

Annual Report and Accounts 2023

Epwin Group Plc



Epwin Group Plc

Epwin Group Plc is the leading manufacturer of energy efficient and low maintenance building products for the Repair, Maintenance and Improvement (“RMI”), social housing and new build markets in the UK.

Our purpose

Our purpose is to help enhance and protect UK homes and spaces.

Our mission

Delivering for our stakeholders and doing so in a safe and sustainable way.

Our values

Our core shared values of Honesty, Enthusiasm, Respect, Trust and Teamwork are fundamental to what we do.

CEO Commentary

- Jon Bednall



The Group has, once again, delivered financial performance at, or ahead of, market consensus expectations, with 2023 results significantly ahead of a strong 2022 comparative. This is testament to the combined efforts of all my Epwin colleagues and I would like to thank them for this and for the good progress we have continued to make with both our strategic and sustainability targets.

Our diversified portfolio of energy efficient and low maintenance building products leaves us well positioned when end markets recover and to benefit from longer-term structural drivers of demand.

We remain confident in the Group's future prospects, despite the short-term macroeconomic headwinds and expect to make further progress in 2024.”

Investment Case

Epwin Group Plc is the leading manufacturer of energy efficient and low maintenance building products for the Repair, Maintenance and Improvement (“RMI”), social housing and new build markets in the UK. The business commands significant share in its core markets and has continually invested in its operations to improve efficiency, service and the range of products available to its customers.



Established and robust business model

- B2B specialist provider of energy efficient and low maintenance building products
- Strong environmental and sustainability credentials
- Market-leading positions in core business lines
- Multiple established brands and routes to market
- Large and diverse customer base
- Well-positioned for sustainable growth

→ Read about our **business model** on page 16



Executing on strategy in a fragmented market

- Ongoing investment in innovation, new products and materials
- Continued focus on operational improvements and medium-term margin enhancement
- Strong balance sheet and cash flow generation
- Pipeline of further attractive value-enhancing acquisitions

→ Read about our **strategy** on page 18



Medium and long-term market drivers

- Significant underinvestment in ageing UK housing stock – oldest in Europe
- Thermally efficient low maintenance products helping to reduce carbon emissions from buildings
- Growth drivers from pent-up repairs and maintenance demand, new product development, demand for new homes and social housing development and improvement
- Political impetus for renewed social housing activity and improving the energy efficiency of the existing housing stock
- Changing structural trends with increased time spent at home in work and leisure

→ Read about our **core markets** on page 12

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@EpwinGroup



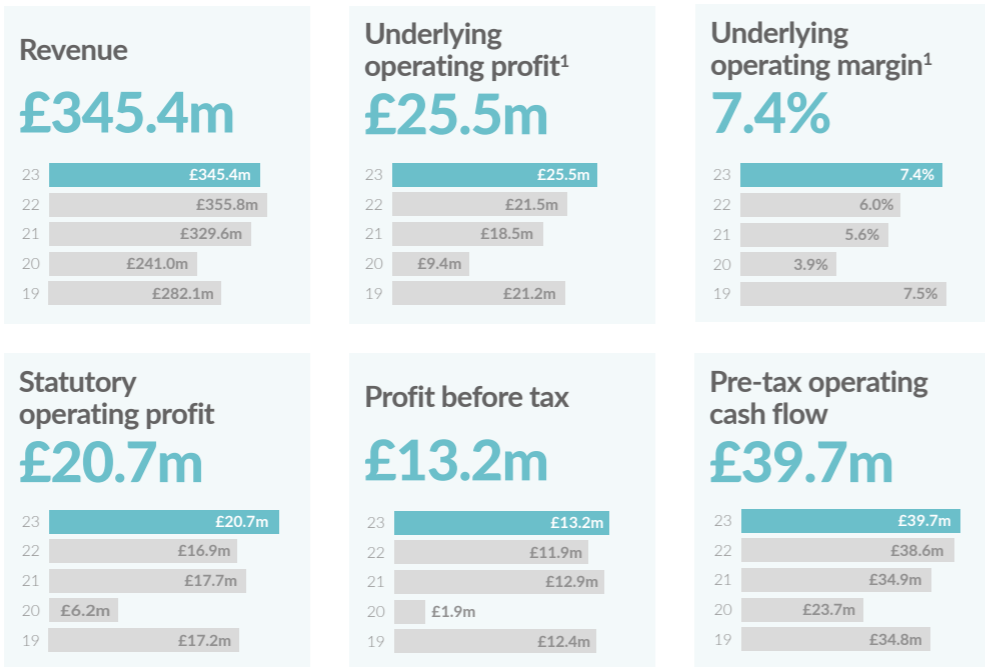
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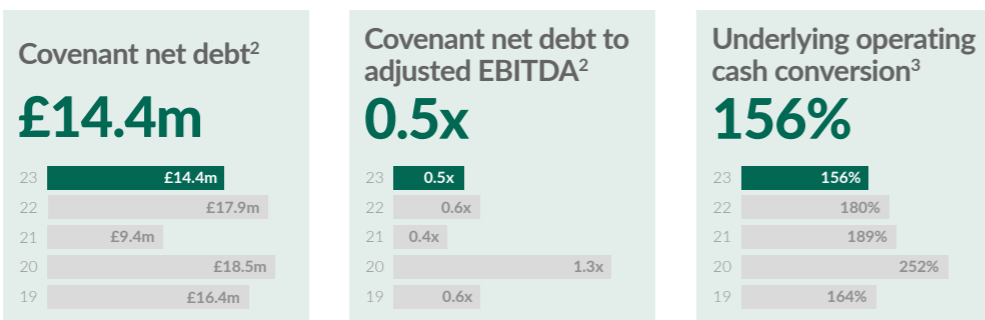
The Year at a Glance

A strong financial performance...

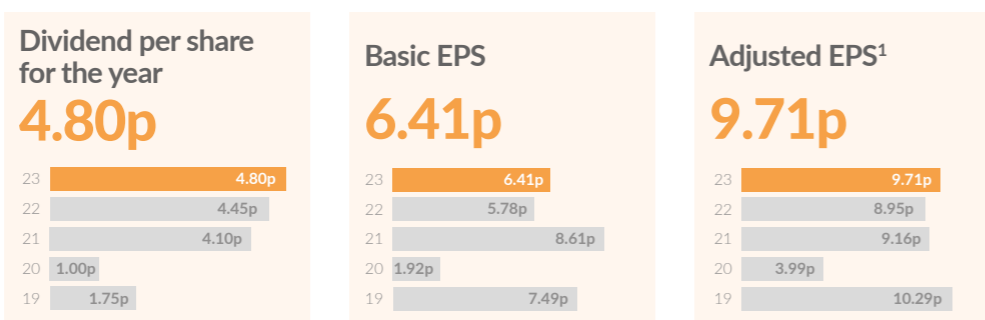
Strong trading performance, demonstrating continued resilience of core products and markets in an unhelpful trading environment



Further strengthening of already robust financial position



Shareholder returns boosted through increased dividends and commencement of buyback



→ Read more about the Group's financial performance in the **Financial Review** on page 24

¹ Adjusted for amortisation of acquired other intangible assets, share-based payments expense and other non-underlying items
² Covenant net debt represents a pre-IFRS 16 measure. For a reconciliation of net debt to covenant net debt see note 20 to the consolidated financial statements
³ Underlying operating cash conversion is pre-tax operating cash flow as a percentage of underlying operating profit

Alongside continued delivery of our strategy...

Value-enhancing acquisitions	New product development	Operational improvement
<ul style="list-style-type: none"> Integration of 2022 acquisitions, progressing in line with management expectations Capital investment programme to expand materials re-processing capacity and margin at Poly-Pure completed <p>Strategic links</p>	<ul style="list-style-type: none"> Progress being made on increasing the use of recycled materials within extruded products as well as developing market opportunities for reprocessed material Focus on wider product range extension continues, with new products added to core ranges <p>Strategic links</p>	<ul style="list-style-type: none"> Consolidation of decking manufacturing to a single site completed on time in H1 2023, with operational synergies being realised Implementation of single IT system across the distribution network progressing well, with phased implementation from Q4 2023, expected to complete in H1 2024 <p>Strategic links</p>

→ Read more about the Group's progress against our core strategic objectives on page 18

An established business model...

Operating in the highly fragmented building products market, the Group's broad product range, with a number of nationally-recognised brands, wide range of materials capabilities and diverse customer base provides a number of routes to market.

→ Read more about our **business model** on page 16

Further strides on sustainability ...

- Energy intensity continues to reduce
 - Further progress on our sustainability journey
- Read more about our **progress during the year** on page 36

And maturing sustainability reporting ...

- Reporting on climate-related risks and opportunities continues to develop, including Year 1 reporting under TCFD
- Read our **TCFD reporting** on page 38

Makes us well-positioned for the future

- Current trading in line with Board's expectations
- Proven resilience against subdued markets and macroeconomic headwinds, which are expected to continue throughout 2024
- Confidence in strategy and £60 million+ headroom on facilities to pursue our aims
- Positive medium and long-term market drivers remain

→ Read more about the **outlook for our core markets** on page 12



Business Overview and Principal Activities

Epwin is the leading, vertically integrated, UK-based manufacturer of energy efficient and low maintenance building products with significant shares in its core markets, supplying products and services with strong sustainability credentials into the Repair, Maintenance and Improvement (“RMI”), new build and social housing sectors.

The Epwin business has grown and developed, both organically and by acquisition, over nearly 50 years to become a leading manufacturer, supplying a broad range of PVC, glass-reinforced plastic (“GRP”), composite and aluminium low maintenance building products and services predominantly to the UK market.

The Group has developed and acquired a portfolio of nationally recognised “B2B” brands, which are used to maximise the sales opportunities presented by the diverse markets that the Group serves.

The Board and senior management view the Group as having two distinct business segments that operate from a number of well-invested facilities located across the UK.

Extrusion and Moulding

The Extrusion and Moulding business is one of the UK’s largest manufacturers of extruded window profile, cellular roofline and cladding, rainwater, drainage, decking systems and GRP building components. These businesses include:

- Leading brands of PVC-ue extruded cellular roofline and cladding systems for the replacement and installation of fascias, soffits, barge boards and cladding. Epwin is the market leader
- Complementary range of PVC-u rainwater and drainage products. There is considerable scope for volume and market share growth in the coming years
- Complete extruded PVC-u window profile systems for fabricators of windows, doors, cavity closers and curtain walling. Epwin is one of the leading UK manufacturers
- A leading UK materials re-processor, recycling post-consumer and post-industrial PVC building materials, including PVC window frames
- Aluminium window profile system for fabricators of windows and doors
- UK-leading manufacturer of GRP building components for the housebuilding industry in the UK. The product range includes porches, dormers, chimneys, bay window roofs, entrance canopies, copings and other bespoke components. We aim to capitalise on the opportunities for these products in the RMI and social housing markets

- Wood-plastic composite (“WPC”) products, the current primary application being an environmentally friendly hardwood substitute for outdoor decking. We plan to expand the range of products and use of recycled materials over the coming years
- PVC-u and aluminium decking products have been designed and launched to complement our existing WPC decking. This provides Epwin with the product range to address different markets and, through our downstream decking installation businesses, enables us to provide a full end-to-end service to customers
- The business operates from extrusion and moulding facilities in Telford, Tamworth and Scunthorpe and a materials re-processing plant in Norwich

Fabrication and Distribution

The Fabrication and Distribution business includes the Group’s national network of plastic distribution outlets and window stores, complementing the Group’s commitment to its independent distributor customers, as well as servicing specialist customer requirements with fabricated windows and doors from the Group’s own profile systems. Added value services include bespoke design and scheduling as well as plot and installation management for social and new build housing projects. The Fabrication and Distribution business:

- Distributes the Group’s products through a national network of more than 90 building plastic trade distribution centres, complementing the Group’s independent distribution customers
- Manufactures PVC windows and doors in addition to GRP and thermoplastic door sets from three fabrication sites located in Paignton, Telford and Upton-upon-Severn, serving the Group’s distribution centres as well as social housing and new build customers
- Includes our decking design and installation businesses, providing routes to market for the Group’s extruded decking products, in particular to the holiday park sector

2.2m+

Square footage occupied across c. 125 UK locations

2,000+

Employees supporting Epwin Group’s growth

90+

Branches in our distribution network

30+

Trusted brands under the Epwin Group

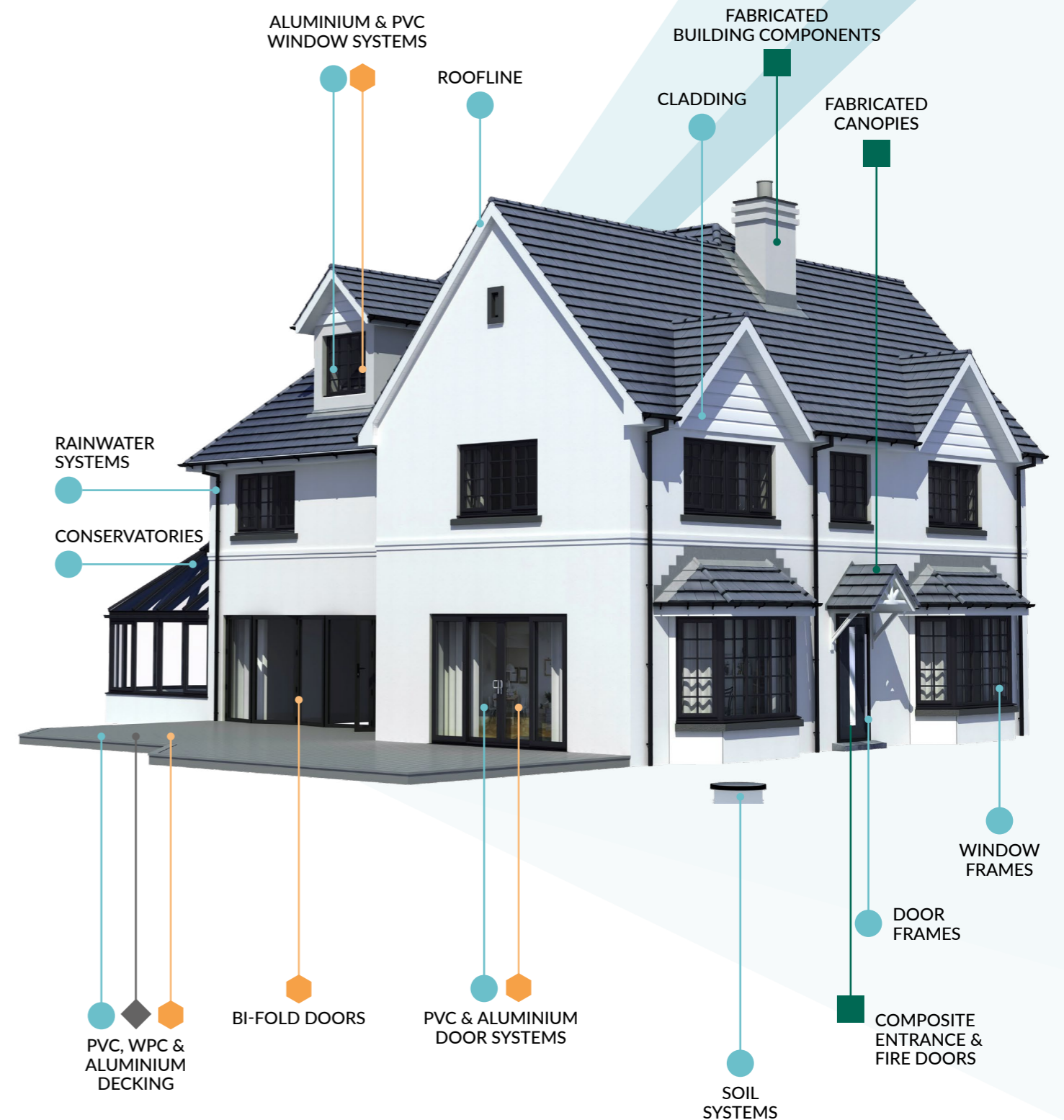




Our Materials and Products

The Group's building products have strong inherent sustainability credentials, with a portfolio of high-quality long-life products designed to improve the energy efficiency of homes or replace more resource-intensive materials as well as being low maintenance in use and recyclable at the end of their useful lives.

Products	Value to customers and end-users	Sustainability in practice
<p>Polyvinyl chloride ("PVC")</p> <p>●</p>	<p>Extrusion of rigid and cellular PVC profiles and decking systems.</p> <p>PVC products are well-suited to use as building products, do not warp or rot when exposed to the elements and are heat and light stable.</p> <p>Low maintenance requirements compared to alternative materials, such as timber.</p> <p>Epwin window and door systems achieve some of the highest energy ratings on the market, resulting in improved heat retention, lower energy usage and bills and annual carbon savings.</p>	<p>Long useful lives, typically 25 years or more for our window and door systems and 35 years or more for our roofline products.</p> <p>PVC products widely recyclable at the end of their lives, up to ten times.</p> <p>Low maintenance requirements, resulting in reduced emissions once installed.</p> <p>Ability within the Group to recycle post-industrial and post-consumer waste for use as raw material, contributing to circular economy.</p>
<p>Glass-reinforced plastic ("GRP")</p> <p>■</p>	<p>Stormking is the UK's largest GRP building product manufacturer. The product range includes porches, dormers, chimneys, bay window roofs, entrance canopies, copings and other bespoke components.</p> <p>Products supplied primarily to housebuilders and are delivered to site pre-manufactured, reducing health and safety risk for customers.</p> <p>Enables new houses to be constructed more efficiently, addressing skilled labour availability and the shortage of suitable and affordable housing in the UK.</p>	<p>GRP is significantly lighter than equivalent products, for example brick or steel, resulting in lower emissions from transportation.</p> <p>GRP products have long useful lives, of 50 years or more.</p> <p>Several routes to recycling of post-consumer waste and alternatives to landfill, as well as having low production waste levels.</p>
<p>Wood-plastic composite ("WPC")</p> <p>◆</p>	<p>The Group supplies a range of WPC decking and outdoor materials to the UK building products industry. The use of composite products allows for increased durability and slip resistance compared to traditional materials.</p> <p>Composite decking products are simple to install and require minimal maintenance compared to timber alternatives, which require treatments such as painting and rot repairs as WPC has a very low take up of moisture.</p>	<p>Composite products are more weather resistant and have longer lives than timber alternatives.</p> <p>Recycled materials are incorporated in the production process. Dekboard® is made from 50% recycled materials and our WPC decking is made from a minimum of 95% recycled materials.</p>
<p>Aluminium</p> <p>●</p>	<p>The Group's aluminium products include its Stellar® aluminium window and door systems and its Adek® range of aluminium decking.</p> <p>Award-winning Stellar® aluminium window system, achieves the same high standards of energy efficiency as our PVC window systems.</p> <p>Our advanced powder coating paint system results in a high-quality and weather-resistant finish that comes with a 25-year guarantee.</p> <p>Aluminium decking suitable for use as balconies on high-rise buildings due to A2 (non-combustible) fire rating.</p>	<p>Stellar® is 30% slimmer than the main competing systems for comparably sized windows, reducing the amount of material required in the manufacturing process and reliance on artificial lighting.</p> <p>Aluminium is a widely recyclable material. Our Adek® decking is made from 100% recycled aluminium, which uses approximately 5% of the energy that would be needed to produce the same amount of new material.</p>





Chairman's Statement



Reflecting on my ten years as Chairman, it has been a great pleasure to be part of the development of the Group, particularly the expansion of its product range, the successful integration of acquisitions and consolidation of its operations. I see the business as being very well placed for the future and I wish the Group continued success."

