operations after net capital expenditure	**57.2**	39.3
Income tax paid	**(9.5)**	(8.2)
Interest paid	**(2.9)**	(5.4)
Non-underlying cash items	**(6.9)**	(2.3)
Settlement of deferred and contingent consideration	**-**	(1.8)
Acquisition of businesses	**(236.4)**	-
Issue of Euro-Commercial Paper	**-**	99.4
Buyback of Euro-Commercial Paper	**-**	(99.7)
Net proceeds from issue of share capital	**93.5**	116.4
Debt issue costs	**-**	(0.4)
Dividends paid	**(21.7)**	-
Proceeds from exercise of share options net of purchase of own shares	**2.1**	2.1
Other	**(5.7)**	(4.2)
Movement in net debt - excluding IFRS 16	**(130.3)**	135.2
Movement in IFRS 16	**(7.7)**	1.9
Movement in net debt - including IFRS 16	**(138.0)**	137.1

Delivery of good cash generation remains core to the Group's strategy. Underlying cash generated from operations after net capital expenditure at £57.2m (2020: £39.3m) represents a conversion rate of 60.0% (2020: 93.1%). The prior year included the benefit of £9.8m of HMRC approved VAT deferral from April and July 2020, which was paid in February 2021.

Working capital movement in the year was driven by a rebuilding of inventory to improve customer service performance following the recovery in demand after the pandemic, as well as the effects of cost inflation and the acquisitions.

Net capital expenditure investment increased to £34.1m (2020: £24.5m) as the Group continued to focus on investing in key, strategic and innovative projects. In 2022, we anticipate that capital expenditure will be approximately £45.0m.

Net debt of £165.7m comprised:

	2021	2020	Change
	£m	£m	£m
Bank loans	**(198.0)**	(60.0)	(138.0)
Cash and cash equivalents	**52.3**	44.1	8.2
Net debt (excluding unamortised debt issue costs)	**(145.7)**	(15.9)	(129.8)
Unamortised debt issue costs	**0.6**	1.1	(0.5)
IFRS 16	**(20.6)**	(12.9)	(7.7)
Net debt	**(165.7)**	(27.7)	(138.0)

FINANCING

The Group has an RCF committed through to November 2023 with two further uncommitted annual renewals through to November 2025. The facility limit is £300.0m with an uncommitted 'accordion' facility of up to £50.0m on top. At 31 December 2021, £198.0m of the RCF was drawn down.

The Group is subject to two financial covenants. At 31 December 2021, there was significant headroom and facility interest cover and net debt to EBITDA covenants were comfortably achieved:

Covenant	**Covenant requirement**	**Position at 31 December 2021**
Interest cover	>4.0:1	31.3:1
Leverage	<3.0:1	1.2:1

GOING CONCERN

The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group's bank financing facilities consist of a £300.0m RCF with an uncommitted 'accordion' facility of £50.0m. The extended committed Covid-19 facility of £50.0m expired in May 2021. £102.0m of the RCF was undrawn at 31 December 2021. At 31 December 2021, liquidity headroom (cash and undrawn committed banking facilities) was £154.3m (2020: £284.1m). Our focus will continue to be on deleveraging, and our net debt to EBITDA ratio stood at 1.2x times pro forma EBITDA at 31 December 2021 (2020: 0.3x), increasing to 1.4x (2020: 0.5x) times pro forma EBITDA including the effects of IFRS 16. This headroom means the Group is well-positioned with a strong balance sheet.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 15 months. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Principal Risks and Uncertainties

The Board continually assesses and monitors the key risks of the Business and the Group has developed a risk management framework to identify, report, and manage its principal risks and uncertainties. The principal risks and uncertainties that could have a material impact on the Group's performance and prospects, and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising are those detailed in the Group's Annual Report and Accounts. They have not changed significantly during the year.

Forward-Looking Statements

This report contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the Group's control, and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this report and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this report should be construed as a profit forecast.

Directors' Responsibilities

Each of the Directors confirms that, to the best of their knowledge, the consolidated financial statements, prepared in accordance UK-Adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and undertakings included in the consolidation taken as a whole; and the Group Results, Chairman and Chief Executive Officer Review and Financial Review includes a fair review of the development and performance of the business and the position of the Group and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Annual General Meeting

The Annual General Meeting is scheduled to be held on 19 May 2022.

By order of the Board.

Joe Vorih	Paul James
Chief Executive Officer	Chief Financial Officer

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021			2020		
			Non-			Non-	
		Underlying	**underlying**	**Total**	Underlying	underlying	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	2	**594.3**	**-**	**594.3**	398.6	-	398.6
Cost of sales	3	**(348.8)**	**(6.5)**	**(355.3)**	(242.5)	-	(242.5)
Gross profit		**245.5**	**(6.5)**	**239.0**	156.1	-	156.1
Selling and distribution costs		**(81.8)**	**-**	**(81.8)**	(65.0)	-	(65.0)
Administration expenses	4	**(68.3)**	**(7.5)**	**(75.8)**	(48.9)	(4.0)	(52.9)
Trading profit		**95.4**	**(14.0)**	**81.4**	42.2	(4.0)	38.2
Amortisation of intangible assets	4	**(0.1)**	**(14.2)**	**(14.3)**	-	(7.8)	(7.8)
Operating profit	2, 3	**95.3**	**(28.2)**	**67.1**	42.2	(11.8)	30.4
Finance costs	4, 5	**(4.2)**	**-**	**(4.2)**	(6.5)	(0.1)	(6.6)
Profit before tax	2	**91.1**	**(28.2)**	**62.9**	35.7	(11.9)	23.8
Income tax	6	**(16.0)**	**(5.9)**	**(21.9)**	(6.3)	1.0	(5.3)
Profit for the year attributable to the owners of the parent company		**75.1**	**(34.1)**	**41.0**	29.4	(10.9)	18.5
Basic earnings per share (pence)	7			**16.7**			8.5
Diluted earnings per share (pence)	7			**16.5**			8.4
Dividend per share (pence) - interim	8			**4.0**			-
Dividend per share (pence) - final	8			**8.2**			4.8
	8			**12.2**			4.8