Andrew Eastgate

Chairman

The Group successfully navigated a challenging trading and macroeconomic environment to deliver an excellent 2023 result that again meets profit expectations. This is testament to the efforts and commitment of our hard-working employees across the Group and I would again like to thank them, on behalf of the Board and our shareholders, for their dedication. We were pleased to be able to award a cost of living support payment to all employees, with the exception of senior management, for a second year in recognition of these efforts.

Strong performance

The Group once again met its revenue and profit expectations, delivering a strong performance. Trading remained steady through to the end of the year, albeit H2 revenues reflected more subdued market conditions following a strong first half. Full year revenue of £345.4 million (2022: £355.8 million) represents a small decline, as expected, compared to the prior year due to more subdued volumes in private housing RMI, a sluggish housing market, and the impact of softening PVC prices and consequent reductions in surcharges.

Underlying operating profit of £25.5 million (2022: £21.5 million) represents a 19% increase from a strong comparative as margins returned towards pre-pandemic levels and we maintained a sharp operational focus to control costs, with statutory operating profit also ahead at £20.7 million (2022: £16.9 million).

Strong cash generation continued during the year, with pre-tax operating cash flow increasing to £39.7 million (2022: £38.6 million) and covenant net debt at the year end, better than expected, at £14.4 million (2022: £17.9 million). The strength of the Group's financial position and significant headroom on banking facilities, in excess of £60 million at year end, provides ample capacity and flexibility to drive our long-term strategy.

This performance demonstrates the strength of our business model and the resilience of our customer base and core markets.

Strategic progress

The Board considers that the Group's core strategic objectives remain appropriate and, therefore, the Group's operational strategy continues to focus on extending our product portfolio, technical capability and channels to market, through investment in new products and acquisitions, operational improvement, cross-selling across our customer base, and leveraging the recognition and channels of our brands for the benefit of the Group.

During the year, we made good progress against our core operational objectives with a particular focus on the integration of our 2022 acquisitions and consolidation of activities across the Group, including:

- Investment in plant to expand recycling capacity and margins at Poly-Pure, acquired in 2022
- Investment in co-extrusion tooling to enable increased use of recycled PVC in place of virgin material
- Transition of third-party production to our own facilities, following 2022 acquisitions
- Consolidation of Group decking production to a single site completed in H1 2023
- Implementation of a single IT system covering our distribution network, which went live on a phased basis in Q4 2023, to complete in H1 2024
- Realisation of additional cross-selling opportunities presented through our distribution network

The Group continues to make progress with developing a meaningful and positive sustainability framework and targets, while delivering on our sustainability agenda in support of our wider strategy. Our commitment to our sustainability strategy is underlined by the formalisation of sustainability metrics within our new Sustainability-Linked Loan facility with existing lenders, Barclays and HSBC, where modest adjustments to the margin are applied based on the Group's achievement against annual targets relating to PVC recycling and energy intensity ratio.

Our sustainability reporting continues to develop. For the third year, we present an integrated Sustainability Report and, this year, we have adopted the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") for the first time.

Share buyback and dividends

In November 2023, the Group announced the commencement of a share buyback programme for the repurchase of up to 3 million ordinary shares for cancellation, as our strong cash generation and balance sheet provided the opportunity to take advantage of market conditions to repurchase shares at attractive levels and return additional funds to shareholders. The buyback is progressing well, and we anticipate completing this initial programme in early Q2 2024. As at 31 December 2023, 0.4 million ordinary shares had been repurchased and cancelled, at a total cost of £0.3 million. To the date of this report, 3.0 million shares have been repurchased, at a cost of £2.3 million. Additionally, the Group repurchased 0.7 million shares following the post year end vesting and exercise of options under the Group SAYE scheme.

Taking into account the outlook for the Group, and our strong financial position, the Board declared an interim dividend of 2.00 pence per share (2022: 1.90 pence per share), which was paid to shareholders in October 2023. The Board is recommending a final dividend for 2023 of 2.80 pence per share (2022: 2.55 pence per share) to be paid on 5 June 2024 to shareholders on the register on 10 May 2024. This full year dividend of 4.80 pence per share (2022: 4.45 pence per share), represents an increase of 8% over the prior year and is in line with the Board's policy of a progressive dividend that is approximately twice covered by adjusted profit after tax.

The Group intends to continue returning capital to shareholders both by way of our on-going dividend policy and the buyback programme, alongside continued investment in the Group's strategy.

Corporate governance and AGM

The Board of Directors, including myself as Chairman, acknowledges the importance of the ten principles set out in the QCA Code and details of our compliance with the Code can be found in the Corporate Governance section of this Annual Report as well as on the corporate website.

The Annual General Meeting ("AGM") will be held at Squire Patton Boggs (UK) LLP, Rutland House, 148 Edmund Street, Birmingham, B3 2JR on Tuesday 21 May 2024 at 11.00 am.

Further details (including in relation to shareholders' questions and proxies) are set out on pages 122 to 127.

Board changes

As part of our ongoing review of board composition and in an effort to increase the breadth of skills and experience across the Board, I am pleased to announce that Kathy Callaghan will be appointed as

Non-Executive Director from 10 April 2024. Kathy brings a wealth of experience, most recently from Rotork Plc where she was Group HR Director and a member of the executive team and board ESG committee with responsibility for global HR, communications and external affairs.

After almost ten years as Chairman of the Board, having been appointed as Chairman shortly after the IPO in 2014, I gave notice of my intention to step down from this position and retire from the Board following the forthcoming AGM. The Board's succession planning means that I am delighted to announce that Stephen Harrison has agreed to replace me as Chairman and I wish him, the Board and the Group every success for the future.

Summary and outlook

The Group's trading performance during 2023 has been resilient, demonstrating the strength of our multi-brand, multi-channel business model, and we have continued to make good strategic progress, delivering strong operating profit and cash flow in a challenging trading environment.

As we begin 2024, macroeconomic headwinds continue in the form of economic uncertainty, continued elevated inflation, heightened interest rates and a further anticipated slowdown in the housing market according to recent Construction Products Association forecasts. However, the Group's broad product range, diverse customer base and operations, longstanding supplier relationships and strong balance sheet continue to provide a large measure of resilience against any short-term changes in conditions.

The medium to long-term drivers of the market remain positive, with the UK still facing a shortage of new and affordable housing, an ageing and underinvested housing stock and increasing concern about the quality of social housing. Environmental concerns are driving legislation and initiatives that will require improvements to homes on a larger scale than simply essential maintenance, with the need to decarbonise the UK housing stock and improve the energy efficiency of homes growing in urgency given the UK's net zero commitments.

Despite the current macroeconomic outlook, we remain confident of executing our strategy, supported by the strength of the medium and long-term drivers of our markets.

Andrew Eastgate

Chairman

10 April 2024



Our 2023 performance demonstrates the strength of our multi-brand, multi-channel business model and the resilience of our customer base."



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Market Overview and Outlook

The Group operates in a highly fragmented market, with a diverse range of business customers in the UK building products industry mainly serving the private and public housing RMI and new build sectors.

The Group's core markets have been impacted by the unhelpful macroeconomic environment during 2023, with the CPA estimating an 11% fall in activity for private housing RMI and a 19% fall in activity for private housing new build. Epwin has outperformed the market to deliver a strong trading performance, with revenue declining by just 3% overall compared to 2022 (5% on a like-for-like basis). This is due to our inherently strong position as a manufacturer of scale and the market leader for many of our products, as well as the resilience of our business model.

Our broad range of products and nationally recognised brands, wide range of materials capabilities and diverse customer base provides a number of routes to market, which has enabled the Group to successfully navigate a period of varied demand across the wider building products sector. The Group's commitment to independent distributors, who are more agile and appear to have weathered the softening market conditions better than larger distributors, remains a strength.

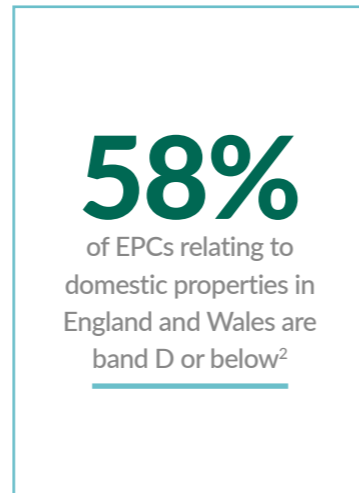
Looking ahead to 2024, macroeconomic headwinds remain. See below for expectations regarding our core markets:

Markets

Third-party data

1 Private housing RMI

- Private housing RMI is now the second largest construction sector having reached historic high levels at the end of 2021 and in early 2022
- The CPA forecasts a fall of 4% in 2024 before returning to modest growth in 2025, driven by a sluggish housing market, consumer confidence and spending and the impact of interest rates on household finances¹

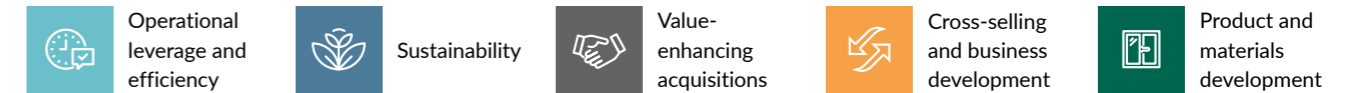


2 Private new build housing

- The CPA expects private housing starts and completions to fall by 4% in 2024, following a challenging year for housebuilders which saw double digit declines in both, before returning to growth in 2025¹
- Driven by a sluggish housing market and increased mortgage rates impacting demand, as well as a challenging planning environment



Strategy key



The main challenges during the year have been in relation to consumer confidence and spending and the housing market slowdown. Increases in the Bank of England base rate to combat inflation has had a twofold effect in the market, reducing demand for new build properties and reducing the number of transactions across all property types. This, in turn, impacts the level of improvement activity in the RMI sector, as improvements often take place soon after a property is purchased. The impact of the cost of

living crisis and higher mortgage rates on disposable incomes and consumer confidence, has resulted in reduced demand and lower activity in the RMI market, with non-essential improvement works again most affected.

Impact

Our Response

Spending on non-essential, smaller discretionary improvements likely to be most impacted. A majority of RMI activity relates to repairs and maintenance work that cannot be postponed indefinitely, providing a level of base activity for the Group.

Though there are early signs that consumer confidence is improving with growth in real wages and employment levels remaining high, in the short term, conditions are likely to remain challenging.

- Continued operational focus to protect profit margins
 - Strong market positions with high-quality, energy efficient products and a national distribution network to service the market effectively
 - Multi-brand, multi-channel market approach maximises trading opportunities
 - Diverse product range and customer base provides resilience, as demonstrated by strong 2023 performance
 - Continued investment in new product development to ensure our product offer remains attractive to customers
- Strategic links**
-

Our new build-facing businesses benefitted from housebuilders' increased focus on completing existing plots during the first part of 2023, driving demand for products such as our GRP porches, dormers and chimneys.

With fewer plots commenced in 2023, and as housebuilders continue to slow their build rates and report reduced order books going into 2024, we are likely to see a short-term contraction in demand. Easing mortgage rates, demand for affordable housing and anticipated cuts to interest rates provide upside potential.

- Strong position as the market leader in GRP building components providing benefits to housebuilders
 - Progress on operational efficiencies during 2022 and 2023 means businesses are well placed to respond to changing levels of demand
 - Opportunities for our new build-facing businesses to sell into other markets
 - Medium and long-term drivers remain strong as the chronic undersupply of housing continues, with targets for new homes still not being met
- Strategic links**
-

¹ Construction Products Association *Industry Forecasts* (published January 2024)

² Department for Levelling Up, Housing & Communities ("DLUHC") *Live tables on Energy Performance of Buildings Certificates* (updated January 2024)



Market Overview and Outlook continued

Markets

3 Public housing RMI and new build

- Social housing RMI considered a priority, with providers focussing on addressing legacy safety issues, increasingly high-profile quality issues and decarbonisation of existing stock
- There remains a national shortage of suitable housing
- Growth limited by financially constrained local authorities and housing associations, CPA forecasting modest growth of 2% in public housing RMI in 2024 and 2025¹



Third-party data

3.5m
households in England living in a home that fails to meet the Decent Homes Standard³

Strategy key

- Operational leverage and efficiency
- Sustainability
- Value-enhancing acquisitions
- Cross-selling and business development
- Product and materials development

Impact

There is a growing focus on decarbonisation and need for urgent improvements to the general condition of the existing public housing stock. Issues relating to the quality of housing built and maintained by social landlords, including damp and general disrepair, are becoming increasingly high profile. This should result in housing associations and local authorities diverting more spending to basic repairs and maintenance, which would benefit the Group.

Our Response

- Encouraging start to the year for our social housing-facing businesses
- Long-term drivers remain strong, with underinvestment in the social housing stock, much of which does not yet meet minimum EPC requirements
- Sustainability matters of particular importance to social housing providers and local authorities, Epwin is well placed with strong environmental and sustainability credentials

Strategic links

¹ Construction Products Association *Industry Forecasts* (published January 2024)
² Department for Levelling Up, Housing & Communities ("DLUHC") *Live tables on Energy Performance of Buildings Certificates* (updated January 2024)
³ DLUHC *English Housing Survey 2021 to 2022: housing quality and condition* (published July 2023)

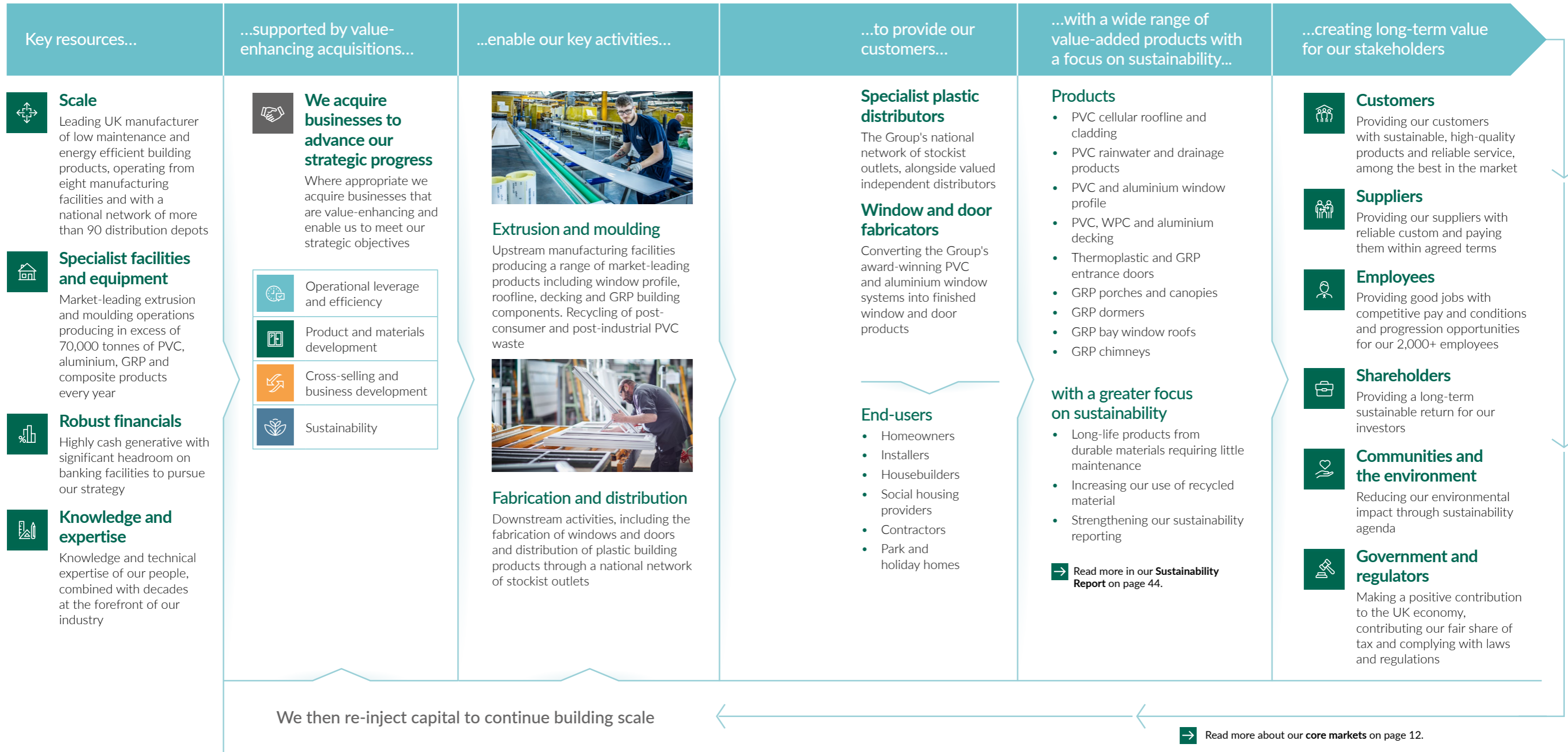
Despite short-term macroeconomic headwinds, the medium to long-term underlying market drivers remain strong:

<p>A large number of ageing UK properties that require essential repairs and maintenance</p>	<p>Group well placed to serve the domestic RMI market with a diverse product range including cellular roofline, rainwater and drainage products and PVC wall panels alongside our range of window and door systems, supplied directly or via our national network of building plastics distributors and independent stockists.</p>
<p>Growing UK population and shortage of suitable new housing</p>	<p>Government target of 300,000 new homes per year consistently not being met meaning there remains a chronic shortage of housing, which could benefit the Group as a supplier to some of the UK's largest housebuilders.</p>
<p>Environmental concerns increasing in importance in light of the UK's net zero commitments</p>	<p>Leading to more stringent requirements regarding the energy ratings of new build properties, which could drive demand for the Group's energy efficient building products. As much of the existing housing stock is still poorly insulated, there could be a drive to replace old windows with newer windows with better energy ratings, which would benefit the Group. Increased recycling of post-consumer PVC waste could benefit the Group's recycling operations.</p>

<p>Government targets relating to the energy performance of social housing</p>	<p>Targets relating to minimum EPC ratings of social properties (EPC of C by 2030 in Wales, EPC of B by 2032 in Scotland and EPC of C by 2035 in England) will require large-scale upgrade of social housing portfolio, including windows, which is likely to benefit social housing-facing businesses within the Group and external fabricators serving the public housing market.</p>
<p>Changing structural trends with an increase in time spent at home</p>	<p>Continues to drive demand for larger home improvements, including on gardens and outdoor spaces, which is likely to benefit the Group despite short-term uncertainty around the RMI market.</p>



Business Model



Underpinned by strong, medium and long-term market trends





Strategy

The Group's strategy remains focussed on extending our product portfolio, technical capabilities and channels to market, through investment in new products and acquisitions, operational improvement, cross-selling across our customer base, and leveraging the recognition of our brands for the benefit of the Group.



Operational leverage and efficiency



Product and materials development



Cross-selling and business development



Value-enhancing acquisitions



Sustainability

Our purpose is to help enhance and protect UK homes and spaces.

Operational strategy driving our activity...

Product and materials development

Strategic aim

- Broaden product portfolio
- Enhance materials and technical capabilities
- Continuous improvement of existing products and market offer

Strategy in action

- Investment in plant to expand recycling capacity and margins at Poly-Pure, acquired in 2022
- Investment in co-extrusion tooling to enable increased use of recycled PVC in place of virgin material
- Range expansion of existing products, including launch of enhanced decking product

Priorities

- Realise capacity and margin benefits provided by Poly-Pure investment and increase the use of recycled materials across our product range
- Utilise product and materials knowledge to further expand and develop market offer

→ Read more in the **Operational Review** on page 21.

Strategic keys



Operational leverage and efficiency

Strategic aim

- Utilise existing spare capacity with added volumes or deliver site consolidations
- Focus on producing and delivering our products and services ever more cost effectively

Strategy in action

- Completed consolidation of decking manufacture into a single site on time in H1 2023
- Implementation of single IT system across our distribution network is progressing, with phased implementation on track and expected to complete in H1 2024

Priorities

- Completion of the distribution IT project to allow full benefits of improved monitoring, reporting and information flow
- Further utilisation of production capacity by transfer in of third-party production following acquisitions

Cross-selling and business development

Strategic aim

- Sell more existing and new products to existing customers in different channels and markets
- Develop the use of existing brands to increase market coverage and penetration

Strategy in action

- Realisation of additional cross-selling opportunities between our fabrication businesses and customers and our distribution depot network
- Integration of decking businesses, acquired in 2022, with the transition of third-party production to our own decking manufacture progressing

Priorities

- Further integration of 2022 acquisitions, to ensure all opportunities for cross-selling and synergies are identified and exploited
- Progress cross-Group sales by exploiting and developing existing market opportunities and the Group's broad product range

...supported by selective value-enhancing acquisitions...

Value-enhancing acquisitions

Strategic aim

- To undertake selective, value-enhancing acquisitions that enable the Group to deliver on the three strands of its core operational strategy and on its sustainability agenda

Strategy in action

- Integration of 2022 acquisitions, progressing in line with management's expectations
- Final consideration paid in respect of the 2019 acquisition of PVS in line with accrued amount
- Investment in Poly-Pure re-processing capacity and ability to produce higher margin material completed

Priorities

- Pipeline of acquisitions remains healthy, continues to be monitored by management
- Increase the use of recycled materials across our product range

→ Read more in the **Operational Review** on page 21.

Strategic keys



...with sustainability embedded in our operating practices and strategy

Sustainability

Strategic aim

- The Group continues to focus on sustainability in all respects, ensuring that our operations and our products enable us to contribute to the UK's wider sustainability goals alongside consistently delivering a financial performance which makes us a sustainable investment and enables us to pay a sustainable dividend to our shareholders

Strategy in action

- Renewed banking facilities as a Sustainability-Linked Loan, which includes margin adjustments based on targets relating to energy intensity and PVC recycling
- Reduction in GHG emissions per £m gross revenue of 8%
- Development of sustainability reporting, including TCFD reporting for the first time

Priorities

- To have recognised, third-party environmental certifications in place across our core product range
- Formalisation of sustainability metrics and targets
- Establishing a realistic and positive pathway to net zero for the Group

→ Read more about our **sustainability journey** on page 36.

Strategic keys





Operational Review



A sharp operational focus and responsible approach to our markets, made possible by the commitment and talent of our people, gives us confidence in the strength of our business model and has enabled us to navigate an unhelpful macroeconomic environment to again present improved profits, higher margins and continuing strategic delivery.”

Jon Bednall

Chief Executive Officer

Strong trading performance

The Group delivered a strong performance in 2023 and continued to make progress towards our strategic objectives. Revenue declined slightly compared to the prior year, as expected, by 3% to £345.4 million against a very strong comparative (2022: £355.8 million). This was due to lower market volumes, primarily in the second half of the year, and surcharge reductions as PVC input prices reduced, offset by the full year contribution of our 2022 acquisitions, which contributed £12.0 million of external revenue (2022: £3.8 million).

Underlying operating profit increased by 19% to £25.5 million (2022: £21.5 million), as underlying operating margin improved by 140 basis points to return towards pre-pandemic levels, reflecting our strong operational focus and responsible approach to materials price inflation in a competitive market.

The easing of raw material inflation, which was a significant factor in 2021 and 2022, appears to have plateaued, with prices remaining at elevated levels. Inflation continues to put pressure on overheads, particularly staff costs, driven by labour retention and living wage increases, and power prices, which continue to be elevated. As a result, the Group continues to implement pricing actions where needed to pass on heightened operating costs appropriately. Recruitment challenges have eased somewhat but remain a factor and we continue to develop our pool of talent for the future, welcoming an increased number of apprentices to the Group during the year, along with the second cohort of participants on our graduate programme.

Operational highlights

Health and safety

The safety and wellbeing of our employees is our key operational priority and we strive for continuous improvement in health and safety standards across all operations. Health and safety related KPIs, disclosed on page 28, are closely monitored by the main and divisional boards. Our accident frequency rate (“AFR”) has increased slightly to 4.4 per 100,000 hours worked (2022: 3.8), but remains below industry benchmarks. This is again driven by increased reporting of minor accidents, as lost time accidents (resulting in one or more days unable to work) were lower than 2022 on a like-for-like basis. Employees are encouraged to report all incidents and near-misses, even when minor, as part of a proactive approach to risk management and to promote an open and blame-free culture where health and safety is continually improving. There was also an increase in the number of RIDDOR injuries to 11 (2022: 9). While this remains low for a manufacturer of our size, the occurrence of any injury is always disappointing, with all incidents thoroughly investigated and appropriate actions taken.

A Group-wide exercise to reinforce training and ensure safe process is adhered to, focussing on the most common accident types, is again being undertaken. The recording and reporting of accidents remains critical to understanding the level of risk and adherence to process in our operations and KPIs continue to be monitored closely by management.



Operational Review continued

Production

With volumes in our core markets softening compared to the prior year, particularly in the second half of the year, we maintained a sharp focus on operational efficiency. Across our key manufacturing locations, materials efficiency and scrap rates are closely monitored and improved during the year, from an already strong base, with scrap rates reducing to all-time lows across the Group due to improved operational working practices.

Recycling

Increasing the volume of PVC waste recycled through our operations and increasing the use of recycled material within our own products remain core areas of focus for the Group. During the year, we invested in expanding the capacity and margins of our recycling operation and in co-extrusion tooling, which enables us to incorporate a greater proportion of recycled material into our products. The capital investment plan committed to on the acquisition of Poly-Pure was completed and operational by the end of 2023, albeit behind schedule due to delays in the delivery of plant. The business is now in a position to deliver on the increased capacity, margin and synergies envisaged at acquisition.

Strategic progress

The Group's focus continues to be on operational efficiency, product and materials development, cross-selling and business development, identifying and completing value-enhancing acquisitions and building on the Group's inherent sustainability credentials.

Value-enhancing acquisitions

During 2022, the Group completed the acquisition of Poly-Pure, a leading UK materials re-processor and Mayfield, a supplier of decking and related products to the holiday park industry. Integration of the 2022 acquisitions has been a focus during the year and is progressing in line with management's expectations.

The initial Poly-Pure integration is well progressed. The business was impacted by increased prices for recyclate, driven by an increase in market demand, and capital investment plans to raise capacity and facilitate the production of higher margin material were impacted by long lead times on plant. However, the capital investment was completed by year end and the business is building encouraging momentum

for the future. The acquisition has enabled the Group to accelerate delivery of its sustainability agenda and contribute to a circular economy by recycling post-consumer waste and developing the wider market for recycled raw materials, and we remain optimistic about its prospects.

Mayfield has expanded the geographical coverage of the Group's growing decking operations and outdoor products range and the transition of third-party production to our own facilities is progressing. As a result, Mayfield has delivered an encouraging performance against challenging conditions in the holiday park and leisure market.

Product and materials development

Broadening our product portfolio and continually improving our products to ensure they remain at the forefront of the market, continues to be a priority for the Group. We work closely with our customers so that our actions are informed by their feedback. During the year we added further products to our core PVC and aluminium ranges and enhanced the opportunities to both utilise in house, and sell externally, reprocessed materials.

Progress with consolidation and rationalisation of activities

As a diverse Group that has grown significantly through acquisition, particularly in our decking operations and distribution network, consolidation and rationalisation of our activities has been a core focus in recent years. The project, commenced in 2022, to consolidate decking production into a single site was completed on time during the first half of the year, enabling operational synergies to be realised from the second half of 2023.

The project to consolidate IT systems, as well as finance and administrative functions, across our distribution network is progressing with the system going live on a phased basis in Q4 2023 and the roll-out across our branch network anticipated to complete in H1 2024. The single system will result in improved information flow, enabling more streamlined reporting and real-time monitoring of KPIs.

Sustainability

The Group continues to focus on sustainability in all respects, ensuring that our operations and our products enable us to contribute to the UK's wider sustainability goals alongside consistently delivering a financial performance that makes us a sustainable investment and enables us to pay a sustainable dividend to our shareholders. Environmental targets remain most relevant to the Group as an energy-intensive manufacturer of scale. Our main focus is on reducing the carbon footprint of our operations, primarily through actions to reduce waste and energy usage, reducing the carbon footprint of our products, primarily through increased use of recycled raw materials, and contributing to the circular economy through the recycling of post-consumer and post-industrial waste. Our commitment to sustainability is underlined by the formalisation of sustainability metrics within the Group's new Sustainability-Linked Loan facility with our existing lenders, Barclays and HSBC.

→ Read more in our [Sustainability Report](#) on page 44.

Summary and outlook

In 2023, the Group demonstrated its resilience and ability to deliver against an unhelpful market backdrop. Looking ahead to 2024, short-term uncertainty remains and expectations are that markets will continue to be challenging. However, our strategic priorities remain unchanged. Our focus will continue to be on operational efficiency, completion and integration of value-enhancing acquisitions, product and materials development and cross-selling and business development, alongside continued commitment to our sustainability goals. We are confident in the medium and long-term prospects for the Group and our ability to navigate the anticipated short-term uncertainty.





Financial Review

- Strong performance, ahead of market expectations, despite unhelpful economic backdrop
- Bank facility renewed and maturity extended to 2026
- Strong cash generation and robust balance sheet
- 4.80 pence full year dividend and share buyback programme commenced

Key financials

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Revenue	345.4	355.8
Underlying operating profit	25.5	21.5
Acquisition-related costs	-	(0.7)
Share-based payments expense	(0.7)	(0.6)
Amortisation of acquired other intangible assets	(1.0)	(0.3)
Goodwill impairment	(4.2)	(3.0)
Contingent consideration adjustment	1.1	-
Operating profit	20.7	16.9
Underlying operating margin	7.4%	6.0%
Operating margin	6.0%	4.7%

Total revenue for the year ended 31 December 2023 was £345.4 million (2022: £355.8 million), 3% lower than an exceptionally strong comparative period and representing a resilient performance in unhelpful market conditions. As anticipated, the second half of the year saw a softening of demand in some of the Group's core markets, in particular private housing RMI and new build. The overall decrease in revenue was largely driven by reduced volumes and the impact of surcharge reductions as PVC input prices reduced, offset by the full year impact of 2022 acquisitions, which contributed £12.0 million of external revenue (2022: £3.8 million).

Underlying operating profit increased by 19% to £25.5 million in the period (2022: £21.5 million) as we continued to balance pricing and volumes in a competitive market environment, whilst also maintaining a sharp operational focus to control costs and recover our margin towards pre-pandemic levels. The underlying operating margin for the year of 7.4% (2022: 6.0%) represents an improvement of 140 basis points over the prior year. Significant price inflation in respect of our key raw materials, which has been a major theme in recent years, eased during the year although pay and other inflation continued to place pressure on overheads.

Operating profit for the year was £20.7 million (2022: £16.9 million), ahead of prior year, but was impacted by a small increase in non-underlying costs.

Reportable segments

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Revenue		
Extrusion and Moulding	210.3	221.1
Fabrication and Distribution	135.1	134.7
Total	345.4	355.8
Underlying segmental operating profit		
Extrusion and Moulding	21.6	16.8
Fabrication and Distribution	7.4	7.5
Underlying segmental operating profit before corporate costs	29.0	24.3
Corporate costs	(3.5)	(2.8)
Underlying operating profit	25.5	21.5
Non-underlying items	(4.8)	(4.6)
Operating profit	20.7	16.9

Extrusion and Moulding

- Revenue decreased by 5% in comparison to 2022, predominantly due to the impact of softening PVC input prices on levied surcharges, offset by the full year impact of Poly-Pure, which contributed £7.2 million of external revenue (2022: £3.4 million)
- Steps taken by the business, during 2022 and continuing in 2023, on pricing and operational efficiency, as well as the impact of lower surcharges, have resulted in an improvement in underlying operating margin to 10.3% (2022: 7.6%), towards pre-pandemic levels

Fabrication and Distribution

- Revenue was broadly flat against a strong 2022, predominantly due to reduced volumes against a challenging market backdrop and the softening in RMI demand seen particularly in our distribution network, often a barometer for the overall building products and construction market, during the second half of the year. This was offset by the acquisition of Mayfield which contributed £4.8 million of external revenue (2022: £0.4 million)
- Underlying operating margin remained broadly in line with the previous year at 5.5% (2022: 5.6%), reflecting the Group's responsible approach to pricing in a competitive market environment and the steps taken to consolidate activities across the segment

Corporate costs

- Corporate costs increased in comparison to 2022, primarily due to increased payroll costs caused by salary and wage inflation and an expansion of the Group's graduate scheme, increased insurance premiums and professional fees, particularly in respect of audit, and further investment in IT security

Non-underlying items

Non-underlying items of £4.8 million (2022: £4.6 million) were excluded from operating profit in arriving at underlying operating profit. Non-underlying items included; £1.0 million (2022: £0.3 million) relating to the amortisation of brand and customer relationship intangible assets recognised on acquisitions, the increase as a result of the acquisitions in the final quarter of 2022; share-based payments expense of £0.7 million (2022: £0.6 million) in respect of the Long-Term Incentive Plan ("LTIP") and Save As You Earn ("SAYE") schemes; acquisition-related costs of £nil (2022: £0.7 million); an adjustment to contingent consideration of £1.1 million (2022: £nil) and a goodwill impairment charge of £4.2 million (2022: £3.0 million).

The contingent consideration adjustment of £1.1 million (2022: £nil) related to the contingent consideration payable in respect of the Poly-Pure acquisition. During 2023, Poly-Pure was impacted by delays in the delivery and installation of capital investment to improve capacity and margins, as a consequence no contingent consideration was payable in respect of the year ended 31 December 2023, resulting in a reduction in the fair value of contingent consideration recognised compared to the prior year. See note 24 to the consolidated financial statements for further details.

The goodwill impairment charge arises in relation to an assessment of the carrying value of the goodwill associated with the Ecodek CGU. As disclosed in the prior year, changes to regulations relating to the fire resistance of materials used on the exterior of high-rise buildings, following the Grenfell Tower fire in 2017, resulted in the business losing a core market for its wood-plastic composite decking. Continued uncertainty regarding future cash flows, as it continues to develop new markets and opportunities, has resulted in a further impairment charge of £4.2 million in the year. See note 12 to the consolidated financial statements for further details.



Financial Review continued

Cash flow

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Pre-tax operating cash flow	39.7	38.6
Tax paid	(2.1)	(2.2)
Acquisitions, net of cash acquired	–	(17.8)
Payment of deferred and contingent consideration	(1.8)	(0.3)
Net capital expenditure	(8.6)	(9.1)
Interest on borrowings	(3.1)	(1.6)
Net (repayment)/drawdown of borrowings	(5.5)	14.5
Lease payments	(14.3)	(10.6)
Purchase of own shares	(0.3)	–
Dividends	(6.6)	(6.2)
(Decrease)/increase in cash and cash equivalents	(2.6)	5.3
Opening cash and cash equivalents	15.1	9.8
Closing cash and cash equivalents	12.5	15.1
Borrowings	(24.6)	(29.8)
Lease assets	5.2	5.7
Lease liabilities	(92.5)	(92.6)
Closing net debt	(99.4)	(101.6)
Covenant net debt¹	(14.4)	(17.9)

¹ Covenant net debt represents a pre-IFRS 16 measure. For a reconciliation of net debt to covenant net debt see note 20 to the consolidated financial statements.

Cash flow

The Group remained strongly cash generative, with a pre-tax operating cash flow of £39.7 million (2022: £38.6 million). This included a net outflow from working capital for 2023 of £5.3 million, compared to a net inflow of £1.4 million in the prior year. Tax payments during the year of £2.1 million (2022: £2.2 million) were broadly consistent with those in the prior year. During the year, payments totalling £1.8 million (2022: £0.3 million) were made in respect of deferred and contingent consideration, with £1.0 million being the final contingent consideration relating to the acquisition of PVS in 2019 and £0.8 million representing the remaining deferred consideration in respect of Mayfield. Net capital expenditure was £8.6 million (2022: £9.1 million) as the Group continues to invest in line with its strategic objectives alongside ongoing replacement of plant and machinery as needed. Lease payments of £14.3 million (2022: £10.6 million)

were higher than during 2022 due to the impact of rent reviews and lease renewals during 2022 and 2023, and the receipt of a lease incentive in the prior year. Net interest paid for the period of £3.1 million (2022: £1.6 million) was higher than during 2022 due to the impact of interest rates, which were heightened throughout 2023 due to increases in the Bank of England base rate. During the year, there was an outflow of £5.5 million (2022: £14.5 million inflow) in respect of borrowings, due to the payment of £0.5 million in fees relating to the renewal of the Group's banking facilities and as we reduced the level of borrowings by £5.0 million.

Net debt

Covenant net debt reduced to £14.4 million as at 31 December 2023 (2022: £17.9 million), ahead of our expectations and representing a covenant net debt to adjusted EBITDA ratio of less than 0.5x.

Bank facility renewal

In August 2023, the Group renewed its revolving credit facility with the existing lenders, Barclays and HSBC, on comparable terms. The new facility is a Sustainability-Linked Loan facility of £65 million with an initial term of three years and the option to extend for a further two years, where modest adjustments to the margin are applied based on the Group's achievement against annual targets relating to PVC recycling and energy intensity ratio. In combination with the £10 million overdraft facility, the new borrowing facility maintains the Group's significant financial headroom, which at 31 December 2023 was in excess of £60 million.

Share buyback and dividends

In November 2023, the Group announced the commencement of a share buyback programme for the repurchase of up to 3 million ordinary shares of 0.05 pence each for cancellation, as our strong cash generation and balance sheet provided the opportunity to take advantage of market conditions to repurchase shares at attractive levels and return additional funds to shareholders. The buyback is progressing well, and we anticipate completing this initial programme in Q2 2024. As at 31 December 2023, 366,723 ordinary shares, representing 0.3% of the pre-buyback issued share capital, had been repurchased and cancelled, at a total cost of £0.3 million.

Taking into account the outlook for the Group, and our strong financial position, the Board declared an interim dividend of 2.00 pence per share (2022: 1.90 pence per share), which was paid to shareholders in October 2023. The Board is recommending a final dividend for 2023 of 2.80 pence per share (2022: 2.55 pence per share) to be paid on 5 June 2024 to shareholders on the register on 10 May 2024. This full year dividend of 4.80 pence per share (2022: 4.45 pence per share), represents an increase of 8% over the prior year and is in line with the Board's policy of paying a progressive dividend that is approximately twice covered by adjusted profit after tax.

The Group intends to continue returning capital to shareholders both by way of our ongoing dividend policy and the buyback programme, alongside continued investment in the Group's strategy.



Alongside a 19% increase in underlying operating profit, our strong cash generation continued with net debt coming in ahead of our expectations. We renewed our banking facilities with our existing lenders, extending the maturity to 2026. This, and over £60m of headroom on our facilities at year-end, gives us the ability to continue with our strategy. Our strong financial position enabled us to further boost shareholder returns with increased dividends and the commencement of a share buyback programme.”