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£m	£m
Profit for the year attributable to the owners of the parent company	**41.0**	18.5
Other comprehensive income:		
Items which may be reclassified subsequently to the income statement:		
Exchange differences on translation of foreign operations	**(0.4)**	0.3
Effective portion of changes in fair value of interest rate swaps	**-**	0.5
Effective portion of changes in fair value of forward foreign currency derivatives	**(0.1)**	-
Tax relating to items which may be reclassified subsequently to the income statement	**-**	(0.1)
Other comprehensive income for the year net of tax	**(0.5)**	0.7
Total comprehensive income for the year attributable to the owners of the parent company	**40.5**	19.2

GROUP BALANCE SHEET

AT 31 DECEMBER 2021

	Notes	**31 December 2021 £m**	31 December 2020 £m
Non-current assets			
Property, plant and equipment	9	**151.7**	134.2
Right-of-use assets	10	**20.6**	12.9
Intangible assets	11	**642.8**	393.8
Total non-current assets		**815.1**	540.9
Current assets			
Inventories		**80.8**	52.6
Trade and other receivables		**76.7**	61.6
Income tax receivable		**1.1**	0.6
Cash and cash equivalents		**52.3**	44.1
Total current assets		**210.9**	158.9
Total assets		**1,026.0**	699.8
Current liabilities			
Trade and other payables	13	**(135.5)**	(112.2)
Lease liabilities	13	**(4.5)**	(3.5)
Deferred and contingent consideration	13	**(0.5)**	(3.4)
Derivative financial instruments	13	**(0.1)**	-
Total current liabilities		**(140.6)**	(119.1)
Non-current liabilities			
Loans and borrowings	13	**(197.4)**	(58.9)
Lease liabilities	13	**(16.1)**	(9.4)
Deferred and contingent consideration	13	**(4.3)**	-
Other liabilities	13	**(1.4)**	(0.7)
Deferred income tax liabilities		**(48.5)**	(10.8)
Total non-current liabilities		**(267.7)**	(79.8)
Total liabilities		**(408.3)**	(198.9)
Net assets		**617.7**	500.9
Capital and reserves			
Equity share capital		**0.2**	0.2
Share premium		**93.6**	-
Capital redemption reserve		**1.1**	1.1
Hedging reserve		**(0.1)**	-
Foreign currency retranslation reserve		**-**	0.4
Other reserves		**116.5**	116.5
Retained earnings		**406.4**	382.7
Total equity		**617.7**	500.9

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Equity share capital £m	Share premium £m	Capital redemption reserve £m	Hedging reserve £m	Foreign currency retranslation reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 31 December 2019	0.2	-	1.1	(0.4)	0.1	-	360.4	361.4
Profit for the year	-	-	-	-	-	-	18.5	18.5
Other comprehensive income	-	-	-	0.4	0.3	-	-	0.7
Total comprehensive income for the year	-	-	-	0.4	0.3	-	18.5	19.2
Issue of share capital	-	-	-	-	-	120.0	-	120.0
Transaction costs on issue of share capital	-	-	-	-	-	(3.5)	-	(3.5)
Share-based payments charge	-	-	-	-	-	-	1.4	1.4
Share-based payments settled	-	-	-	-	-	-	2.1	2.1
Share-based payments excess tax benefit	-	-	-	-	-	-	0.3	0.3
At 31 December 2020	**0.2**	**-**	**1.1**	**-**	**0.4**	**116.5**	**382.7**	**500.9**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**41.0**	**41.0**
Other comprehensive income	**-**	**-**	**-**	**(0.1)**	**(0.4)**	**-**	**-**	**(0.5)**
Total comprehensive income for the year	**-**	**-**	**-**	**(0.1)**	**(0.4)**	**-**	**41.0**	**40.5**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(21.7)**	**(21.7)**
Issue of share capital	**-**	**96.3**	**-**	**-**	**-**	**-**	**-**	**96.3**
Transaction costs on issue of share capital	**-**	**(2.7)**	**-**	**-**	**-**	**-**	**-**	**(2.7)**
Share-based payments charge	**-**	**-**	**-**	**-**	**-**	**-**	**2.2**	**2.2**
Share-based payments settled	**-**	**-**	**-**	**-**	**-**	**-**	**2.1**	**2.1**
Share-based payments excess tax benefit	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
At 31 December 2021	**0.2**	**93.6**	**1.1**	**(0.1)**	**-**	**116.5**	**406.4**	**617.7**

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £m	2020 £m
Operating activities			
Profit before tax		**62.9**	23.8
Finance costs	5	**4.2**	6.6
Operating profit		**67.1**	30.4
Non-cash items:			
Profit on disposal of property, plant and equipment		**(0.2)**	(0.2)
Transaction costs on issue of share capital		**0.1**	0.1
Research and development expenditure credit		**(2.0)**	(1.0)
Non-underlying items:			
- amortisation of intangible assets arising on business combinations	4	**14.2**	7.8
- provision for acquisition costs	4	**6.6**	2.9
- unwind of inventory fair value adjustment	4	**3.7**	-
- provision for restructuring costs	4	**1.1**	1.1
- provision for product liability claim	4	**2.6**	-
Depreciation of property, plant and equipment	9	**18.4**	16.3
Depreciation of right-of-use assets	10	**4.4**	3.5
Amortisation of internally generated intangible assets		**0.1**	-
Share-based payments		**2.2**	1.4
Cash items:			
- settlement of acquisition costs		**(6.9)**	(1.2)
- settlement of restructuring costs		**-**	(1.1)
Operating cash flows before movement in working capital		**111.4**	60.0
Movement in working capital:			
Receivables		**(0.9)**	(21.3)
Payables		**(6.2)**	15.6
Inventories		**(19.9)**	7.2
Cash generated from operations		**84.4**	61.5
Income tax paid		**(9.5)**	(8.2)
Net cash flows from operating activities		**74.9**	53.3
Investing activities			
Settlement of deferred and contingent consideration		-	(1.8)
Acquisition of businesses net of cash at acquisition		**(236.4)**	-
Proceeds from disposal of property, plant and equipment		**0.5**	0.6
Purchase of property, plant and equipment		**(33.1)**	(25.1)
Patent and development costs expenditure		**(1.5)**	-
Net cash flows from investing activities		**(270.5)**	(26.3)
Financing activities			
Issue of share capital		**96.3**	120.0
Transaction costs on issue of share capital		**(2.8)**	(3.6)
Debt issue costs		-	(0.4)
Issue of Euro-Commercial Paper		-	99.4
Buyback of Euro-Commercial Paper		-	(99.7)
Drawdown of bank loan		**148.0**	150.6
Repayment of bank loan		**(10.0)**	(289.6)
Interest paid		**(2.9)**	(5.4)
Dividends paid	8	**(21.7)**	-
Proceeds from exercise of share options		**2.1**	2.1
Settlement of lease liabilities	10	**(5.1)**	(4.0)
Net cash flows from financing activities		**203.9**	(30.6)
Net change in cash and cash equivalents		**8.3**	(3.6)
Cash and cash equivalents at 1 January		**44.1**	47.7
Net foreign exchange difference		**(0.1)**	-

Cash and cash equivalents at 31 December	**52.3**	44.1

1. Basis of preparation

The preliminary results for the year ended 31 December 2021 have been prepared in accordance with UK-Adopted International Accounting Standards (UK-Adopted IAS). Whilst the financial information included in this preliminary announcement has been computed in accordance with the recognition and measurement requirements of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies adopted have been consistently applied in all material aspects to all the periods presented.

The financial information set out in this announcement does not constitute the statutory accounts for the Group within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2020 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2021 will be filed in due course. The auditor's report on these accounts was not qualified or modified and did not contain any statement under Sections 498(2) or (3) of the Companies Act 2006 or any preceding legislation.

There were no accounting standards or interpretations that have become effective in the current reporting period which had an impact on disclosures, financial position or performance.

The Directors have made enquiries into the adequacy of the Group's financial resources, through a review of the Group's budget and medium-term financial plan, including cash flow forecasts. The Group has modelled a range of scenarios, with the base forecast being one in which, over the 18 months ending 30 June 2023, sales volumes grow in line with or moderately above external construction industry forecasts.

In addition, the Directors have considered several downside scenarios, including adjustments to the base forecast, a period of significantly lower like-for-like sales, profitability and cash flows. Consistent with our Principal Risks and Uncertainties these downside scenarios included, but were not limited to, loss of production, loss of a major customer, product failure, recession, increases in interest rates and increases in raw material prices. Downside scenarios also included a combination of these risks, and reverse stress testing. The Directors have considered the impact of climate-related matters on the going concern assessment and it is not expected to have a significant impact on the Group's going concern.

At 31 December 2021, the Group had available £102.0m of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. These borrowing facilities are available until at least November 2023, subject to covenant headroom. The Directors are satisfied that the Group has sufficient liquidity and covenant headroom to withstand reasonable variances to the base forecast, as well as the downside scenarios. In addition, the Directors have noted the range of possible additional liquidity options available to the Group, should they be required.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 15 months. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

There have been no related party transactions in the period to 31 December 2021.

Four non-statutory measures have been used in preparing the condensed set of consolidated financial statements:

- Underlying profit and earnings measures exclude certain non-underlying items and, where relevant, the tax effect of these items. The Directors consider that these measures provide a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance.

- Underlying cash generated from operations is defined as cash generated from operations, adjusted for non-underlying cash items, after movement in net working capital and capital expenditure net of proceeds from disposals of property, plant and equipment.

- Pro forma EBITDA is defined as underlying operating profit before depreciation and amortisation for the 12 months preceding the balance sheet date, adjusted, where relevant, to include a full year of EBITDA from acquisitions made during those 12 months.

- Leverage is defined as net debt divided by pro forma EBITDA. Net debt within the leverage calculation is defined as loans and borrowings net of unamortised issue costs less cash and cash equivalents, excluding the effects of IFRS 16.

2. Segment information

IFRS 8, Operating Segments, requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM is deemed to be the Board of Directors, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The Group has two reporting segments - Residential Systems and Commercial and Infrastructure Systems. The reporting segments sell products which are unique to that segment, and products which are common to both segments. They are however organised and distinguished as separate reporting segments based on the nature of the end markets served. There are no significant judgements in aggregating operating segments to arrive at the reporting segments. Inter-segment sales are on an arm's length basis in a manner similar to transactions with third parties. During the period two acquired businesses were added to the Residential Systems segment and one to the Commercial and Infrastructure Systems segment (see Note 12).

	2021			2020		
	Residential Systems £m	**Commercial & Infrastructure Systems £m**	**Total £m**	Residential Systems £m	Commercial & Infrastructure Systems £m	Total £m
Segmental revenue	**378.0**	**231.8**	**609.8**	228.4	183.0	411.4
Inter-segment revenue	**(5.1)**	**(10.4)**	**(15.5)**	(4.5)	(8.3)	(12.8)
Revenue	**372.9**	**221.4**	**594.3**	223.9	174.7	398.6
Underlying operating profit*	**73.1**	**22.2**	**95.3**	29.8	12.4	42.2
Non-underlying items - segmental	**(18.5)**	**(8.8)**	**(27.3)**	(4.4)	(7.4)	(11.8)
Segmental operating profit	**54.6**	**13.4**	**68.0**	25.4	5.0	30.4
Non-underlying items - Group			**(0.9)**			-
Operating profit			**67.1**			30.4
Non-underlying items - finance costs			**-**			(0.1)
Finance costs			**(4.2)**			(6.5)
Profit before tax			**62.9**			23.8

* Underlying operating profit is stated before non-underlying items as defined in the Group Accounting Policies in the Annual Report and Accounts and is the measure of segment profit used by the Group's CODM. Details of the non-underlying items of £28.2m (2020: £11.9m) are set out below at Non-underlying items before tax.