Chris Empson

Group Finance Director



Key Performance Indicators

The Group has a range of performance indicators, both financial and non-financial, that allow the Board to monitor the performance of the Group as well as manage the business.

Financial KPIs

The Group uses a range of financial KPIs to monitor performance. These are reviewed on a monthly basis at each Board meeting and, where relevant, at operational management meetings.

Revenue

£345.4m

23	£345.4m
22	£355.8m
21	£329.6m
20	£241.0m
19	£282.1m

Definition
Revenue is the value of goods and services supplied net of taxes and discounts.

Underlying operating profit

£25.5m

23	£25.5m
22	£21.5m
21	£18.5m
20	£9.4m
19	£21.2m

Definition
Underlying operating profit is operating profit before amortisation of acquired other intangible assets, share-based payments expense and other non-underlying items.

Underlying operating margin

7.4%

23	7.4%
22	6.0%
21	5.6%
20	3.9%
19	7.5%

Definition
Underlying operating margin is underlying operating profit as a percentage of revenue.

Capital expenditure

£8.6m

23	£8.6m
22	£9.1m
21	£5.5m
20	£3.0m
19	£8.2m

Definition
Capital expenditure is the cash outflow associated with the acquisition of land, buildings, plant, fixtures and equipment, including computer software.

Pre-tax operating cash flow

£39.7m

23	£39.7m
22	£38.6m
21	£34.9m
20	£23.7m
19	£34.8m

Definition
Pre-tax operating cash flow is the net cash flow from operating activities before tax paid.

Cash conversion

156%

23	156%
22	180%
21	189%
20	252%
19	164%

Definition
Cash conversion is pre-tax operating cash flow as a percentage of underlying operating profit.

→ Read more about our performance during the year in the **Financial Review** on page 24.

Non-financial KPIs

Operational KPIs

Across the Group, a range of operational KPIs are used, primarily relating to production output and the customer experience, as well as key cost drivers such as input prices and material and labour efficiency. As the safety and wellbeing of our employees is our key operational priority, health and safety KPIs are monitored across all operations and are discussed as the first agenda item at every Board meeting.

Sustainability KPIs

The KPIs below relate to our efforts to address our key sustainability impacts, being emissions from our operations (energy intensity ratio) and emissions from our use of PVC resin and the end-of-life treatment of our PVC products (PVC recycled).

Covenant net debt

£14.4m

23	£14.4m
22	£17.9m
21	£9.4m
20	£18.5m
19	£16.4m

Definition
Covenant net debt represents pre-IFRS 16 net debt, as used in the Group's banking facilities, and comprises net debt excluding lease assets and lease liabilities but including finance lease liabilities.

Accident frequency rate

4.4

23	4.4
22	3.8
21	3.5
20	3.0
19	3.5

Definition
The number of accidents per 100,000 hours worked.

Energy intensity ratio

46 tCO₂e

23	46
22	50
21	59
20	74

Definition
Emissions per £m gross revenue (tCO₂e) as reported under SECR.

Leverage ratio

0.5x

23	0.5x
22	0.6x
21	0.4x
20	1.3x
19	0.6x

Definition
The leverage ratio is the ratio of covenant net debt to adjusted EBITDA. A reconciliation of statutory operating profit to adjusted EBITDA is presented in note 21 to the financial statements.

RIDDOR

11

23	11
22	9
21	13
20	11
19	11

Definition
RIDDOR is the number of accidents required to be reported to the HSE under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 ("RIDDOR").

PVC recycled

14,997 tonnes

23	14,997
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Definition
Post-industrial and post-consumer waste processed through our recycling operation.

→ Read more about health and safety developments in the period in the **Operational Review** on page 21.

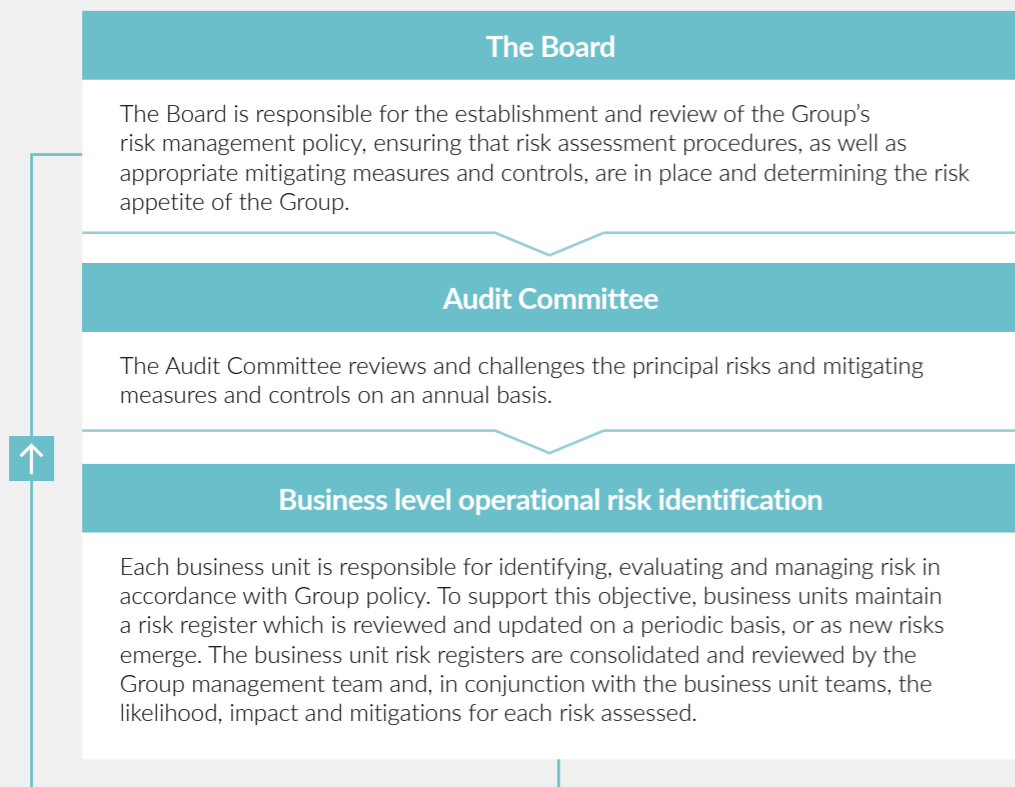
→ Read more about sustainability developments in the period in our **Sustainability Report** on page 44.



Risk Management

Effective risk management is essential for Epwin in order to maintain a sustainable business and deliver the Group's strategic objectives. The Group takes both a bottom-up and top-down approach to the identification of risks and the assessment of the impact they could have on our business model and strategic success.

Risk management framework



Internal control

The Group has well defined and established systems of internal control, which include Group policies and procedures, defined authority levels and a robust process of financial planning and monitoring.

Budgets are prepared on an annual basis and include detailed income, balance sheet and cash flow statements as well as financial covenant testing. Alongside the budget, a three-year forecast is also prepared on an annual basis.

Performance against budget, and subsequent quarterly reforecasts, is

reported to the Board and discussed at each meeting, in addition to divisional and business unit level reviews. This monthly review also includes performance against operating, health and safety and other key performance indicators.

Daily operations are supported by Group policies and procedures and authority limits for approving material decisions, to ensure all transactions are approved at the appropriate level of management and risk duly considered. The policies and authority limits are reviewed on a periodic basis to ensure they continue to be aligned with the business needs.

Risk appetite

The Board considers risks throughout the year and formally reviews the Group risk register on an annual basis. The risk management framework is designed to manage risk down to an acceptable level. However, having assessed the impact and likelihood of each risk, and having taken into consideration mitigating controls, there are certain areas where the Board is prepared to accept some level of risk if the reward is commensurate with the level of risk being taken.

Principal Risks and Uncertainties

Epwin is affected by several risks and uncertainties, many of which are not wholly within its control, which could have a material impact on the Group's long-term performance.

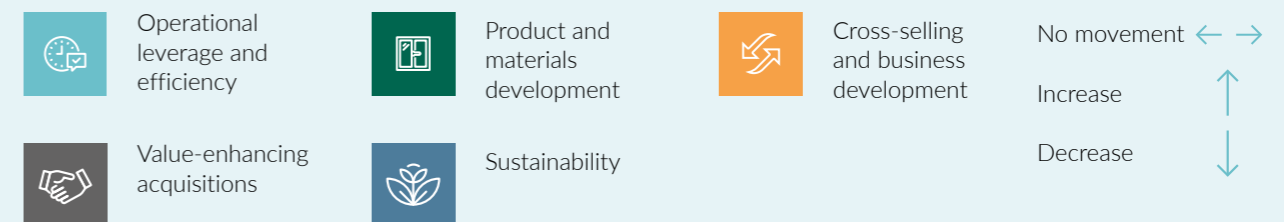
The Board considers the principal risks and uncertainties for the Group at the current time to be:

- 1 Macroeconomic conditions
- 2 Labour availability
- 3 Inflationary pressures
- 4 Retention of key personnel
- 5 Supply chain disruption
- 6 Health and safety
- 7 Acquisitions integration
- 8 Customers
- 9 Sustainability
- 10 Cybersecurity

1 Macroeconomic conditions ← →

<p>Description and impact</p> <p>The Group is exposed to a deterioration in macroeconomic conditions that may impact the level of household disposable income, consumer confidence and spending on housing or the broader housing market, and therefore influence the level of demand for the Group's products. Factors such as unemployment rates, wage growth, interest rates and inflation are all considered to have a potential impact. Interest rates also impact the cost of borrowing.</p> <p>Government policy can influence the spending priorities of local authorities, impacting the social housing sector, and the level of activity and demand in the new build market.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> Close monitoring of macroeconomic factors and market activity to ensure responsiveness to changing conditions Strategic objectives support growth and operating efficiency Strong balance sheet and significant headroom on banking facilities provides resilience <p>Risk update and developments</p> <ul style="list-style-type: none"> Continued uncertain outlook for the UK economy, although easing inflation and real wage growth could have positive impact on consumer confidence The market view is that interest rates are likely to have peaked, although there is uncertainty regarding the timing of when the Bank of England will start to reduce the base rate CPA again forecasting a contraction of the private new build and private housing RMI markets in 2024 Long-term drivers remain strong with ageing and underinvested housing stock and delivering new homes still a UK Government priority <p>Strategic links</p> <div style="display: flex; gap: 5px;"> </div> <p>→ Read more about the outlook for our key markets on page 12.</p>
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Strategic key





Principal Risks and Uncertainties continued

2 Labour availability ↓

Description and impact
We employ over 2,000 people in the UK and our manufacturing operations and distribution network are both subject to risks relating to the availability of labour. Many of our sites are situated in areas of high employment, and the recruitment of new employees has become more challenging in recent years.

Inability to recruit could leave us without sufficient capacity to operate effectively or high staff turnover could result in inefficiencies relating to onboarding and training new employees.

- Mitigation**
- Resourcing, recruitment and onboarding procedures in place and reviewed regularly
 - Salary and pay rates monitored to ensure they remain locally competitive to attract and retain employees
 - Employees supported through training and development opportunities, progression routes, welfare programmes and the option to join the Group SAYE scheme
- Risk update and developments**
- Labour market pressures have eased somewhat during the year, although high levels of employment have continued, meaning labour retention continues to be a focus
 - Continue to explore ways to support our existing employees, including further cost of living support payment to all employees outside of senior management in 2023
 - Expansion of graduate scheme, with the second cohort of graduates starting during the year, and increasing the number of apprentices across the Group



3 Inflationary pressures ↓

Description and impact
While all of our input costs, including raw materials, energy and labour, are potentially subject to fluctuation and inflation, the Group is most exposed to changes in the price of PVC resin, our key raw material. PVC resin is subject to fluctuations based on global markets.

If we are unable to successfully pass on price increases, this will impact negatively on profit margins.

- Mitigation**
- Close relationships with suppliers for critical raw materials and scale of Group ensures competitive pricing
 - Acquisition of Poly-Pure in 2022 enables increased use of recycled materials in our manufacturing process, which partially mitigates exposure to PVC resin prices
 - Pass on raw material and other input cost inflation to customers where possible through price increases or surcharges
 - Seek to fix gas and electricity costs where feasible and economic, which partially mitigates increasing energy costs in the short to medium term
 - Continued focus on operational leverage and efficiency to ensure we can deliver a high-quality product and service at a market competitive price
- Risk update and developments**
- Although PVC resin prices remain elevated, there was some softening during the year
 - Further energy and wage inflation expected, with a significant increase to the National Living Wage from April 2024. Continue to pass increases on to customers as appropriate to protect profit margins and ensure the long-term success of the Group



Strategic key

	Operational leverage and efficiency		Product and materials development		Cross-selling and business development	No movement ↔
	Value-enhancing acquisitions		Sustainability			Increase ↑
						Decrease ↓

4 Retention of key personnel ↔

Description and impact
Our people are fundamental to our operations and business model.

Failure to attract and retain highly qualified key personnel, could impair our ability to execute our business model and strategy.

- Mitigation**
- Competitive pay and conditions for all employees, including Executive Directors and senior management
 - Long-Term Incentive Plan for Executive Directors and certain senior management
 - Appropriate succession plans for senior management in place and considered at Board level



5 Supply chain disruption ↔

Description and impact
The Group relies on key suppliers, particularly those supplying raw materials such as PVC resin. In some instances, there are only a limited number of suppliers available.

Supply chain disruption resulting in failure to receive raw materials when we need them and of sufficiently high quality, could result in back orders, delays or product quality issues.

- Mitigation**
- Endeavour to source material from more than one supplier, where possible, for critical raw materials, such as PVC resin
 - Good relationships maintained with key suppliers has meant that the Group has continued to receive supply during times of disruption
 - Acquisition of Poly-Pure in 2022, provides the Group with an additional source of raw material
- Risk update and developments**
- Following widely reported supply chain issues in 2021, supply chain disruption has been less frequent or severe in subsequent years and we consider the risk to have stabilised
 - The Group sources some product from outside Europe but has limited exposure to the current disruption to shipping in the Red Sea



6 Health and safety ↔

Description and impact
As a manufacturing business, maintaining high standards of health and safety across our operations is integral to the success of our business.

Failure to implement and operate safe working practices could compromise the safety and wellbeing of our employees and be damaging to the reputation and success of the Group.

- Mitigation**
- Investment in dedicated health and safety and compliance personnel, safe operating procedures and employee training
 - Timely reporting of incidents and near misses encouraged to improve visibility and enable action to be taken where needed
 - Health and safety discussed at each Board meeting, with health and safety related KPIs closely monitored
 - Working practices reviewed and updated as necessary to ensure compliance with legislation and alignment with best practice
 - Although we strive for zero harm, the level of accidents is consistently low for a manufacturer of our scale and below industry averages
- Risk update and developments**
- While accidents remain low, there has been some deterioration in the past year. We believe this is due to a drive to improve reporting of hazards and accidents, with lost time accidents decreasing but, as a consequence, have commenced a Group-wide programme to reinforce safe working practices and the importance of an effective safety culture





Principal Risks and Uncertainties continued

7 Acquisitions integration ← →

<p>Description and impact Completion of selective value-enhancing acquisitions is a core part of the Group's strategy.</p> <p>There is a risk that the Group could overpay for an acquisition, or the realisation of anticipated synergies may not occur, or may take longer than expected, taking up significant resources and management attention, resulting in disruption to our business model and profitability.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Pipeline of potential targets monitored by senior management, with track record of successful acquisitions • Due diligence procedures performed, and the results presented to the Board • All transactions require approval by the Board • Use of earnout structures, where appropriate, to mitigate the risk of overpaying for an acquisition • Post-acquisition integration plans in place for newly acquired entities in key areas including HR, IT, health and safety and financial reporting <p>Risk update and developments</p> <ul style="list-style-type: none"> • Integration of 2022 acquisitions progressing, in line with management's expectations, albeit there were some delays during the year to the capital investment plan to increase capacity and margins at Poly-Pure due to long lead times on plant. <p>Strategic links</p>
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8 Customers ← →

<p>Description and impact The inability to service and retain key customers could limit the Group's ability to grow and achieve our core strategic objectives.</p> <p>Customer default could result in material bad debts.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Diverse customer base, with the largest customer being less than 5% of revenue • Regular communication with customers to maintain good relationships and understand their needs • Investment in operations to improve service and in new product development to maintain product relevance • Robust credit control process and focus on cash collection, including use of a Group credit insurance policy where appropriate <p>Strategic links</p>
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9 Sustainability ↑

<p>Description and impact Sustainability matters are of increasing interest to our stakeholders and regulatory requirements in respect of reporting are developing.</p> <p>Lenders and investors increasingly have sustainability-related requirements. Failure to demonstrate our sustainability credentials and reduce our environmental impact could damage our reputation or lead to difficulty obtaining credit or investment.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Strong underlying position on sustainability as a manufacturer of long-life, energy efficient building products, the majority of which are widely recyclable at the end of their useful life • Investment in R&D and new product development to ensure products continue to achieve highest energy ratings and remain attractive from a sustainability perspective • Continuous focus on operational efficiency driving ongoing energy and resource efficiency gains <p>Risk update and developments</p> <ul style="list-style-type: none"> • Need to demonstrate sustainability credentials increasing in importance and reporting requirements continue to develop • Investment in materials re-processing capacity during the year, following the acquisition of Poly-Pure in 2022, to accelerate the Group's sustainability agenda and facilitate increased use of recycled materials, which drive significant carbon savings compared to the use of virgin PVC resin • Continued progress on our sustainability strategy and development of sustainability reporting during the period, including reporting under TCFD for the first time <p>Strategic links</p> <p>→ Read more about our sustainability journey on page 36.</p>
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10 Cybersecurity ← →

<p>Description and impact Cybersecurity risks continue to increase globally.</p> <p>A major IT security breach could result in an inability to use key systems, loss of sensitive information (such as intellectual property or employee, customer or supplier data), financial loss (through fraudulent payments or ransomware) or penalties.</p>	<p>Mitigation</p> <ul style="list-style-type: none"> • Ongoing investment to maintain and upgrade cyber risk detection and prevention tools • Password and safe-use policies, underpinned by regular training and reminders around cybersecurity matters for employees, who are the frontline in detection and prevention • Periodic cybersecurity risk audits, using third party specialists where necessary, to highlight areas for further improvement <p>Risk update and developments</p> <ul style="list-style-type: none"> • Cyber Essentials accreditation across the Group being actively delivered, to raise user awareness and further enhance the risk environment <p>Strategic links</p>
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Strategic key

Operational leverage and efficiency	Product and materials development	Cross-selling and business development	No movement ← →
Value-enhancing acquisitions	Sustainability		Increase ↑
			Decrease ↓