Geographical analysis

Revenue by destination	**2021 £m**	2020 £m
UK	**534.1**	354.6
Rest of Europe	**38.3**	27.6
Rest of World	**21.9**	16.4

Total - Group	**594.3**	398.6

3. Operating profit

	2021 £m	2020 £m
Income statement charges		
Depreciation of property, plant and equipment (owned)	**18.4**	16.3
Depreciation of right-of-use assets	**4.4**	3.5
Cost of inventories recognised as an expense	**290.4**	189.8
Research and development costs expensed	**8.8**	8.8
Income statement credits		
Research and development expenditure credit	**2.0**	1.0
Profit on disposal of property, plant and equipment	**0.2**	0.2

4. Non-underlying items

Non-underlying items comprised:

	2021			2020		
	Gross £m	**Tax £m**	**Net £m**	Gross £m	Tax £m	Net £m
Cost of sales: Unwind of inventory fair value adjustment	**3.7**	**-**	**3.7**	-	-	-
Cost of sales: Restructuring costs	**0.2**	**-**	**0.2**	-	-	-
Cost of sales: Product liability claim	**2.6**	**(0.5)**	**2.1**	-	-	-
Administration expenses:Acquisition costs - acquisition and other M&A activity	**6.6**	**-**	**6.6**	2.9	(0.4)	2.5
Administration expenses:Restructuring costs	**0.9**	**(0.2)**	**0.7**	1.1	(0.2)	0.9
Amortisation of intangible assets	**14.2**	**6.6**	**20.8**	7.8	(0.4)	7.4
Finance costs: Unwind of discount on contingent consideration	**-**	**-**	**-**	0.1	-	0.1
Total non-underlying items	**28.2**	**5.9**	**34.1**	11.9	(1.0)	10.9

The unwind of the inventory fair value adjustment relates to the fair value uplift of the inventory acquired as part of the Adey acquisition that has subsequently been sold.

Restructuring costs in 2021 relate to the rationalisation of the number of operating business units.

The product liability claim is associated with a historic acquisition.

Acquisition costs in 2021 relate to the acquisitions of Nu-Heat, Plura and Adey as well as costs associated with other merger and acquisition activity and contingent consideration treated as remuneration in respect of the acquisition of Plura as detailed in see Note 12.

The non-underlying tax charge includes £9.3m in respect of restating the deferred income tax liability on intangible assets as a result of the change in the main UK corporation tax rate (see Note 6).

Acquisition costs in 2020 relate to the contingent consideration treated as remuneration in respect of the acquisition of Permavoid, as detailed in Note 12, and costs associated with the acquisitions of Nu-Heat, Plura and Adey.

Restructuring costs in 2020 are in relation to actions taken to mitigate the impact of Covid-19, including 104 redundancies.

5. Finance costs

	2021 **£m**	2020 £m
Interest on bank loan	**2.5**	4.2
Debt issue cost amortisation	**0.5**	0.6
Unwind of discount on lease liabilities	**0.7**	0.5
Other finance costs	**0.5**	1.2
Unwind of discount on contingent consideration	**-**	0.1
	4.2	6.6

6. Income tax

(a) Tax expense reported in the income statement

	2021 **£m**	2020 £m
Current income tax:		
UK income tax	**9.5**	5.0
Overseas income tax	**0.5**	0.1
Current income tax	**10.0**	5.1
Adjustment in respect of prior years	**0.4**	(0.3)
Total current income tax	**10.4**	4.8
Deferred income tax:		
Origination and reversal of temporary differences	**(1.3)**	(1.1)
Effects of changes in income tax rates	**11.7**	1.4
Deferred income tax	**10.4**	0.3
Adjustment in respect of prior years	**1.1**	0.2
Total deferred income tax	**11.5**	0.5
Total tax expense reported in the income statement	**21.9**	5.3

Details of the non-underlying tax charge of £5.9m (2020: £1.0m credit) are set out in Note 4.

(b) Reconciliation of the total tax expense

A reconciliation between the tax expense and the product of accounting profit multiplied by the UK standard rate of income tax for the years ended 31 December 2021 and 2020 is as follows:

	2021 **£m**	2020 £m
Accounting profit before tax	**62.9**	23.8
Accounting profit multiplied by the UK standard rate of income tax of 19.0% (2020: 19.0%)	**12.0**	4.5
Expenses not deductible for income tax	**1.8**	0.2
Non-taxable income	**(1.0)**	(0.2)
Adjustment in respect of prior years	**1.5**	(0.1)
Effects of patent box	**(1.6)**	(0.4)
Effects of changes in income tax rates	**11.4**	1.2
Effects of tax losses	**(1.1)**	-
Effects of super deduction	**(0.6)**	-
Effects of other tax rates/credits	**(0.5)**	0.1
Total tax expense reported in the income statement	**21.9**	5.3

The effective rate for the full year was 34.8% (2020: 22.3%). If the impact of non-underlying items is excluded, the underlying income tax rate would be 17.6% (2020: 17.6%).

(c) Deferred income tax

The deferred income tax included in the Group balance sheet is as follows:

	31 December 2021 £m	31 December 2020 £m
Deferred income tax liabilities/(assets)		
Short-term timing differences	**41.3**	8.8
Capital allowances in excess of depreciation	**11.1**	4.3
Share-based payments	**(2.3)**	(1.8)
Tax losses	**(1.6)**	(0.5)
	48.5	10.8

The Group offsets tax assets and liabilities if, and only if, it has a legally enforceable right to offset current income tax assets and current income tax liabilities and the deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same tax authority.

The deferred income tax liability on short-term timing differences has increased by £32.2m as a result of the intangible assets arising on the acquisitions of Nu-Heat, Plura and Adey.

A reconciliation of deferred income taxes for the years ended 31 December 2021 and 2020 is as follows:

	2021 £m	2020 £m
Deferred income tax reported in the income statement	**11.5**	0.5
Deferred income tax reported in other comprehensive income	**-**	0.1
Share-based payments excess tax benefit	**(0.1)**	(0.3)
Deferred income tax acquired	**26.3**	-
	37.7	0.3

(d) Change in corporation tax rate

The Finance (No.2) Act 2015 reduced the main UK corporation tax rate to 19%, effective from 1 April 2017. A further reduction in the main UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the rate, thereby maintaining the current rate of 19%. Deferred income tax on the balance sheet at 31 December 2020 was therefore measured at 19%.

The Finance Act 2021 (enacted on 10 June 2021) included an increase to the main UK corporation tax rate to 25%, effective from 1 April 2023. Deferred income tax on the balance sheet at 31 December 2021 was therefore measured at 19% or 25% depending on when the deferred income tax asset or liability is expected to reverse.

(e) Unrecognised tax losses

No deferred income tax has been recognised on non-trading losses and other timing differences of £1.4m (2020: £0.7m) as the Directors do not consider that they will be utilised in the foreseeable future.

7. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share amounts are calculated by dividing profit for the year attributable to the owners of the parent company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of potential ordinary shares that would be issued on the conversion of all the dilutive share options into ordinary shares.

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

	2021	2020
Weighted average number of ordinary shares for the purpose of basic earnings per share	**245,097,578**	218,122,445
Effect of dilutive potential ordinary shares	**3,168,838**	2,545,315
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**248,266,416**	220,667,760

Underlying earnings per share is based on the result for the year after tax excluding the impact of non-underlying items of £34.1m (2020: £10.9m). The Directors consider that this measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance. The underlying earnings per share is calculated as follows:

	2021	2020
Underlying profit for the year attributable to the owners of the parent company (£m)	**75.1**	29.4
Underlying basic earnings per share (pence)	**30.6**	13.5
Underlying diluted earnings per share (pence)	**30.2**	13.3

8. Dividend per share

	2021 £m	2020 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2020 of 4.8p per share (2019: nil)	**11.8**	-
Interim dividend for the year ended 31 December 2021 of 4.0p per share (2020: nil)	**9.9**	-
	21.7	-
Proposed final dividend for the year ended 31 December 2021 of 8.2p per share (2020: 4.8p)	**20.3**	11.8

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated financial statements.

9. Property, plant and equipment

	Freehold land and buildings £m	**Plant and other equipment £m**	**Total £m**
Cost			
At 1 January 2020	52.1	189.0	241.1
Additions	3.4	21.4	24.8
Disposals	(1.2)	(50.5)	(51.7)
Acquisition of businesses	-	0.2	0.2
Exchange adjustment	-	0.3	0.3
At 31 December 2020	**54.3**	**160.4**	**214.7**
Additions	3.9	28.9	32.8
Disposals	(1.0)	(7.7)	(8.7)
Transfer to intangible assets	-	(0.8)	(0.8)
Acquisition of businesses	1.2	3.0	4.2
Exchange adjustment	-	(0.3)	(0.3)
At 31 December 2021	**58.4**	**183.5**	**241.9**

Depreciation and impairment losses			
At 1 January 2020	7.7	107.6	115.3
Provided during the year	2.0	14.3	16.3
Disposals	(1.2)	(50.1)	(51.3)
Exchange adjustment	-	0.2	0.2
At 31 December 2020	**8.5**	**72.0**	**80.5**
Provided during the year	1.6	16.8	18.4
Disposals	(1.0)	(7.4)	(8.4)
Transfer to intangible assets	-	(0.1)	(0.1)
Exchange adjustment	-	(0.2)	(0.2)
At 31 December 2021	**9.1**	**81.1**	**90.2**
Net book value			
At 31 December 2021	**49.3**	**102.4**	**151.7**
At 31 December 2020	45.8	88.4	134.2

Included in freehold land and buildings is non-depreciable land of £17.7m (2020: £17.4m).

During 2020, the Group carried out a review of its plant and other equipment register and removed assets with a gross cost of £48.8m and associated accumulated depreciation of £48.7m. These assets were no longer in use and/or fully depreciated.

10. Right-of-use assets and lease liabilities

	Freehold land and buildings £m	Plant and other equipment £m	Motor vehicles £m	Total £m	Lease liabilities £m
At 1 January 2020	7.1	7.5	0.2	14.8	(14.8)
Additions	0.2	1.3	-	1.5	(1.5)
Depreciation	(1.5)	(1.9)	(0.1)	(3.5)	-
Unwind of discount	-	-	-	-	(0.5)
Settlements	-	-	-	-	4.0
Exchange adjustment	0.1	-	-	0.1	(0.1)
At 31 December 2020	5.9	6.9	0.1	12.9	(12.9)
Additions	2.9	2.5	-	5.4	(5.4)
Acquisition of businesses	6.0	0.8	-	6.8	(6.8)
Depreciation	(2.1)	(2.3)	-	(4.4)	-
Unwind of discount	-	-	-	-	(0.7)
Settlements	-	-	-	-	5.1
Exchange adjustment	-	(0.1)	-	(0.1)	0.1
At 31 December 2021	**12.7**	**7.8**	**0.1**	**20.6**	**(20.6)**

11. Intangible assets

	Goodwill £m	Patents £m	Brand names £m	Customer relationships £m	Licences £m	Customer order book £m	Development costs £m	Total £m
Cost								
At 1 January 2020	345.6	34.4	30.3	17.4	0.8	-	-	428.5
Acquisition of businesses	(0.2)	-	-	-	-	-	-	(0.2)
At 31 December 2020	**345.4**	**34.4**	**30.3**	**17.4**	**0.8**	**-**	**-**	**428.3**
Additions	-	0.3	-	-	-	-	1.2	1.5
Transfer from tangible assets	-	-	-	-	-	-	0.8	0.8

Acquisition of businesses	122.3	4.8	36.2	96.9	-	0.9	-	261.1
At 31 December 2021	**467.7**	**39.5**	**66.5**	**114.3**	**0.8**	**0.9**	**2.0**	**691.7**
Amortisation and impairment losses								
At 1 January 2020	-	9.1	11.5	6.0	0.1	-	-	26.7
Charge for the year	-	3.0	2.8	1.9	0.1	-	-	7.8
At 31 December 2020	**-**	**12.1**	**14.3**	**7.9**	**0.2**	**-**	**-**	**34.5**
Charge for the year	-	3.3	4.9	5.5	0.1	0.4	0.1	14.3
Transfer from tangible assets	-	-	-	-	-	-	0.1	0.1
At 31 December 2021	**-**	**15.4**	**19.2**	**13.4**	**0.3**	**0.4**	**0.2**	**48.9**
Net book value								
At 31 December 2021	**467.7**	**24.1**	**47.3**	**100.9**	**0.5**	**0.5**	**1.8**	**642.8**
At 31 December 2020	345.4	22.3	16.0	9.5	0.6	-	-	393.8

Goodwill arising on the acquisition of businesses was increased by £122.3m following the acquisition of Nu-Heat (Holdings) Limited, Plura Composites Limited, London Topco Limited (Adey) and Tree Ground Solutions BV as detailed in Note 12.