Our Sustainability Journey

Progress on our sustainability journey

Stage	1	2	3	4	5	6	Definitions
Objective	Identifying a framework and aligning with UN Sustainable Development Goals ("SDGs")	Integrating sustainability into our existing strategy and reporting	Establishing a base position	Refining strategy	Monitoring progress and revising strategy and goals	Route to net zero	<p>The Greenhouse Gas Protocol breaks emissions down into three categories:</p> <p>Scope 1 – All direct emissions from our business or under our control, including fuels used in our manufacturing processes and the emissions from our own delivery vehicles</p> <p>Scope 2 – Indirect emissions from the electricity we purchase and use</p> <p>Scope 3 – All other indirect emissions from our activities, including emissions generated from the manufacture, processing and transport of the materials and products we purchase, employee commuting and travel, waste processing and end-of-life treatment of our products</p>
Plan/progress	<p>In 2020, we identified the sustainability goals that we believe are most relevant and material to the Group and provide a suitable sustainability framework. The following four development goals were identified as the most important for Epwin and were incorporated into our sustainability strategy and reporting:</p> 	<p>In 2021, we presented an integrated Sustainability Report for the first time, bringing together all reporting relevant to sustainability issues and incorporated sustainability as a key strand of our Group strategy. In 2023, we have developed our sustainability reporting further, reporting under TCFD requirements for the first time.</p>	<p>In 2021, we reported that work was underway with a third party on developing a carbon balance sheet, which shows the carbon footprint of the Group including Scope 1, 2 and 3 emissions.</p> <p>The process involves the use of complex methodology and requires extensive data collection, with the diversity of activities across the Group adding a further challenge.</p>	<p>During the year, we underlined our commitment to sustainability through renewing our £65 million RCF as a Sustainability-Linked Loan, where modest adjustments to the margin are applied based on the Group's achievement against annual targets. The targets relate to two key sustainability areas for the Group, being the emissions resulting directly from our operations and the emissions resulting from the manufacture of PVC resin and the end-of-life treatment of our PVC products:</p> <ul style="list-style-type: none"> • Energy intensity ratio as reported under SECR • PVC recycling <p>We also established a Sustainability Forum, chaired by the Group Finance Director and including employees from across the business with direct responsibility for sustainability matters. The Forum will meet quarterly, report to the Board and work towards formalising sustainability metrics and targets.</p>	<p>The next step on our journey will be monitoring performance over time as we progress towards our sustainability goals. Based on the results of our monitoring, we will revisit our strategy, strengthening our targets where necessary or implementing an action plan where progress is below expectations.</p>	<p>We acknowledge the UK Government's ambitions to reach net zero carbon emissions for the UK economy by 2050, recognising that it is an important step in tackling climate change, and believe that the Group has a role to play as a manufacturer of long-life, low maintenance, energy efficient and recyclable building products and materials. We are committed to minimising our environmental impact but, as an energy and resource intensive manufacturer of scale, even with the most responsible approach, some emissions will result from our activities. We are engaging with a third party to establish a viable pathway to net zero for the Group, focussed primarily on decarbonisation and efficiency, acknowledging that some offsetting will ultimately be required to reach net zero given the nature of the business.</p>	
Results and further reading	<p>Linking our strategy to the UN SDGs ensures we are in alignment with international sustainability priorities.</p> <p>→ Read more in our Sustainability Report on page 44.</p>	<p>→ See our Sustainability Report on page 44.</p> <p>→ Find our TCFD reporting on page 38.</p>	<p>Following the completion of our Year 1 exercise last year, we continue to work with a third party on streamlining data collection across our operations and validating the underlying assumptions and methodology, while taking action based on the initial results.</p> <p>→ Read more in our Sustainability Report on page 44.</p>	<p>→ We have included two sustainability-related metrics within our KPIs on page 28.</p> <p>→ Read our TCFD reporting for further details on climate strategy, see page 38.</p>			
Status	ACHIEVED	ACHIEVED	IN PROGRESS	IN PROGRESS			



TCFD

Approach to TCFD

The Group takes a responsible approach to sustainability and related reporting requirements, including the TCFD recommendations. We have been working with external TCFD specialists on a number of projects across the Group. We aim to move at pace, but to balance that with making sure we take sufficient time to align and build the TCFD principles into our operating processes and to ensure our reporting is accurate and meaningful.

Compliance with the TCFD recommendations

The following pages set out the 11 TCFD recommended disclosures, showing where we are now, the progress we have made this year and our main areas of focus for the future. We consider that we are fully compliant with the TCFD recommendations under the Governance, Strategy and Risk Management subheadings and we are working towards full compliance with the recommendations for Metrics and Targets. We currently report data on Scope 1 and 2 emissions, with partial disclosure of Scope 3 emissions, as part of our SECR reporting. Gathering data on our full Scope 3 emissions is highly complex and involves several assumptions and estimates. Consequently we are still refining the process. Based on the work performed so far, we expect them to be a material part of our total emissions and therefore we continue to work on calculating reliable and robust estimates for our main sources of Scope 3 emissions and aim to disclose more information in next year's report. This will also enable disclosure of our short and medium-term targets to measure our emission reductions, once finalised. The disclosures given below are in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Recommended disclosures	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
Governance		
<ul style="list-style-type: none"> a. Describe the Board's oversight of climate-related risks and opportunities b. Describe management's role in assessing and managing climate-related risks and opportunities 	<ul style="list-style-type: none"> • Climate-related risks are identified, assessed and managed as part of our overall risk management process • As a result, the Board considers material climate-related risks and opportunities when setting and monitoring Group strategy • During 2023, we established a Sustainability Forum, chaired by the Group Finance Director, including employees with direct responsibility for sustainability matters, which will report to the Board to further strengthen governance in this area • Management have engaged external TCFD specialists to give support as we carry out climate materiality impact assessments, scenario planning and establish a pathway to net zero 	<ul style="list-style-type: none"> • The Sustainability Forum will meet regularly during 2024, report to the Board and work towards formalising sustainability metrics and targets • The Board will support management in establishing a pathway to carbon neutrality and net zero for the Group

Recommended disclosures	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
Strategy		
<ul style="list-style-type: none"> a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario 	<ul style="list-style-type: none"> • We are at the start of our journey in assessing the impact of climate-related risks and opportunities for the Group. We have completed our initial climate materiality assessment and are reviewing the results • Once we have reviewed these, we will be able to talk about our material risks and opportunities in more detail, but we have disclosed those that appear to be most relevant to the Group on page 41 • Working with a specialist, we have constructed draft climate impact scenarios based on our initial assessment of material risks, including one aligned with below 2° 	<ul style="list-style-type: none"> • Further iterations of the scenarios, with refinements of inputs as necessary • Identifying the implications for our risks, opportunities, metrics and strategy

Further reading

- Read more about our **key climate-related risks and opportunities** on page 41.
- See our **Sustainability Report** on page 44.

Risk management

<ul style="list-style-type: none"> a. Describe the organisation's processes for identifying and assessing climate-related risks b. Describe the organisation's processes for managing climate-related risks c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management 	<ul style="list-style-type: none"> • Climate-related risks are managed as part of our overall risk identification and management process described in detail at page 30 • The main difference between climate-related risks and other risks is that we typically use longer time horizons when looking at climate risks • They are recorded in our Group and functional risk registers and managed alongside our other operational, financial and strategic risks 	<ul style="list-style-type: none"> • Continue to update and refine our risk identification process • Assess key metrics and targets, and the operational plans to meet them • Continue to monitor the external environment for changes in climate risks and new mitigation strategies (through our brokers, insurers and, external professional bodies)
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Further reading

- Read more about our **risk management process and principal risks** on page 30.



TCFD continued

Recommended disclosures	Our disclosure and developments in 2023	Focus areas for 2024 and beyond
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Metrics and targets		
<p>a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions and the related risks</p> <p>c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against target</p>	<ul style="list-style-type: none"> Sustainability-related KPIs now reported alongside financial and other operational KPIs, based on key sustainability areas for the Group <ul style="list-style-type: none"> Emissions resulting directly from our operations (energy intensity ratio) Emissions resulting from the use of PVC and end-of-life treatment of PVC products (volume of PVC waste recycled) Scope 1 and 2 emissions continue to be reported under SECR requirements We currently disclose partial Scope 3 emissions data and continue to work with specialists to develop a more accurate assessment of full Scope 3 emissions, enabling further disclosure of Scope 3 emissions in the future 	<ul style="list-style-type: none"> Sustainability Forum will review material climate-related risks to determine if additional metrics are needed and will work towards establishing and formalising meaningful targets Continue to refine assumptions for Scope 3 emissions where we do not yet have full visibility of information

Further reading

- Read more about KPIs, including our **Sustainability KPIs** on page 28.
- See our **Sustainability Report**, which includes our **SECR reporting and discussion of Scope 3 emissions** on page 44.



Main risks and opportunities from our scenario modelling so far

To aid in the assessment of our material climate-related risks and opportunities and the resilience of our businesses and strategy, we modelled three climate scenarios, our analysis encompassing both physical climate risks (the direct impacts of climate change on sites and operations) and transition risks (risks associated with the business adapting to a global shift toward a low-carbon economy) with the results reviewed and discussed by the Sustainability Forum and the Board. The timeframes under consideration were the short term (2023-2027), the medium term (to 2038) and the long term (to 2050).

The climate scenarios:

- 1) **Less than 2°C warming** – Governments and regulators act quickly to enforce measures to achieve net zero carbon emissions by 2050. In this scenario, there is a high level of legislation, encompassing measures such as carbon pricing, financial incentives for decarbonisation and other regulations to limit GHG emissions.
- 2) **2-3°C warming** – Lack of enforcement of GHG reduction commitments in the short term leads to a delayed reaction, followed by implementation of more severe policies to rapidly cut global emissions in the medium and long term.
- 3) **Above 3°C warming** – Limited action is taken to combat climate change, with business as usual continuing in the short and medium term. Physical risks will be more prominent in this scenario and climate tipping points could be crossed.

They key climate-related risks and opportunities impacting the Group in the short, medium and long term are as follows:

Risk and opportunities	Response
<p>Transition risk: Regulatory change Governments may implement more stringent environmental regulations, which could require the Group to invest in plant and tooling to update our products</p>	<p>The Group is continually updating and refreshing its core product range to ensure our products continue to have strong environmental credentials, with significant in-house expertise in updating and refining our products and our production processes. We are active members of industry bodies, ensuring the Group has an opportunity to give our input to proposed building and product regulations and enabling us to stay abreast of changes.</p>
<p>Transition risk: Reputation and stakeholder interest Sustainability matters are of increasing interest to investors and other stakeholders, including customers. If we do not effectively communicate our sustainability credentials, targets and plans, customers could opt for alternative suppliers, or the Group could struggle to obtain investment</p>	<p>Improving our sustainability, primarily through ever-improving operational efficiency and minimising waste alongside investment in our PVC recycling capabilities, is a core part of our strategy.</p> <p>Our reporting continues to develop, clearly communicating our sustainability credentials and priorities to shareholders, alongside formalisation of KPIs and targets and we are working towards having recognised third-party environmental certifications in place across our product range.</p>
<p>Transition risk: Decarbonisation Taxes or charges relating to decarbonisation, such as carbon pricing, could be implemented, resulting in increased costs for the Group</p>	<p>We mitigate this risk through our continued focus on the efficiency of our operations, improving energy efficiency and reducing waste wherever possible and we are beginning to work more closely with our key suppliers, to understand their decarbonisation plans.</p>
<p>Physical risk: Operations The physical risk to our operations from climate change, including extreme weather events and rising sea levels, could require additional expenditure or cause disruption</p>	<p>We have carried out a physical risk assessment of our core operating locations in the UK and the locations of our key suppliers of PVC resin in the UK and overseas, looking at physical risks such as flooding, rising sea levels, heat stress and drought.</p> <p>Our assessment did not highlight any significant risks in the short term. The diversity of our operations limits our exposure to physical risks at individual locations. We have close relationships with our PVC resin suppliers, themselves large businesses with production sites in different locations, to mitigate the impact of disruption.</p>
<p>Transition opportunities</p>	<p>The Group has a role to play in the UK's net zero journey, as a manufacturer of long-life, low maintenance and energy efficient building products. Our PVC windows have among the highest energy ratings on the market and we are working to increase recycled PVC content across our product range.</p>



Stakeholder Engagement

At Epwin, our relationships with stakeholders enable us to create sustainable value and deliver our strategy. We aim to maintain and develop these relationships to look after our employees, best serve our customers, generate shareholder returns and benefit wider society.



Our suppliers enable us to meet the demand of our operations and customers with high-quality and sustainable products.”

Employees	Customers	Suppliers	Shareholders	Communities and the environment	Government and regulators
<p>Why we engage Achieving our operational objectives depends on the hard work, skills and expertise of our employees</p>	<p>Why we engage Our long-term success depends on providing customers with products they want, at the right price and quality level</p>	<p>Why we engage Our suppliers enable us to meet the demand of our operations and customers with high-quality and sustainable products</p>	<p>Why we engage Our shareholders are the owners of our business – our core purpose is to deliver a sustainable return on their investment</p>	<p>Why we engage As a large business, we have an impact on the communities in which we operate and have a responsibility to protect the environment</p>	<p>Why we engage As a UK-listed business, we have a duty to operate with the highest standards of ethical conduct</p>
<p>How we engage</p> <ul style="list-style-type: none"> • Town hall meetings • Employee handbook with key matters such as whistleblowing procedures • Employee engagement surveys 	<p>How we engage</p> <ul style="list-style-type: none"> • Customer meetings • National network of local distributors to service the market • Monitoring of social media and customer reviews 	<p>How we engage</p> <ul style="list-style-type: none"> • Due diligence and onboarding questionnaires • Supplier meetings • Formal tender processes for large contracts 	<p>How we engage</p> <ul style="list-style-type: none"> • Annual General Meeting, all shareholders welcome • Investor presentations, full year and half year • Investing in reporting capabilities 	<p>How we engage</p> <ul style="list-style-type: none"> • Local recruitment to support communities in which we operate • Active management of environmental matters, see page 44 for more detail in our Sustainability Report 	<p>How we engage</p> <ul style="list-style-type: none"> • Member of industry bodies, such as British Plastics Federation • Holder of Fair Tax Mark in recognition of our responsible tax conduct
<p>Material issues</p> <ul style="list-style-type: none"> • Being a responsible employer, offering a safe and rewarding place to work • Stable employment, career opportunities and training • Rewarding performance with fair and competitive pay and benefits 	<p>Material issues</p> <ul style="list-style-type: none"> • Delivering high-quality products at fair prices and with reasonable credit terms • Providing consistent and reliable service • Understanding and meeting expectations: sustainability, product relevance and product performance 	<p>Material issues</p> <ul style="list-style-type: none"> • Building strong and lasting working relationships • Clear communication of expectations around quality, timing and price • Prompt payment, in line with agreed terms 	<p>Material issues</p> <ul style="list-style-type: none"> • Delivering sustainable return on investment through payment of dividends and capital growth • Performance against market guidance and long-term strategy • Clear and transparent reporting 	<p>Material issues</p> <ul style="list-style-type: none"> • Contributing to communities through employment opportunities for local people • Acting ethically and being a trusted company • Protecting the environment by tackling carbon emissions and minimising waste 	<p>Material issues</p> <ul style="list-style-type: none"> • Compliance with laws and regulations • Making a fair contribution to society through tax paid • Investing in the UK economy: employee training and development, R&D activities and capital expenditure

Our impact

£74.7m

Wages, salaries and benefits paid to our employees during the year

£8.6m

Capital expenditure during the period, investing in UK manufacturing and distribution in 2023

200+

Employees aged 25 or under, investing in future talent

£6.6m

Dividends paid to our shareholders in 2023

2,151

People employed across the UK as at 31 December 2023

£48.6m

Tax generated or collected on behalf of HMRC (Corporation tax, NI, PAYE and VAT)



Sustainability Report

This report sets out how we approach sustainability at Epwin, including developments during the year. Sustainable behaviour will help us continue to grow in a way that preserves our values, supports our business model, mitigates our risks and addresses the needs of our stakeholders.

We are working to reduce our carbon footprint in order to combat climate change. Our energy intensity ratio reduced by 8% compared to 2022, driven primarily by actions taken to reduce emissions from fuel including the use of newer and more efficient vehicles, route optimisation and improvements to vehicle loading.”

Sustainability Dashboard

Sustainability area	Goals	Further reading
Environment		
Climate action (SDG target 13.2) 	To reduce the Group's Scope 1 and 2 emissions in order to combat climate change	→ See page 45 for details.
Responsible consumption and production (SDG targets: 12.2, 12.5, 12.6) 	To focus on responsible sourcing, operational efficiency and waste, energy consumption and sustainable raw materials to improve our environmental impact and our profitability	→ See page 47 for details.
Sustainable cities and communities (SDG targets: 11.1, 11.6) 	To produce long-life, low maintenance and energy efficient building products which contribute to building and maintaining sustainable cities and communities	→ See page 48 for details.
Social		
Decent work and economic growth (SDG targets: 8.4, 8.5, 8.6, 8.7, 8.8) 	To provide good jobs with competitive pay and benefits and a safe, inclusive and rewarding working environment for our 2,000+ employees	→ See page 50 for details.
Governance		
<ul style="list-style-type: none"> To strive for the highest standards of governance, deliver high-quality, transparent reporting, be accountable to our key stakeholders and ensure the long-term success of the Group 		→ Read more about our engagement with key stakeholders on page 42. → Read our s172 statement on page 51.

Environment

13 CLIMATE ACTION Climate action (SDG targets: 13.2)

Description: Take urgent action to combat climate change and its impacts.

We seek to reduce our carbon footprint in order to combat climate change

Streamlined energy and carbon reporting (“SECR”)

This is the fourth year for which the Group is reporting carbon emissions data as required under the Companies and Limited Liability Partnerships Energy and Carbon Regulations 2018.

Emissions are calculated in accordance with the WRI GHG Protocol, a Corporate Accounting and Reporting Standard, using published 2023 carbon factors from DEFRA to convert energy use and purchased electricity to emissions of CO₂e.

The table below shows GHG emissions and total energy consumption for the Group:

	2023	2022
Total energy consumption (kWh)	86,845,150	95,228,299
Scope 1 – Direct gas and oil	2,690	2,534
Scope 1 – Direct fuel	7,144	9,668
Scope 2 – Purchased electricity	8,920	8,553
Scope 3 – Business travel in private vehicles	18	39
Total gross emissions (tCO₂e)	18,772	20,794
Emissions per £m external revenue (tCO₂e)	54	58
Emissions per £m gross revenue (tCO₂e)	46	50

Intensity ratio

The variety of operations and business types across the Group means that using a volume measure for our energy intensity ratio is challenging. Therefore, as in prior years, we have chosen to report our gross emissions against revenue as a proxy for level of activity. Due to the vertically integrated nature of the business, we have reported our intensity ratio as the gross emissions against external revenue, and also against gross revenue, including both external and internal revenue, to better reflect the overall level of activity across the individual businesses that comprise the Group.

Our intensity ratio continues to improve, and the Group has seen a reduction in emissions per £m gross revenue of 8% compared to 2022. This is primarily due to emissions from fuel, which have reduced significantly compared to the previous year, driven by a reduction in volumes, the introduction of newer and more efficient vehicles across our commercial fleet and a continued focus on route planning and optimisation alongside improvements to vehicle loading to enable fewer trips. Emissions from purchased electricity have been adversely impacted by changes to the carbon emission factor used to convert purchased electricity use to equivalent CO₂, which is a national factor reflecting the average emissions for the UK national grid. Our priority remains continuing to improve the efficiency of our operations to reduce energy intensity.



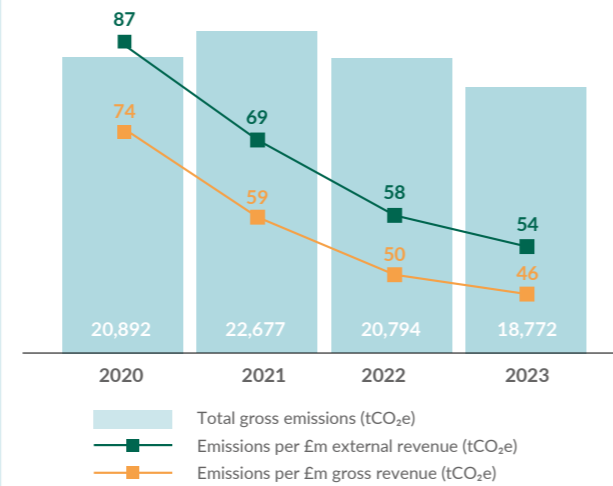
Sustainability Report continued

Carbon footprint and net zero

The SECR figures above primarily cover our direct emissions (Scopes 1 and 2) but capturing all indirect emissions from our activities (Scope 3) is more complex. The Group continues to work with a third party to accurately capture our Scope 3 emissions, building on our Year 1 exercise. Our focus has been on improving our confidence in this data, through identifying and filling significant gaps in data collection and validating the assumptions and the methodology underlying the measurements.

We have noted that the annual carbon saving arising from the use of our energy efficient windows (where they are replacing less efficient versions), offsets the vast majority of our Scope 1 and 2 emissions, demonstrating the inherent sustainability credentials of our business. In addition, the most significant single area of emissions arises from the purchase of PVC resin, which accounts for c. 80% of our total carbon footprint and falls within Scope 3. This confirms that our prioritisation of increasing the use of recycled PVC in place of virgin PVC resin in our own production process is the right strategy and we have undertaken additional investment in the year to increase recycling capacity and bring on stream co-extrusion tooling. We have also been working more closely with our largest suppliers to understand their sustainability strategy and plans.

Our track record since we began reporting SECR emissions is shown below:



Responsible consumption and production (SDG targets: 12.2, 12.5, 12.6)

Description: Ensure sustainable consumption and production patterns.

We focus on responsible sourcing, operational efficiency and waste, energy consumption and sustainable raw materials to improve our environmental impact and our profitability

The Group's strong supplier relationships and regular review procedures ensure materials, products and labour are responsibly sourced, complying with standards and legislation, as well as meeting ethical, quality and sustainability expectations. The operations maintain and work towards recognised standards and accreditations, including ISO 14001 Environmental Management, ISO 50001 Energy Management Systems and BES 6001 Responsible Sourcing.

As part of our continual focus on improving operational efficiency, levels of waste in the operations are closely scrutinised. Scrap rates at our manufacturing locations reduced during the year to all-time lows, driven by a focus on the reduction of head waste in our extrusion operations and the expansion of a new moulding technique at our GRP manufacturing location. Much of the manufacturing scrap from our PVC extrusion process, where it does arise, is recycled using on-site machinery before being re-used as a raw material.

Using recycled materials in place of virgin materials is typically significantly less energy and resource intensive. Our production process already incorporates a large volume of recycled materials, including:

- Our PVC decking product Dekboard®, which is made from 50% recycled PVC
- Our aluminium window system, Stellar®, which is made from a minimum of 90% recycled aluminium

- Our aluminium decking system, Adek®, which is made from 100% recycled aluminium
- Our WPC decking product, ecodek®, which is manufactured from sustainably sourced wood and recycled milk bottles with a minimum of 95% recycled materials
- Increasing use of recycled PVC in window systems and cellular products

The volume of recycled materials used in our manufacturing operations continues to increase over time. During the year, we invested in co-extrusion tooling, enabling us to increase the proportion of recycled PVC used in our extruded products. Investment will continue, selectively, in line with the Group's tooling replacement programme. Following the acquisition of Poly-Pure in 2022, and subsequent capital investment to expand re-processing capacity at the site, the Group has significant capacity to recycle post-consumer waste in addition to manufacturing scrap, enabling us to contribute to a circular economy and develop the wider market for recycled PVC, in addition to replacing virgin PVC resin in our own product with recycled material.

The majority of our products can be recycled and reused many times, contributing to responsible consumption patterns and reducing waste and landfill. In total, 84% of the Group's 2023 revenues (2022: 87%) were from products capable of being recycled and repurposed.



The Group has significant capacity to reprocess post-consumer waste through our recycling operations, enabling us to contribute to a circular economy and divert material from landfill alongside increasing the amount of recycled material in our own product range"



Sustainability Report continued



Sustainable cities and communities (SDG targets: 11.1, 11.6)

Description: Make cities and human settlements inclusive, safe, resilient and sustainable.

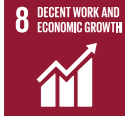
Our products help to create sustainable cities and communities through being energy efficient and improving the quality of homes.

Our long-life, low maintenance, energy efficient and recyclable building products help to improve homes and outdoor spaces. They have inherent sustainability credentials that create a positive impact. Continuous product development, a core operational strategy, ensures that our products remain relevant and that they comply with the latest environmental standards. We are working towards having recognised third party environmental certifications in place across our core product range, which involves performing life cycle assessments for these products that enable us to more accurately understand their environmental impact.

Window profile systems	Cellular roofline, cladding, rainwater and drainage	GRP building components and doors	Decking systems
<p>We manufacture a range of market-leading PVC-u and aluminium window profile systems, supplied to in-house and external fabricators servicing the RMI, new build and social housing sectors.</p>	<p>We are the UK market leader in PVC-ue extruded cellular roofline and cladding systems and also manufacture a range of rainwater and drainage products.</p>	<p>We manufacture pre-fabricated GRP building components such as porches, bay window roofs and chimneys, and GRP fire doors.</p>	<p>We manufacture a range of decking systems made from PVC, aluminium and composite products such as wood-plastic composite ("WPC").</p>
<p>How our products create positive impact:</p> <ul style="list-style-type: none"> • Our windows achieve some of the highest energy efficiency ratings on the market, most have Window Energy Ratings of A to A++ and typical u-values of 1.2 W/m²K (or 0.8 W/m²K for triple glazed) • Households responsible for close to 20% of UK emissions, energy efficient windows and doors contribute to carbon emissions savings over their lifetimes • Improving the energy performance of UK homes is a national priority, with 58% of existing homes having an EPC rating of D or worse • Where our window systems are replacing less efficient versions, such as single glazing, they drive significant carbon savings in use • Fully recyclable up to 10x 	<p>How our products create positive impact:</p> <ul style="list-style-type: none"> • Long-life products, resistant to weather, do not warp, flake, peel or rot and are heat- and UV-stable • Require minimal maintenance to maintain appearance and functionality, which would otherwise result in additional emissions over product life cycle • Products are colour-stabilised so do not change colour when exposed to elements, increasing longevity compared to traditional materials • Minimum service life of 35 years for PVC roofline products according to BRE, but we estimate it to be significantly longer in many instances, based on surveys of previously installed products • Fully recyclable up to 10x 	<p>How our products create positive impact:</p> <ul style="list-style-type: none"> • Glass fibre production is less energy intensive than alternative materials such as steel, brick, tile and concrete • Supply housebuilders, supporting the UK Government target of 300,000 new homes per year to address shortage of quality and affordable homes • Fabricated building components are long-life products, many have a service life of 50 years or more • GRP doors replicate appearance of timber doors, but require less maintenance and have a service life of 30 years • GRP and thermoplastic fire doors have passed rigorous physical fire tests to ensure safety 	<p>How our products create positive impact:</p> <ul style="list-style-type: none"> • Decking products enable people to enjoy their outdoor spaces, such as balconies and gardens • Long-life products, well-suited to outdoor applications compared to timber alternatives, which require painting and rot repair • PVC decking products supplied to park homes, with expansion of park homes supporting the UK tourism industry and enabling more people to holiday at home rather than abroad • Adek® decking meets enhanced fire safety requirements for high rise buildings, enabling residents to have access to usable outdoor space, improving quality of life • Fully recyclable up to 10x



Sustainability Report continued



Decent work and economic growth (SDG targets: 8.4, 8.5, 8.6, 8.7, 8.8)

Description: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

We provide good jobs with competitive pay and benefits and a safe, inclusive and rewarding working environment for our 2,000+ employees

The Group values its employees, recognising them as central to the achievement of strategic objectives and continued growth. The Group is a responsible employer, providing decent jobs and supporting our employees:

- Proud to employ over 2,000 people in the UK, many of whom have been with the Group for many years
- Health and safety concerns paramount, with accident rates below the industry average, although we constantly strive to do better
- Competitive pay and benefits including cycle to work scheme, opportunity to join the Group's Save As You Earn scheme, employee discount scheme with high street retailers and assistance and welfare programmes, including access to key services such as counselling
- Training, development and progression routes, including a growing number of employees on apprenticeship schemes and a second cohort joining our graduate scheme this year
- Over 200 employees aged 25 or under, investing in future talent
- Inclusive employer that values diversity in our workforce, regularly reviewing policies, procedures and reward programmes to ensure barriers to progression for any groups are removed where they are identified

s172 Statement

The Directors believe that during the year they have, individually and as a Board, acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 ("section 172(1)") and in accordance with the QCA code.

The Board recognises its duties under section 172(1) to consider the likely consequences of any decision in the long term; the interests of its employees; the need to foster the Company's relationships with suppliers, customers and other key stakeholders; the impact of the Company's operations on communities and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

→ Read more about how section 172(1) has been applied by the Directors in the **Corporate Governance Report** on page 56.

The report includes key matters considered, and decisions taken by the Board, during the year, demonstrating how the Board has taken account of stakeholders and the matters set out in section 172(1).

The Strategic Report has been approved by the Board of Directors and has been signed on its behalf by:

Jonathan Bednall
Chief Executive Officer

Christopher Empson
Group Finance Director

10 April 2024





GOVERNANCE

GOVERNANCE

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Board of Directors

Andrew Eastgate
Non-Executive Chairman

Appointment date:
14 July 2014

Committee membership:
A N R

Skills and experience:
Andrew was formerly a Partner at Pinsents where he practised for more than 20 years and was head of Pinsents' corporate practice in Birmingham. Andrew has a broad experience of advising quoted companies, particularly in connection with transactions and compliance issues, and is currently a Non-Executive Director of Castings Plc. Andrew was a Non-Executive Director of Epwin between 2008 and 2012 and re-joined the Board on admission to AIM in 2014, becoming Chairman in December 2014.

Jonathan Bednall
Chief Executive Officer

Appointment date:
16 January 2012

Committee membership:
E N

Skills and experience:
Jon joined the Epwin Group in 2008, becoming Group Finance Director in 2009 and was appointed Chief Executive Officer in 2013. Jon was responsible for the significant restructuring of Epwin in that time, as well as devising and managing the merger with Latium in 2012 and the subsequent IPO in July 2014. Jon has considerable group managerial experience, including acquisitions and disposals, having previously spent ten years at BI Group, a Kuwaiti-owned engineering group, becoming Group Finance Director and then Chief Operating Officer. Prior to that, Jon qualified as an ACA at KPMG in Birmingham, where he spent six years in a number of roles.

Christopher Empson
Group Finance Director

Appointment date:
17 June 2014

Committee membership:
E

Skills and experience:
Chris has been with Epwin since 2012, having joined to support the business integration and development post the Latium merger and the subsequent IPO. Before this, Chris was a divisional finance director within Rentokil Initial Plc, having previously worked at BI Group as Group Finance Director. Chris also spent five years with 3i after qualifying as an ACA at PricewaterhouseCoopers. Chris has considerable group management experience, including corporate transactions, financial reporting, treasury and corporate taxation.

Shaun Smith
Non-Executive Director

Appointment date:
4 January 2022

Committee membership:
A N R

Skills and experience:
Shaun joined Epwin in 2022. He began his career in retail management and corporate treasury at Marks and Spencer plc before joining Glynwed International Plc in 1989 and subsequently becoming Group Finance Director at AGA Rangemaster Group plc until its takeover in 2015. He then joined Norcross plc as Chief Financial Officer until July 2021. He is currently Non-Executive Chair of Driver Group Plc, Non-Executive Director of Inspects Group Plc and Non-Executive Director of Cake Box Holdings plc. Shaun is a qualified Corporate Treasurer.

Stephen Harrison
Non-Executive Director

Appointment date:
2 November 2022

Committee membership:
A N R

Skills and experience:
Stephen joined Epwin in 2022 and was most recently Chief Executive Officer at Forterra plc, a London Stock Exchange Main Market listed supplier of building materials to the UK's construction sector. Stephen joined Hanson plc in 2002 and was appointed Managing Director of Hanson Building Products, the predecessor to Forterra, in 2012. During his tenure Stephen successfully steered Forterra through its divestment from Heidelberg Materials and led its IPO in 2016. He has served as a Director of several key construction sector trade associations and holds an MBA from Cranfield School of Management.

Andrew Rutter
Company Secretary

Appointment date:
1 June 2015

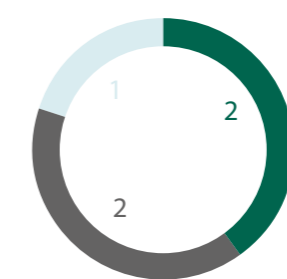
Skills and experience:
Andrew joined Epwin in August 2014, following the IPO, and was appointed Company Secretary in June 2015. Andrew was previously Senior Manager at KPMG, where he was responsible for a range of listed and non-listed audit clients, building significant financial reporting experience. Since joining the Group, he has gained extensive operational and corporate transaction experience and has made a significant contribution to the financial management and strategic development of the Group.

Changes during the year and to the date of this report

Stephen Harrison was appointed Chair of the Remuneration Committee on 23 May 2023 and as Chair of the Nominations Committee on 4 January 2024

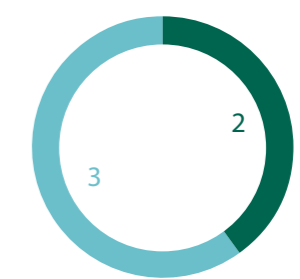
The Board at a glance

Composition



■ Executive Directors
■ Non-Executive Chairman
■ Non-Executive Directors

Length of tenure



■ 0-3 years
■ 6+ years

Committee membership key

- A** AUDIT
- E** Executive
- N** Nominations
- R** Remuneration
- Chair**



Corporate Governance

The ten principles set out in the QCA code form the basis of the Board's approach to corporate governance, emphasising the importance of Board composition and effectiveness, alongside a strategy and business model which promotes long-term value for shareholders and takes into account wider stakeholders and social responsibility and embedding effective risk management throughout the Group.

Board members

As at the date of this report, the Board comprised two Executive and three Independent Non-Executive Directors, each of whom brings different experience, skill set and background.

→ Read the **biographies of the Directors** in office at the date of this report on s 54 and 55

→ Read more about **Board Committees and membership** on page 58

Skills and expertise of the Directors

The Directors maintain their knowledge through a combination of reading of technical and market bulletins and attendance at relevant seminars and events. The Company Secretary is responsible for bringing new legal and regulatory requirements to the attention of the Board.

We strive to maintain an overall balance of experience, skills and knowledge to ensure the Board operates effectively and to create long-term sustainable value for the Group and its shareholders.

Membership and attendance

The table below details the Board and Committee meeting attendance during the year. The attendance figure is shown next to the maximum number of meetings the Director was entitled to attend (based on appointment dates).

	Board	Audit Committee	Remuneration Committee	Nominations Committee
Andrew Eastgate	11/11	4/4	3/3	1/1
Jonathan Bednall	11/11	-	-	1/1
Christopher Empson	11/11	-	-	-
Shaun Smith	11/11	4/4	3/3	1/1
Stephen Harrison	11/11	4/4	3/3	1/1

Notes

Board responsibilities and activities during the year

→ Read more about the **responsibilities of the Board** on page 57

→ Read more about the **activities and principal decisions** of the Board on page 59

Board of Directors

The Board of Directors is responsible to shareholders for effective direction and control of the Group and is collectively responsible for its long-term sustainable success. This report describes the framework for corporate governance and internal control that the Directors have established to enable them to carry out this responsibility.

Responsibilities of members of the Board

Director	Responsibilities
Chairman <i>Andrew Eastgate</i>	The Chairman is responsible for leadership of the Board, ensuring its effectiveness, setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items. The Chairman facilitates the effective contribution and performance of all Board members and promotes a culture of openness and debate. In addition, the Chairman ensures there is sufficient and effective communication with shareholders and that the Directors receive accurate, timely and clear information.
Chief Executive Officer <i>Jonathan Bednall</i>	The Chief Executive Officer has day-to-day responsibility, within the authority delegated by the Board, for implementing the Group's strategy and running the Group.
Group Finance Director <i>Christopher Empson</i>	The Group Finance Director is responsible for providing strategic, risk management and financial guidance to ensure the safeguarding of the Group's assets and that the Group's financial commitments are met. This is achieved by developing and implementing the necessary policies, systems and procedures to ensure the sound financial management and control of the Group.
Non-Executive Directors <i>Shaun Smith</i> <i>Stephen Harrison</i>	The main responsibilities of Non-Executive Directors are to review the performance of the Group, assist in strategy development, provide an independent perspective and support to the Executive Directors and ensure that appropriate and effective systems of internal control and risk management are in place.
Company Secretary <i>Andrew Rutter</i>	The Company Secretary, under the direction of the Chairman, supports the Board and ensures good communication and information flows within the Board, including between Executive and Non-Executive Directors, and between the Board and its Committees. The Company Secretary is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with.

The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. In addition to having access to the advice and services of the Company Secretary, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Assessment of the independence of the Non-Executive Directors

All Non-Executive Directors, including the Chair of the Board, are considered to be independent, having taken into consideration length of service, remuneration and shareholdings in the Company. None of the Non-Executive Directors have any connections with any customer, supplier or major shareholder of the Group and they continue to make independent contributions and effectively challenge management.

Time commitment

A suitable time commitment is required from Non-Executive Directors, including attendance at Board and Committee meetings, as appropriate, and regular communications with the Directors. The Board is satisfied that all Non-Executive Directors provide constructive challenge, strategic guidance and hold management to account.