During 2020 goodwill arising on the acquisition of businesses was reduced by £0.2m following finalisation of the calculation of the fair value of assets and liabilities acquired in October 2019 in respect of the Alderburgh group of companies.

Impairment testing of goodwill

Goodwill is not amortised but is subject to annual impairment testing. Goodwill has been allocated for impairment testing purposes to a number of cash-generating units (CGUs) which represent the lowest level in the Group at which goodwill is monitored for internal management purposes. The carrying amount of goodwill allocated to each of the CGUs is as follows:

CGU	**31 December 2021 £m**	31 December 2020 £m
Building Services & International	**33.6**	33.6
Infrastructure & Landscape	**40.7**	40.5
Residential Systems	**169.6**	169.6
Ventilation & Climate	**93.7**	93.7
Adey	**104.8**	-
Nu-Heat	**17.3**	-
Others (comprising Surestop and Ulster)	**8.0**	8.0
	467.7	345.4

Impairment tests on the carrying amounts of goodwill are performed by analysing the carrying amount allocated to each CGU against its value-in-use. Value-in-use is calculated for each CGU as the net present value of that CGU's discounted future pre-tax cash flows. These pre-tax cash flows are based on budgeted cash flows information for a period of one year, construction industry forecasts of growth for the following year and growth of between 2.74% to 2.80% thereafter (2020: 2.68% to 2.80%).

A pre-tax discount rate of 10.4% (2020: 10.0%) has been applied in determining the recoverable amounts of CGUs. The pre-tax discount rate is estimated based on the Group's risk adjusted cost of capital.

The Group has applied sensitivities to assess whether any reasonably possible changes in assumptions could cause an impairment that would be material to these consolidated financial statements. The application of these sensitivities did not cause an impairment of goodwill.

12. Acquisitions

Acquisition-related deferred and contingent consideration comprised:

	31 December 2021 £m	31 December 2020 £m
Deferred and contingent consideration on Plura acquisition	**4.3**	-
Contingent consideration on Permavoid acquisition	**0.5**	3.4
	4.8	3.4

Acquisition-related cash flows comprised:

	2021 £m	2020 £m
Operating cash flows - settlement of acquisition costs		
Nu-Heat	**0.6**	-
Plura	**0.7**	-
Adey	**3.1**	-
Permavoid	**2.5**	-
Other - aborted acquisition costs	**-**	1.2
	6.9	1.2

	2021 £m	2020 £m
Investing cash flows - settlement of deferred and contingent consideration		
Alderburgh	**-**	0.3
Permavoid	**-**	1.5
	-	1.8

	2021 £m	2020 £m
Investing cash flows - acquisition of businesses net of cash at acquisition		
Nu-Heat	**25.8**	-
Plura	**1.8**	-
Adey	**208.6**	-
Tree Ground Solutions	**0.2**	-
	236.4	-

Nu-Heat

On 2 February 2021, the Group acquired 100% of the voting rights and shares of Nu-Heat (Holdings) Limited (Nu-Heat), the leading supplier of sustainable underfloor heating solutions, air and ground source heat pumps, and other renewable heating systems, for a consideration of £27.0m on a cash-free, debt-free basis. The total cash consideration of £24.8m included a payment of £5.7m for net cash on completion and was net of loans and borrowings at acquisition of £6.7m. Additional debt and debt like items amounted to £1.2m.

Details of the acquisition, including fair value adjustments, were as follows:

	Fair value £m
Property, plant and equipment	0.5
Right-of-use assets	0.3
Intangible assets	11.7
Inventories	1.4
Trade and other receivables	0.7
Cash and cash equivalents	5.7

Trade and other payables	(3.3)
Loans and borrowings	(6.7)
Lease liabilities	(0.3)
Income tax payable	(0.2)
Deferred income tax liabilities	(2.3)
Net identifiable assets	**7.5**
Goodwill on acquisition	17.3
Total cash consideration	**24.8**

The 'Nu-Heat' brand, order book and customer relationships have been recognised as specific intangible assets as a result of this acquisition. Fair value adjustments principally relate to the recognition of intangible assets and deferred income tax arising on these adjustments. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise and market share. The goodwill is allocated entirely to the Residential Systems segment.

The fair value of trade and other receivables was £0.7m. The gross amount of trade and other receivables was £0.8m and it is expected that the full contractual amounts can be collected.

Post-acquisition, Nu-Heat contributed £15.5m revenue and £2.4m underlying operating profit which were included in the Group income statement. If Nu-Heat had been acquired on 1 January 2021, the Group's results for the twelve months ended 31 December 2021 would have shown revenue of £595.5m and underlying operating profit of £95.2m.

Acquisition costs of £0.4m were expensed and are included in non-underlying items in administration expenses. Acquisition costs of £0.6m were fully cash settled in the year, including £0.2m that was included in trade and other payables at 31 December 2020.

Plura

On 5 February 2021, the Group acquired 51% of the voting rights and shares of Plura Composites Ltd (Plura) for an initial cash consideration of £1.25m, and a further payment in respect of the option to acquire the remaining 49% of between £6.0m and £16.4m depending on the EBITDA performance of Plura in the 12-month period ending no earlier than 5 February 2024 and no later than 31 July 2024. Under the contractual arrangements, the Group's approval is required for all major operational decisions. Based on this, the Group has concluded that Plura Composites Ltd is a wholly owned subsidiary, and the Group controls it with no non-controlling interests.

Plura provides a range of products for utility companies, road and rail operators, network builders and designers in the construction and maintenance of their networks. Plura's manufacturing expertise lies in pultrusion, compression moulding, injection moulding and fabrications.

Details of the acquisition, including fair value adjustments, were as follows:

	Fair value £m
Property, plant and equipment	0.7
Right-of-use assets	1.7
Intangible assets	3.2
Inventories	0.9
Trade and other receivables	1.8
Cash and cash equivalents	0.2
Trade and other payables	(2.4)
Loans and borrowings	(0.7)
Lease liabilities	(1.7)
Deferred income tax liabilities	(0.5)
Net identifiable assets	**3.2**
Less: estimated contingent consideration	(1.9)
Initial cash consideration	**1.3**

Customer relationships is the only material intangible asset that has been recognised as a result of this acquisition. Fair value adjustments principally relate to the recognition of intangible assets and deferred income tax arising on these adjustments. The goodwill arising on the acquisition is immaterial.

The fair value of trade and other receivables was £1.8m. The gross amount of trade and other receivables was £1.8m and it is expected that the full contractual amounts can be collected.

Post-acquisition, Plura contributed £5.9m revenue and £0.1m underlying operating profit which were included in the Group income statement. If Plura had been acquired on 1 January 2021, the Group's results for the twelve months ended 31 December 2021 would have shown revenue of £594.7m and underlying operating profit of £95.2m.

Acquisition costs of £0.4m were expensed and are included in non-underlying items in administration expenses. Acquisition costs of £0.7m were fully cash settled in the year, including £0.3m that was included in trade and other payables at 31 December 2020.

Contingent consideration of £4.3m has been recognised at 31 December 2021. Of this, £1.9m is contingent on EBITDA performance in the third year of trading following acquisition and has been included in the purchase consideration. The balance of £2.4m has been included in non-underlying items in administration expenses and is contingent on EBITDA performance in the third year of trading following acquisition as well as the continued employment of key personnel. This second payment is being accrued over the three-year period.

Contingent consideration was determined using the Directors' assessment of the likelihood that financial targets will be achieved. There is no material difference between the estimated cash consideration and the fair value. The estimated cash consideration is derived from the budgets and forecasts for Plura.

Adey

On 10 February 2021, the Group acquired 100% of the voting rights and shares of London Topco Limited (Adey) for a consideration of £210.0m on a cash-free, debt-free basis. Adey is the UK's leading provider of magnetic filters, chemicals and related products, which protect against magnetite and other performance constraints in water-based heating systems and improve energy efficiency, operating in predominantly residential end markets. The cash consideration of £86.6m included a payment of £7.3m for net cash on completion and was net of loans and borrowings at acquisition of £129.3m. Additional debt and debt like items amounted to £1.4m.

Details of the acquisition, including fair value adjustments, were as follows:

	Fair value £m
Property, plant and equipment	3.0
Right-of-use assets	4.8
Intangible assets	123.9
Inventories	10.0
Trade and other receivables	11.5
Cash and cash equivalents	7.3
Trade and other payables	(19.1)
Loans and borrowings	(129.3)
Lease liabilities	(4.8)
Derivative financial instruments	(0.8)
Other liabilities	(0.7)
Income tax payable	(0.5)
Deferred income tax liabilities	(23.5)
Net identifiable liabilities	**(18.2)**
Goodwill on acquisition	104.8
Total cash consideration	**86.6**

Customer relationships (£90.5m), the 'Adey' brand (£28.6m) and patents (£4.8m) have been recognised as specific intangible assets as a result of this acquisition. The customer relationships have been recognised with useful economic lives of between 10 to 20 years due to the strength of Adey's relationships with key customers. Fair value adjustments principally relate to the recognition of intangible assets and deferred income tax arising on these adjustments. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise and market share. The goodwill is allocated entirely to the Residential Systems segment.

The fair value of trade and other receivables was £11.5m. The gross amount of trade and other receivables was £11.8m and it is expected that the full contractual amounts can be collected.

Post-acquisition Adey contributed £56.1m revenue and £18.1m underlying operating profit which were included in the ,Group income statement. If Adey had been acquired on 1 January 2021, the Group's results for the twelve months ended 31 December 2021 would have shown revenue of £605.7m and underlying operating profit of £97.2m.

Acquisition costs of £2.9m were expensed and are included in non-underlying items in administration expenses. Of the £2.9m acquisition costs, £2.7m were fully cash settled in the year in addition to £0.4m that were included in trade and other payables at 31 December 2020. A further £0.2m is included in trade and other payables at 31 December 2021.

Tree Ground Solutions

On 3 May 2021, the Group acquired the remaining 50% of the share capital of Tree Ground Solutions BV (TGS), taking the total shareholding to 100%, for a cash consideration of £0.2m (€0.25m). The cash consideration of £0.2m included an immaterial payment for net cash on completion.

Details of the acquisition were as follows:

	Fair value £m
Inventories	0.1
Trade and other receivables	0.4
Trade and other payables	(0.4)
Net identifiable assets	**0.1**
Less: initial investment	(0.1)
Goodwill on acquisition	0.2
Total cash consideration	**0.2**

There have been no fair value adjustments following the acquisition. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise and market share. The goodwill is allocated entirely to the Commercial and Infrastructure Systems segment.

The fair value of trade and other receivables was £0.4m. The gross amount of trade and other receivables was £0.4m and it is expected that the full contractual amounts will be collected.

Post-acquisition TGS contributed £1.1m revenue and £0.1m of underlying operating profit which were included in the Group income statement. If TGS had been acquired on 1 January 2021, the Group's results for the twelve months ended 31 December 2021 would have shown revenue of £594.9m and underlying operating profit of £95.3m.

Acquisition costs were negligible and have been expensed and included in non-underlying items in administration expenses.

Permavoid

On 31 August 2018, the Group acquired 100% of the share capital of Permavoid Limited (Permavoid), a specialist designer and supplier of surface water management solutions in commercial, residential, and sports pitch applications, for an initial cash consideration of £4.3m on a cash and debt-free, normalised working capital basis, and further contingent consideration depending on the EBITDA performance of Permavoid in the two years to 30 September 2020.

During the year a payment of £2.5m was made that was contingent on EBITDA performance in the second year of trading following acquisition and the continued employment of key personnel. Contingent consideration at fair value of £3.4m was held on the balance sheet at 31 December 2020 and was accrued over the two-year period. A balance of £0.5m contingent consideration is held on the balance sheet at 31 December 2021 with £0.4m having been released non-underlying items in administration expenses in the income statement. A further agreement has been made whereby up to £0.5m is payable contingent on EBIT performance for the year ending 31 December 2021. Accordingly, the aggregate consideration is expected to be approximately £8.8m.