→ Read more about the **terms of appointment and remuneration of Directors** in the Remuneration Committee Report on pages 66 to 70



Corporate Governance continued

Board Committees

The Board is supported by a number of Committees:

Audit Committee	Nominations Committee	Remuneration Committee	Chief Executive Officer	Group Financial Director
<p>Membership: <i>Shaun Smith (Chair), Andrew Eastgate and Stephen Harrison</i></p> <p>The Committee oversees the Group's financial reporting, risk management, internal control and assurance processes and the external audit.</p> <p>Principal responsibilities include:</p> <ul style="list-style-type: none"> Reviewing and challenging the risk identification and risk management processes across the Group Managing relations with the external auditors to ensure the annual audit is effective, objective, independent and of high quality Reviewing the Group's corporate reporting <p>2023 focus: Activities during the year included:</p> <ul style="list-style-type: none"> Reviewing the performance and effectiveness of the external auditors Considering the outcome of quarterly reviews of internal controls effectiveness during the year Reviewing the Group risk register and risk identification process Reviewing the audit plan for the year ended 31 December 2023 Reviewing the 2023 Annual Report and full year announcement, and meeting with the auditors to consider audit findings <p>→ Read more in the Audit Committee Report on page 63</p>	<p>Membership: <i>Stephen Harrison (Chair), Andrew Eastgate, Jonathan Bednall and Shaun Smith</i></p> <p>The Committee regularly reviews the Board's composition with a view to ensuring a diverse mix of backgrounds, skills knowledge and experience.</p> <p>Principal responsibilities include:</p> <ul style="list-style-type: none"> Keeping under review the structure, size and composition of the Board and making recommendations to the Board with regard to any changes Identifying and nominating candidates to fill Board vacancies Considering succession planning for Directors and other senior management <p>2023 focus: The Committee meets as and when required and met once during the year to review the structure, size and composition of the Board.</p> <p>Andrew Eastgate gave notice of his intention to step down as Chairman of the Board and retire following the forthcoming AGM to be replaced by Stephen Harrison in line with succession plans.</p> <p>As a result, the decision was taken to commence a recruitment process for the appointment of an additional Non-Executive Director.</p>	<p>Membership: <i>Stephen Harrison (Chair), Andrew Eastgate and Shaun Smith</i></p> <p>The Committee sets and assesses the remuneration of the Executive Directors and reviews arrangements across the Group.</p> <p>Principal responsibilities include:</p> <ul style="list-style-type: none"> Setting the remuneration policy for Executive Directors Reviewing the level and structure of remuneration for senior management Reviewing remuneration arrangements across the Group to ensure they are reasonable, while supporting the Group in attracting and retaining the best people at all levels <p>2023 focus: On 23 May 2023, Stephen Harrison was appointed Chair (previously Andrew Eastgate)</p> <p>Activities during the year included:</p> <ul style="list-style-type: none"> Reviewing the FY22 Remuneration Committee Report prior to its approval by the Board Reviewing performance against the FY22 annual bonus plan targets and resulting awards Reviewing and granting the FY23 LTIP awards Reviewing and approving updated terms of reference for the Committee <p>→ Read more in the Remuneration Committee Report on page 66</p>		

Matters considered by the Board during the year

We have set out below the key matters considered by the Board during the year, including details of the principal decisions taken and how the Board considered our stakeholders in line with s172(1) of the Companies Act 2006.

s172 key

Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to:

- a the likely consequences of any decision in the long term
- b the interests of the Company's employees
- c the need to foster the Company's business relationships with suppliers, customers and others
- d the impact of the Company's operations on the community and the environment
- e the desirability of the Company maintaining a reputation for high standards of business conduct
- f the need to act fairly as between members of the Company

Risks key

- | | | | | |
|----------------------------|--------------------|-------------------------|------------------------------|---------------------------|
| 1 MACROECONOMIC CONDITIONS | 2 LABOUR SHORTAGES | 3 INFLATIONARY PRESSURE | 4 RETENTION OF KEY PERSONNEL | 5 SUPPLY CHAIN DISRUPTION |
| 6 HEALTH AND SAFETY | 7 ACQUISITIONS | 8 CUSTOMERS | 9 SUSTAINABILITY | 10 CYBERSECURITY |









Stakeholders key







- | | | | |
|---------------------------------|---------------------------|-----------|--------------|
| EMPLOYEES | CUSTOMERS | SUPPLIERS | SHAREHOLDERS |
| COMMUNITIES AND THE ENVIRONMENT | GOVERNMENT AND REGULATORS | | |

Topic	Activities and considerations	Outcome
<p>Health and safety</p> <p>s172 key: b e</p> <p>Link to risks: 6 4</p> <p>Stakeholders considered: </p>	<p>Health and safety remains a critical area of Board focus, and the first item on the agenda at each meeting.</p> <p>Levels of accidents as indicated by RIDDOR events and accident frequency rate were monitored throughout the year.</p> <p>The causes of accidents, injury type and severity were examined. The Board was updated on the reasons for the slight increase in injuries, which still remain low, and strategies to reinforce safe operating practices across the Group.</p>	<p>→ Read more about our operational KPIs, which relate to health and safety, on page 28</p>
<p>Employees</p> <p>s172 key: b e</p> <p>Link to risks: 2 4</p> <p>Stakeholders considered: </p>	<p>The Board recognises the importance of our employees as central to the success of the Group.</p> <p>During the year, the Board reviewed succession plans for executive and senior management and monitored information regarding staffing levels, vacancies, employee turnover and absences.</p> <p>In approving a further cost of living support payment to employees, the Board balanced the need to ensure the Group remains profitable and viable with the desire, as a responsible employer, to support our hard-working employees.</p>	<p>Approved a further cost of living support payment for all employees excluding senior management.</p> <p>Approved the grant of a further tranche of options under the Group's LTIP.</p>



Corporate Governance continued

Topic	Activities and considerations	Outcome
Strategy and acquisitions s172 key: a b c d e Link to risks: 7 9 5 8 Stakeholders considered:    	The Board considered strategic matters at every meeting in 2023 and reaffirmed the principal risks as set out in the risk register and the strategic objectives of the Group. Following two acquisitions in 2022, the principal developments during the year were in relation to the integration of Poly-Pure and Mayfield, in addition to the consolidation of decking production into a single site and the phased implementation of a single IT system across our distribution network, with progress on all fronts in line with Board expectations.	→ Read more about strategic developments during the year on page 18
Operations s172 key: a b d Link to risks: 5 8 10 9 Stakeholders considered:   	The Board received updates on the operational performance, sustainability performance and key risks of the Group's business units, including reviewing cybersecurity risks and activities during the period.	Approved capital investment funding for key projects, in particular, relating to the ongoing project to enhance capacity and margins at Poly-Pure and to facilitate the use of recycled material in our extrusion operations.
Financial s172 key: a f Stakeholders considered: 	In addition to approving the 2022 annual report and 2023 interim financial statements, the Board monitored and discussed progress against the annual budget. Liquidity, covenant compliance and balance sheet strength were also reviewed. In approving the payment of dividends during the year, the Board considered the Group's profitability, cash-generation and banking facilities and in approving the commencement of a share buyback scheme the Board also considered the opportunity to take advantage of market conditions to repurchase shares at attractive levels to return additional funds to shareholders. The Board reviewed and approved the budget for 2024, challenging the assumptions underlying the forecast and ensuring that it takes account of risk, market trends and the outlook for the UK economy.	Recommended the 2023 final dividend (approved at the 2024 AGM). Approved the 2023 interim dividend of 2.0 pence per share. Share buyback programme commenced with 0.3 million shares repurchased at 31 December 2023.

Topic	Activities and considerations	Outcome
Macroeconomic and market conditions s172 key: c Link to risks: 1 3 5 Stakeholders considered:    	The Board continued to closely monitor the macroeconomic environment, receiving briefings on trends in relevant areas and likely scenarios for the UK economy. UK housing market activity, inflation and its impact on consumer confidence and spending and interest rates were kept under review. Input cost inflation, particularly in respect of PVC resin began to ease, although inflation in respect of energy and labour, continued to be prominent and the Board considered how to appropriately pass on cost increases on to customers.	→ Read more about the market overview and outlook on page 12
Governance s172 key: b e f Stakeholders considered:  	The Board reviewed and discussed upcoming changes to the QCA code and reporting requirements in respect of TCFD. Each of the Committee Chairs reported on their respective meetings. The Board commenced the recruitment process for an additional Non-Executive Director, in order to maintain the breadth of skills and experience across the Board.	Approved Board and committee appointments: <ul style="list-style-type: none"> Stephen Harrison as Chair of the Nominations Committee from 4 January 2024 Approved Epwin Group Plc's 2023 Modern Slavery Act Statement



Corporate Governance continued

Board performance

The Chairman is responsible, with the assistance of the Nominations Committee, for ensuring that the Company has an effective Board with a suitable range of skills, expertise and experience.

The performance of Directors, as well as the performance and composition of the Board as a whole, is evaluated on an annual basis. In 2023, the performance of the Directors and the Board as a whole was the subject of consideration and review by the Non-Executive Directors. Following a review of the composition of the Board and the breadth of skills and experience across the Non-Executive Directors, it was decided that a process would commence to recruit an additional Non-Executive Director.

Directors' conflicts of interest

Under the Companies Act 2006 (the "Act"), a Director must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Group's interests. The requirement is considered very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, provided that the articles of association contain a provision to this effect. The Company's articles of association authorise the Directors to approve such situational conflicts.

There are safeguards that will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and, second, in taking the decision, the Directors must act in a way that they consider, in good faith, will be most likely to promote the Group's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate. Directors are required to notify the Company Secretary of any additional conflict situation or if there is a material change in a conflict situation previously notified, giving sufficient details of the situation to allow the Board to make an informed decision when considering authorisation.

Internal controls

The Board is responsible for maintaining a sound internal control environment to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute, assurance against material misstatement or loss. The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment.

Epwin is committed to conducting its business responsibly and in accordance with all applicable laws and regulations. Employees are encouraged to raise concerns about fraud, bribery and other matters through a whistleblowing procedure.

Corporate culture

Epwin's corporate culture runs through all of its different business units, many of which have been added to the Group through acquisition. This culture is based on allowing each business unit to thrive on its own initiative, whilst benefitting from being part of a larger whole, securing Epwin's routes to market by increasing vertical integration. Local management teams and employees are actively encouraged to suggest efficiency improvements. In addition, Epwin employees are encouraged to suggest ways to improve the Group's product portfolio and build on their technical expertise. The Group's senior team holds regular meetings with employees and spends time on manufacturing sites with key staff to monitor this corporate culture. The Board is satisfied that a corporate culture based on ethical values and behaviours continues to be promoted throughout the Group.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders. The Chief Executive Officer and the Group Finance Director are the Company's principal contact for investors, fund managers, the press and other interested parties. Other than during closed periods, the Chief Executive Officer and Group Finance Director maintain a regular dialogue with institutional shareholders and give presentations to them and analysts immediately after the announcement of the Group's half year and full year results. The Group also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The Chief Executive Officer and the Group Finance Director also meet with the Company's brokers during the year to ensure that they are aware of the views of major shareholders. Additionally, at the Annual General Meeting, investors are given the opportunity to question the entire Board.

The Chairman offers to meet with major institutional shareholders periodically in order to provide a channel of communication in addition to that provided by the Executive Directors.

The Group maintains a corporate website (investors.epwin.co.uk), which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors, including the Group's annual and half year reports, trading statements and all regulatory announcements relating to the Group. The Corporate Governance section of the website details our compliance with the ten principles of the QCA code.

The Board wishes to encourage the constructive use of the Company's AGM for shareholder communication.

Andrew Eastgate

Chairman

10 April 2024

Audit Committee report

The Audit Committee has primary responsibility for monitoring the quality of internal financial controls, ensuring that the financial performance of the Group is properly measured and reported on, and reviewing the work of, and reports from, the Group's auditors relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. During 2023, the Audit Committee met four times. The terms of reference for the Committee were updated during the year and can be found on the Group's corporate website.

Activities during the year

Activities of the Audit Committee during the year included:

- Reviewing the performance and effectiveness of the external auditors
- Reviewing the half year announcement for the period ended 30 June 2023
- Considering the outcome of quarterly reviews of internal controls effectiveness during the year
- Reviewing whistleblowing policies
- Considering the requirement for an internal audit function
- Reviewing the Group risk register and processes for risk identification
- Consideration of the external audit plan for the year ended 31 December 2023
- Reviewing the Annual Report and full year announcement, and meeting with the auditors to consider audit findings, for the year ended 31 December 2023

Internal financial controls

The Group's financial reporting processes are detailed and regularly reviewed. The detailed reporting is reviewed at least at each month end by the members of the Group finance team, highlighting areas of concern and verifying that the reasons for any variations are valid. Quarterly reviews of each of the businesses are performed by the Executive Directors, covering both historic and forthcoming financial and business performance, as well as anticipating key future events.

In addition, each business unit is required to submit a quarterly controls checklist, which is signed locally to certify that controls and reviews have been carried out both during the quarter and as part of each month end close. These reports are used to follow up on any non-compliance points identified, and are reviewed by the relevant divisional Finance Directors, as well as the Group finance team.

At this stage, the Audit Committee and Board do not consider an internal audit function to be a cost-effective source of additional assurance over the control environment but will keep this matter under annual review.

Financial reporting

The Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results, or the level of complexity, judgement or estimation involved in their application to the Group's financial statements.

The significant financial risks considered by the Committee in relation to the 2023 financial statements are outlined below.

Going concern

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides including the ongoing anticipated impact of current macroeconomic factors on the operations and its financial resources, the Group and Parent Company will have sufficient funds to meet their liabilities as they fall due for that period.

The Board continues to closely monitor the macroeconomic environment, including housing market activity, inflation and Bank of England interest rate announcements. The Group balance sheet remains robust with significant financial headroom on committed banking facilities, which were renewed during the year through to August 2026 with an option to extend for a further two years. The banking facilities comprise a £65 million Revolving Credit Facility and £10 million overdraft facility. Note 20 to the consolidated financial statements sets out more detail on the undrawn facility headroom and financial covenants. The Group has traded profitably throughout 2023, and to the date of this report, and its financial position remains strong, with net debt better than expectations at the year end and maintaining ongoing significant headroom on its banking facilities and covenants.

The Group prepares, and the Board reviews, detailed budgets and forecasts, which it has confidence in achieving in a normal business environment. The Directors have prepared cash flow, facility headroom and financial covenant forecasts for a period of at least 12 months from the date of approval of these financial statements. The Directors considered the financial resources of the Group, as well as its forecasts and severe but plausible stress test scenarios.

The Group starts 2024 with significant headroom on its banking facilities and the forecasts show that there is sufficient liquidity and headroom to ensure compliance with all covenants throughout the going concern period.

Consequently, the Directors are confident that the Group and Parent Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.



Audit Committee report continued

Revenue recognition and related customer support provisions

Revenues are recognised at the fair value of goods sold to external customers, net of value-added tax, discounts, rebates and other sales taxes or duty. Customer support is a predetermined sales incentive for certain branded products that falls due when the Group's customer sells the relevant products to a specified end user. A deduction is made from revenue and a provision booked relating to relevant products sold to customers for which customer support has yet to be claimed. This deduction includes an estimate of the proportion of sales that are expected to be sold to specified end users and that will result in a customer support claim.

The Audit Committee considered the basis, consistency of application and adequacy of the customer support provision and concluded that the provision, as well as the value and timing of revenues recognised, was appropriate.

Inventory

As a manufacturer, inventory is one of the most significant items on the balance sheet. There is, therefore, a risk that the value of inventory may be in excess of its net realisable value. A deduction is made from inventory for obsolete and slow-moving lines of inventory. This deduction involves judgement in identifying slow-moving and obsolete lines as well as an estimate of the recoverable amount.

The Audit Committee considered the basis, consistency of application and adequacy of the slow-moving and obsolete inventory provision and concluded that the provision was adequate to ensure inventories are held at the lower of cost and net realisable value.

Goodwill and Parent Company investments

As an acquisitive Group, the balance sheet of the Group includes a significant value of goodwill. Similarly, the Parent Company balance sheet includes a significant balance relating to the investments it holds in subsidiary undertakings. There is a risk that the carrying value of these assets is not recoverable.

The goodwill and Parent Company investments are assessed for impairment when there is an indicator of impairment or at least annually. This assessment involves identification of Cash Generating Units ("CGUs"), calculating the value-in-use of each CGU and comparing this to the goodwill allocated to that CGU. The value-in-use calculation includes a number of estimates, including revenue, profit and cash flow forecasts for each CGU, the growth rate into perpetuity beyond this period and the discount rate, which depend on future expectations of the Group and Parent Company and its markets.

During the year, an impairment was recognised in respect of the remaining goodwill relating to the Ecodek CGU, reflecting the fact that the discounted present value of future cash flows did not support the carrying value of the asset. This resulted in an impairment charge of £4.2 million in the year. For the remaining CGUs, the value-in-use exceeded the carrying value for CGU. Therefore, no impairment loss was recognised in any of the periods.

The Audit Committee was satisfied that the assumptions used in the impairment testing were appropriate, the impairment charge recognised during the year was reasonable and that there was sufficient headroom in the calculations for the remaining CGUs to conclude that no impairment is required.

Fair value of contingent consideration

The acquisition of Poly-Pure in 2022 included contingent consideration in the form of an earnout mechanism, based upon the adjusted EBITDA after tax of Poly-Pure in the three calendar years to 31 December 2023, 31 December 2024 and 31 December 2025 respectively, capped in aggregate at a further £15 million in cash (£5 million per year, with a roll-forward mechanism allowing a shortfall of up to £2 million to be carried forward to the following year). There is inherent uncertainty regarding the fair value of contingent consideration at the year end, as the measurement is based on forecasted post-acquisition performance and there is a risk that results will differ from expectations.

The Audit Committee reviewed the performance of Poly-Pure during 2023 and acknowledged that it had not met its earnout criteria largely as a result of delays in the delivery and installation of planned capital investment to reach the desired capacity and improve margins. Consequently, no contingent consideration is payable in respect of the year ended 31 December 2023. As of 31 December 2023, all plant was on site, installed and operating in line with expectations.

The Audit Committee was satisfied that the assumptions used in the fair value exercise regarding the likely future performance of Poly-Pure were appropriate, while acknowledging the inherent uncertainty and possibility that actual results may differ. The earnout still achievable in respect of FY24 and FY25 is £12 million. As such the Audit Committee consider that the fair value of contingent consideration recognised as at 31 December 2023, of £7.2 million, is reasonable.

Audit exemption

Epwin Materials Limited has adopted the exemption from the requirement to file audited financial statements by virtue of Section 479A of the Companies Act 2006. In adopting the exemption, Epwin Group Plc has provided a statutory guarantee to Epwin Materials Limited in accordance with Section 479C of the Companies Act 2006, see note 4 to the Company financial statements for further details.

External audit effectiveness and auditor reappointment

A key responsibility of the Audit Committee is evaluating the performance and ensuring the continued effectiveness of the external audit. Following the completion of the 2022 Group audit, both the Group and divisional finance teams are asked to provide feedback on the performance of the external auditors, including audit approach, quality of staff, work performed and feedback, and understanding of the business. Following presentation and evaluation of the feedback by the Audit Committee, it was determined that RSM UK Audit LLP ("RSM") continue to provide an effective audit and recommended they should be reappointed.

Auditor independence

The Audit Committee and the Board place great emphasis on the objectivity of the external auditor in their reporting to shareholders. The audit partner and senior manager are present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditors is reviewed annually by the Audit Committee, taking into account the views of management, and feedback will be provided where necessary to senior members of RSM unrelated to the audit. This activity will also form part of RSM's own system of quality control. The Audit Committee also has discussions with the auditors on the adequacy of controls and on any areas requiring judgement. These discussions have proved satisfactory to date. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee after discussions between the Group Finance Director and RSM.

Rotation of the audit partner's responsibilities within RSM is required by their profession's ethical standards. There will be rotation of the audit partner and key members within the audit team as appropriate. RSM were first appointed as the external auditor following a competitive tender process in September 2021.

Assignments of non-audit work have been, and are, subject to controls by management that have been agreed by the Audit Committee so that auditor independence is not compromised.

Other than audit, the Board is required to give prior approval of work carried out by RSM and its associates in excess of £20,000. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of RSM in their reporting on the financial statements and audit of the Group.

Shaun Smith

Chair of the Audit Committee

10 April 2024



Remuneration Committee report

Annual statement

I am pleased to present the Remuneration Committee Report for the year ended 31 December 2023, which for the first time will be put to an advisory vote at the forthcoming AGM. This report is divided into three sections, being:

- This Annual statement, which summarises the work of the Committee, remuneration outcomes in 2023 and how the remuneration policy will be implemented in 2024;
- The Remuneration policy report, which summarises the Company's remuneration policy; and
- The Annual report on remuneration, which discloses how the remuneration policy was implemented in 2023.

Committee responsibilities

The Remuneration Committee reviews the Group's policy on the remuneration and terms of engagement of the Executive Directors and senior management team. Executive Directors attend by invitation only, when appropriate, and do not participate when decisions are taken on their own remuneration.

The members of the Remuneration Committee and details of attendance at the meetings are disclosed in the Corporate Governance Report on page 56.

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group. The Committee members do not participate in any bonus, share awards or pension arrangements.

Activities during the year

On 23 May 2023, Stephen Harrison was appointed Chair of the Remuneration Committee.