13. Financial liabilities

	31 December 2021 £m	31 December 2020 £m
Non-current loans and borrowings:		
Bank loan - principal	**198.0**	60.0
- unamortised debt issue costs	**(0.6)**	(1.1)
Total non-current loans and borrowings	**197.4**	58.9
Cash at bank and in hand	**(52.3)**	(44.1)
Net debt excluding lease liabilities	**145.1**	14.8

	31 December 2021 £m	31 December 2020 £m
Other financial liabilities:		
Trade and other payables	**135.5**	112.2
Lease liabilities	**20.6**	12.9
Other liabilities	**1.4**	0.7
Deferred and contingent consideration	**4.8**	3.4
Derivative financial instruments	**0.1**	-
	162.4	129.2

Bank loan

On 19 November 2018, the Group entered into an Amendment and Restatement Agreement with various lenders in respect of the Group's previous revolving credit facility agreement dated 4 August 2015. The bank loan, which comprised a £300.0m revolving credit facility and £50.0m uncommitted accordion facility, was secured and would have matured in November 2023 (with two further uncommitted annual renewals through to November 2025 possible). The Group incurred £1.7m of debt issue costs in respect of entering into the Amendment and Restatement Agreement dated 19 November 2018 which were capitalised and are being amortised to the income statement over the term of the facility to November 2023.

On 4 May 2020, the Group entered into a revised Amendment and Restatement Agreement with its banking group to provide the additional £50.0m Covid-19 facility for a period of 12 months, leaving the Group with £350.0m of total revolving credit facilities for the next 12 months. The Group also secured agreement from its banking group to temporarily waive certain requirements within the Group's revolving credit facility and suspend the June 2020 quarterly leverage covenant test. The Group incurred £0.3m of debt issue costs in respect of entering into the revised Amendment and Restatement Agreement which were capitalised and amortised to the income statement over the 12-month term of the facility. The facility expired in May 2021.

Interest was payable on the bank loan at LIBOR plus an interest margin ranging from 0.90% to 2.75% which is dependent on the Group's leverage (net debt excluding lease liabilities as a multiple of pro forma EBITDA) and reduces as the Group's leverage reduces. The interest margin at 31 December 2021 was 1.40% (2020: 1.40%). With effect from 4 January 2022, LIBOR was replaced by the Standard Overnight Index Average (SONIA). Pro forma EBITDA for the year was £117.9m (2020: £59.6m), and is defined as pre-IFRS 16 underlying operating profit before depreciation, amortisation and share-based payment charges, for the 12 months preceding the balance sheet date adjusted where relevant to include a full year of EBITDA from acquisitions made during those 12 months.

	2021 £m	2020 £m
Pro forma EBITDA (12 months preceding the balance sheet)		
Underlying operating profit	**95.3**	42.2
Depreciation of property, plant and equipment	**18.4**	16.3
Amortisation of internally generated intangible assets	**0.1**	-
Unwind of discount on lease liabilities	**(0.7)**	(0.5)
Share-based payments charge	**2.5**	1.6
	115.6	59.6
EBITDA from acquisitions	**2.3**	-
	117.9	59.6

At 31 December 2021, the Group had available, subject to covenant headroom, £102.0m (2020: £240.0m) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Group is subject to a number of covenants in relation to its bank loan which, if breached, would result in the bank loan becoming immediately repayable. These covenants specify certain maximum limits in terms of net debt, excluding lease liabilities, as a multiple of pro forma EBITDA and interest cover. At 31 December 2021, the Group was not in breach of any bank covenants. The covenant position was as follows:

Covenant	Covenant requirement	Position at 31 December 2021
Interest cover (Underlying operating profit: Finance costs excluding debt issue cost amortisation)	>4.0:1	**31.3:1**
Leverage (Net debt excluding lease liabilities: pro forma EBITDA)	<3.0:1	**1.2:1**

The interest cover and leverage covenants remain at 4.0:1 and 3.0:1, respectively, throughout the remaining term of the revolving credit facility to November 2023, though there exists the option to apply to extend the leverage covenant to 3.5:1 for a limited period of time if the Group makes an acquisition.

The interest rate on the Group's £300m revolving credit facility is variable, being payable at LIBOR plus a margin. In order to reduce the Group's exposure to potential future increases in interest rates, the Group previously entered into interest rate swaps which expired in August 2020, with interest payable at a fixed rate return of 1.735% (excluding margin).

On 11 February 2021, the Group conducted a non-pre-emptive placing of 18,704,085 new ordinary shares at £5.15 per share generating gross proceeds of £96.3m with issue costs of £2.7m. Net proceeds in excess of the nominal value of £93.6m have been credited to the share premium account. A further £0.1m of listing fees have been incurred and charged to the income statement in 2021.

On 1 May 2020, the Group entered into a £100.0m Euro-Commercial Paper Programme with Citibank N.A. (acting as Issuing and Paying Agent) under the UK Government's joint HM Treasury and Bank of England Covid Corporate Financing Facility (CCFF). On 14 May 2020, the Company drew down £99.463m under the CCFF and issued £100.0m of Euro-Commercial Paper to the Bank of England at a coupon rate of 0.65% per annum maturing on 12 March 2021. On 8 September 2020, the Euro-Commercial Paper was bought back for £99.710m inclusive of accrued coupon. The Company incurred minimal costs in respect of entering into the CCFF, which have been charged to the income statement in 2020.

On 7 May 2020, the Group conducted a non-pre-emptive placing of 26,966,300 new ordinary shares at £4.45 per share generating gross proceeds of £120.0m. The placing was undertaken using a cashbox structure. As a result, the Group was able to take relief under Section 612 of the Companies Act 2006 from crediting share premium and instead transfer the net proceeds in excess of the nominal value to other reserves. Advisors' fees of £3.5m were netted off against the gross proceeds. A further £0.1m of listing fees were incurred and charged to the income statement in 2020.

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