Activities of the Remuneration Committee during the year ended 31 December 2023 included:

- Reviewing the FY22 Remuneration Committee Report prior to its approval by the Board
- Reviewing performance against the FY22 annual bonus plan targets and resulting awards
- Reviewing and granting the FY23 LTIP awards
- Reviewing and approving updated terms of reference for the Remuneration Committee

Performance and reward for FY23

Following a review of performance against annual bonus targets for the year ended 31 December 2023, the Remuneration Committee determined that the maximum threshold had been achieved for underlying operating profit and free cash flow. As a result, both Jonathan Bednall and Christopher Empson were eligible to receive a bonus payment with respect to the year ended 31 December 2023.

Remuneration policy for FY24

In respect of the implementation of the remuneration policy for the Chief Executive Officer and Group Finance Director for the year ending 31 December 2024:

- An inflationary increase of 3.5% was applied in respect of base salaries. As such, the Chief Executive Officer and Group Finance Director salaries for FY24 will be £310,500 and £217,350, respectively
- Pension contributions have been capped at 10% of base salaries
- No changes have been made in relation to the structure of the annual bonus with performance measures continuing to be based on underlying operating profit and free cash flow targets
- Restricted awards under the LTIP scheme are expected to be granted to the Chief Executive Officer and Group Finance Director based on 50% of base salary

No changes were made to Non-Executive Director fees, which remain at £40,000 with additional fees of £5,000 payable to the Chairs of the Audit and Remuneration Committees. The Chairman's fee remains £80,000.

Remuneration policy report

The Board and Remuneration Committee of Epwin aim to ensure the Group has the most appropriate team to drive continued success and creation of shareholder value in a highly competitive environment. For the Group to continue to compete successfully, it is essential that the level of remuneration and benefits offered achieves the objectives of attracting, retaining, motivating and rewarding individuals of the necessary calibre at all levels across the Group. The Group, therefore, sets out to provide competitive remuneration to all its employees, appropriate to the business environment and the market in which it operates.

The Group, therefore, sets out to provide competitive remuneration to all its employees, appropriate to the business environment and the market in which it operates. To achieve this, the remuneration package is based upon the following principles:

- total rewards should be set by reference to the market to provide a fair and attractive remuneration package
- appropriate elements of the remuneration package should be designed to reinforce the link between performance and reward
- Executive Directors' incentives should be aligned with the interests of shareholders

Summary of Directors' remuneration policy

Component	Purpose	Operation	Maximum
Executive Directors			
Base salary	To provide a competitive base salary to attract, retain and motivate higher performing executives with the experience and capabilities to achieve the strategic aims of the Group.	Reviewed annually by the Remuneration Committee after considering the performance of the individuals, their levels of responsibility and rate of salary or fees for similar positions in comparator companies.	N/A
Benefits	To provide a market-competitive benefits package.	In line with market practice and may include company car or car allowance, private medical insurance, income protection and death in service cover.	N/A
Pension	To provide an appropriate level of retirement benefit.	The Group makes defined contributions on behalf of the Directors into their individual pension plans based on a percentage of basic salary or payment in lieu of these benefits net of employer's national insurance contributions and are at no additional cost to the Group.	10% of base salary
Annual bonus	To reward performance against annual targets that support the strategic direction and performance of the Group.	Performance-related bonuses for the Executive Directors are contractual and are primarily determined by reference to performance targets based on the Group's financial results set at the beginning of the financial year. Awards are capped at a maximum of 100% of the individual's basic pay. Terms and conditions are based on the recommendations of the Remuneration Committee.	100% of base salary
LTIP	The Group strongly believes that employee share ownership strengthens the link between employees' personal interests and those of the Group and its shareholders, as well as encouraging employee retention and motivation. The Long-Term Incentive Plan ("LTIP") is designed to retain, incentivise and reward the senior management team and increase alignment with our shareholders in a manner consistent with the market practice. The ultimate value of these awards is dependent upon share price performance.	The Remuneration Committee intends to grant share awards under the LTIP annually, which are normally expected to be structured as nominal cost options. Awards may be structured as: (i) "Performance Share Awards", which will normally vest three years from grant subject to continued service and challenging sliding scale performance conditions; and/or (ii) "Restricted Share Awards", which will normally vest three years from grant subject to continued service and the satisfactory Remuneration Committee assessment against one or more underpins. Awards are subject to market standard good leaver change of control and malus and clawback provisions at the discretion of the Remuneration Committee.	Performance share awards are capped at 100% of base salary. Restricted share awards are capped at 50% of base salary



Remuneration Committee report continued

Component	Purpose	Operation	Maximum
Non-Executive Directors			
Fees	Fees are set to attract and retain non-executive directors with the experience and capabilities to support the strategic aims of the Group.	The Non-Executive Directors receive fees set at a level commensurate with their experience and ability to make a contribution to the Group's affairs and are set by the Board as a whole. No other incentives, pensions or other benefits are available to the Non-Executive Directors. Fees are reviewed annually and are paid in cash.	N/A

Directors' service agreements

The service agreements of the Executive Directors entitle them on termination to payments in lieu of notice equal to salary, benefits and pension contributions for a period of 12 months, or less if the Director finds alternative full-time employment. There will be no compensation for loss of office due to misconduct or resignation by the Director. Non-Executive Directors are appointed for an initial period of three years, subject to reappointment at the following AGM.

Annual report on remuneration

Details of the Directors' emoluments, share awards and shareholdings are given below and form part of the audited financial statements.

Directors' remuneration for FY23

To ensure Executive Director remuneration remains competitive and in line with the general market, the Remuneration Committee took benchmarking advice from remuneration consultants in early 2023. As a result, base salaries for Executive Directors were increased effective 1 January 2023.

		Salary and fees £000	Taxable benefits £000	Annual bonus £000	Pension contributions £000	Total £000
Executive						
J A Bednall	2023	300	11	300	30	641
	2022	250	11	250	30	541
C A Empson	2023	210	8	210	21	449
	2022	180	10	180	22	392
Non-Executive						
A K Eastgate	2023	80	-	-	-	80
	2022	80	-	-	-	80
S M Smith ¹	2023	45	-	-	-	45
	2022	43	-	-	-	43
S R Harrison ²	2023	43	-	-	-	43
	2022	7	-	-	-	7
Former Directors						
S P Hanrahan ³	2022	100	4	-	14	118
M K O'Leary ⁴	2022	10	-	-	-	10
Total	2023	678	19	510	51	1,258
Total	2022	670	25	430	66	1,191

Notes

- ¹ Appointed 4 January 2022
- ² Appointed 2 November 2022
- ³ Resigned 30 June 2022
- ⁴ Resigned 3 March 2022

Annual bonus for FY23

Details of the annual bonus awards to Executive Directors for the year ended 31 December 2023 are as follows:

Financial targets	Underlying operating profit	Free cash flow
Weighting	60%	40%
Threshold	£21.6 million	£9.0 million
Maximum	£24.0 million	£10.0 million
Actual	£25.5 million	£11.6 million
% of maximum payable	100%	100%

Share awards

The following LTIP awards were granted to the Executive Directors in April 2023:

Director	Basis of award	Number of shares under award
Jonathan Bednall	50% of salary	200,000
Christopher Empson	50% of salary	140,000

The awards are structured as nominal cost (0.05 pence) options and vest three years from the grant date subject to continued employment. The Remuneration Committee retains discretion to adjust the level of vesting if it considers this to be appropriate having regard to the underlying financial performance and/or shareholder experience over the measurement period.

The interests of the Directors at the year end in options to subscribe for ordinary shares of the Company are as follows:

Director	Award type	Date of grant	Shares granted	Exercise price	Earliest date exercisable	Last date exercisable
Jonathan Bednall	LTIP	25.05.21	116,550	0.05 pence	25.05.24	25.05.31
	LTIP	6.05.22	145,349	0.05 pence	6.05.25	6.05.32
	LTIP	25.04.23	200,000	0.05 pence	25.04.26	25.04.33
Christopher Empson	LTIP	25.05.21	79,254	0.05 pence	25.05.24	25.05.31
	LTIP	6.05.22	104,651	0.05 pence	6.05.25	6.05.32
	LTIP	25.04.23	140,000	0.05 pence	24.04.26	25.04.33
	SAYE	21.10.21	33,333	54.0 pence	1.01.24	30.06.24

Share awards vesting/exercised in the year

No share awards vested or were exercised during the year ended 31 December 2023.



Remuneration Committee report continued

Directors' shareholdings

The interests of the Directors who held office at 31 December 2023 in the ordinary share capital of the Company are as shown in the table below:

	As at 31 December 2023 Number of shares	As at 31 December 2022 Number of shares
Executive		
Jonathan Bednall ¹	473,201	873,201
Christopher Empson	318,165	284,865
Non-Executive		
Andrew Eastgate	5,000	5,000
Shaun Smith	10,000	10,000
Stephen Harrison	10,000	-

¹ On 10 November 2023, Jon Bednall transferred by way of gift 400,000 ordinary shares of 0.05 pence each in the capital of the Company to his adult children

This report has been approved by the Remuneration Committee and has been signed on its behalf by:

Stephen Harrison

Chair of the Remuneration Committee

10 April 2024

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

Financial results and dividends

The audited financial statements for the Group and Parent Company for the year ended 31 December 2023 are set out on pages 83 to 121. The Group profit for the year was £9.3 million (2022: £8.4 million). The Board is recommending a final dividend of 2.80 pence per share (2022: 2.55 pence per share) to be paid on 5 June 2024 to shareholders on the register on 10 May 2024. Along with the interim dividend of 2.00 pence per ordinary share, paid in October 2023, this takes the full year dividend to 4.80 pence per ordinary share (2022: 4.45 pence per share).

Directors and Directors' interests

The Directors who held office during the year and to the date of this report were as follows:

A K Eastgate
J A Bednall
C A Empson
S M Smith
S R Harrison

Read the biographies of the Directors in office at the date of this report on pages 54 and 55.

Read more about the Directors' remuneration and their interests in the share capital of the Company in the Remuneration Committee Report on page 66.

Directors' and officers' liability insurance

The Company has purchased insurance to cover its Directors and officers against costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

Supplier payment policy

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group seeks to treat all suppliers fairly, but it does not have a Group-wide standard or code of practice that deals specifically with payments to suppliers. Trade payables at 31 December 2023 represented on average 66 days' credit, based on actual invoices received (2022: 67 days' credit).

Share capital

The issued share capital of the Company at 31 December 2023 was £72,280 (2022: £72,653), comprising 144,559,788 (2022: 145,305,993) ordinary shares of 0.05 pence each. See note 8 to the Company financial statements for a reconciliation of opening to closing share capital.

In November 2023, the Group announced the commencement of a share buyback programme for the repurchase of up to 3 million ordinary shares of 0.05 pence each for cancellation, as our strong cash generation and balance sheet provided the opportunity to take advantage of market conditions to repurchase shares at attractive levels and return additional funds to shareholders. The buyback is progressing well, and we anticipate completing this initial programme in Q2 2024. As at 31 December 2023, 366,723 ordinary shares had been repurchased and cancelled, at a total cost of £0.3 million.

The Directors will be seeking authority at the forthcoming AGM to renew their authority to allot and repurchase shares. Full details of these resolutions, together with explanatory notes, are contained in the Notice of the Annual General Meeting on pages 122 to 127.

Substantial shareholdings

As at 31 March 2024, the Company had the following substantial shareholdings¹:

	% of issued share capital	Number of shares
Ruffer LLP	16.65	23,820,700
AJ Rawson	14.16	20,250,000
Kennedy Capital Investments Limited	14.16	20,250,000
Janus Henderson Investors	7.86	11,237,293
Otus Capital Management	6.50	9,298,428
Chelverton Asset Management	4.41	6,301,969
AXA Investment Managers	3.40	4,865,000

¹ Extracted from the share register maintained by Link Group

Charitable and political donations

The Group made no charitable or political donations during the year (2022: none).

Research and development activities

The Group undertakes research and development activities relating primarily to new product development and innovations to improve production process efficiency.

Going concern and future developments

The financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Detailed disclosure on going concern is included in the Basis of Preparation section of the notes to the consolidated financial statements on page 87.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report on pages 10 to 51. In addition, note 24 to the consolidated financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.



Directors' report continued

Streamlined Energy and Carbon Reporting ("SECR")

Our Streamlined Energy and Carbon Reporting for the year ended 31 December 2023 is presented in the Sustainability Report on page 45.

Financial risk management

The Group uses financial instruments to manage capital and to mitigate certain types of risks. The Group's objectives and policies on financial risk management can be found in note 24 to the consolidated financial statements.

Annual General Meeting

The Annual General Meeting ("AGM") will be held at Squire Patton Boggs (UK) LLP, Rutland House, 148 Edmund Street, Birmingham, B3 2JR on Tuesday 21 May 2024 at 11.00 am.

Further details (including in relation to shareholders' questions and proxies) are set out on pages 122 to 127.

Auditor reappointment

RSM UK Audit LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the auditors

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

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

Employees

Our people are the foundation of our business and imperative to its success. The Group promotes a positive working environment for all employees with rigorous policies and procedures that protect, develop and satisfy our existing and future employees.

Health and safety

Providing a healthy and safe environment for people is an absolute priority in our business. It is the first item on the agenda at Board meetings where metrics are monitored. Health and safety is part of a continuous training programme across the Group.

Employee satisfaction

We aim to recruit, develop and retain our employees by providing training and personal development, engagement through local working groups, reviewing reward, incentive and benefit programmes, whilst also recruiting apprentices and graduates to build the pipeline of talent for the future.

Equality, diversity and inclusion

Our employment policies, including a commitment to equal opportunity, are designed to attract and retain high-calibre individuals, regardless of age, gender, religion, disability, marital status, race, ethnicity, nationality or sexual orientation. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Group may continue.

We take measures to ensure good working conditions. Employees are expected at all times to act honestly, respectfully and in accordance with our Group policies. The Group does not tolerate misconduct or harassment in any form and will diligently investigate and, where necessary, take action following any complaints, including those of confidential "whistleblowers".

Employee and stakeholder engagement

The Group keeps its employees informed of matters affecting them as employees through regular team briefings throughout the year. We value employees' opinions and seek to actively consult them in the decision-making process and keep them apprised of Group news. Employees are entitled to participate in the Group's SAYE scheme, further aligning their interests with those of the Group.

Further details on employee engagement, and the Group's engagement with suppliers, customers and other key stakeholders have been included on pages 42 to 43.

For details of how the Group's stakeholders were considered during key Board discussions and decisions taken during the year, see our s172 reporting on pages 59 to 61.

The average number of employees within the Group is shown in note 6 to the consolidated financial statements.

By order of the Board

Christopher Empson

Group Finance Director

10 April 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, comprising the Strategic Report, the Directors' Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. The Directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are responsible for safeguarding the assets of the Group and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Epwin Group Plc website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



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Independent Auditor's Report to the members of Epwin Group Plc

for the year ended 31 December 2023

Opinion

We have audited the financial statements of Epwin Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise Consolidated Income Statement and Other Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet, Company Statement of Change in Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	<p>Group</p> <ul style="list-style-type: none"> • Customer support liability • Contingent consideration • Impairment of a CGU <p>Parent Company</p> <p>There were no key audit matters specifically related to the parent company.</p>
Materiality	<p>Group</p> <ul style="list-style-type: none"> • Overall materiality: £846,000 (2022: £775,000) • Performance materiality: £634,000 (2022: £581,000) <p>Parent Company</p> <ul style="list-style-type: none"> • Overall materiality: £849,000 (2022: £967,000) • Performance materiality: £636,750 (2022: £725,250)
Scope	Our audit procedures covered 84.8% of revenue, 88.5% of total assets and 87.3% of absolute profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Customer support liability	
Key audit matter description	<p>Refer to the accounting policy in note 1.13, together with critical accounting estimates and judgements in applying the group's accounting policies, note 2(a).</p> <p>The group provides sales incentives to its end customers for certain branded products.</p> <p>The group estimates the likely customer support claim at the point of sale. There can be a significant period of time between qualifying sales being made and the subsequent claims being received. In some instances, no claim is received.</p> <p>Relatively small changes in the assumptions and estimates used would have a significant effect on the overall customer support liability recognised.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the customer support liability has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than materiality for the financial statements as a whole, and, as a result, was determined to be a key audit matter.</p>
How the matter was addressed in the audit	<p>We selected and tested a sample of claims received and settled during 2023. These claims were agreed to the underlying sales data, claim documentation and the credit note issued on settlement.</p> <p>We performed retrospective analysis to assess the historical accuracy of the estimation of the customer support liability. This included considering the level of subsequent settlement of claims accrued for in prior periods. This was done to assess the level of claims expected to be settled in 2024 relating to 2023 for qualifying sales which were not settled at the balance sheet date or settled subsequent to the year end.</p> <p>We reviewed the related disclosures to assess whether these sufficiently explained the level of estimation uncertainty.</p>



Independent Auditor's Report to the members of Epwin Group Plc continued

for the year ended 31 December 2023

Contingent consideration

Key audit matter description	<p>Refer to the accounting policy in note 1.7, together with critical accounting estimates and judgements in applying the group's accounting policies, note 2(d).</p> <p>During the prior year the group acquired Poly-Pure Limited. The acquisition arrangement included contingent consideration.</p> <p>Poly-Pure did not meet the contingent consideration criteria and as a result no payments were made for the year ended 31 December 2023.</p> <p>Contingent consideration has been estimated based on the forecast EBITDA performance of the entity for each of the two years to 31 December 2025.</p> <p>The estimate is based on five different forecast scenarios and the assumed likelihood of each scenario.</p> <p>Relatively small changes in the forecasts and assumptions would have a significant effect on the overall estimate.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the contingent consideration has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than materiality for the financial statements as a whole, and, as a result, was determined to be a key audit matter.</p>
How the matter was addressed in the audit	<p>We obtained management's calculations in relation to the contingent consideration, verified them back to the SPA and checked the mathematical accuracy.</p> <p>We reviewed management's forecasts and compared this to previous forecasts and challenged management's expected scenarios within their calculations.</p> <p>We reviewed management's forecasts and compared this to the actual results in 2023 and investigated differences and reviewed the likelihood of the changes anticipated.</p> <p>We performed sensitivity analysis on the likelihood of each scenario to review the effect on the estimate.</p> <p>We reviewed the related disclosures to assess whether these sufficiently explained the level of estimation uncertainty.</p>

Impairment of a CGU

Key audit matter description	<p>Refer to the accounting policy in note 1.10, critical accounting estimates and judgements in applying the group's accounting policies, note 2(b), and note 12.</p> <p>Within the gross goodwill balance of £96.2m which is allocated across a number of Cash Generating Units (CGUs), there is one CGU which was identified to be at higher risk of impairment based on its trading performance. There was an impairment charge in relation to this CGU in the prior year.</p> <p>In the current year management as part of their impairment review have fully impaired the goodwill associated with this CGU by £4.2m to nil.</p> <p>As part of our risk assessment, we determined that the impairment charge has a high degree of estimation uncertainty as it is sensitive to forecast cashflow assumptions and the discount rate.</p> <p>The base impairment model resulted in a further impairment charge and a reasonable downside in management's model resulted in the goodwill associated with the CGU being fully impaired.</p> <p>Due to the level of estimation uncertainty this was determined to be a key audit matter.</p>
How the matter was addressed in the audit	<p>We obtained management's calculation of the Goodwill impairment and the underlying calculations prepared to support the impairment charge and performed work as follows:</p> <ul style="list-style-type: none"> • We reviewed and challenged the assumptions and estimates utilised in the model. • We recalculated the expected impairment of the CGU. • We considered the recoverable amount of residual assets, namely PPE within the CGU. • We considered the adequacy of the disclosures and whether they were in accordance with the applicable financial reporting framework

Our application of materiality

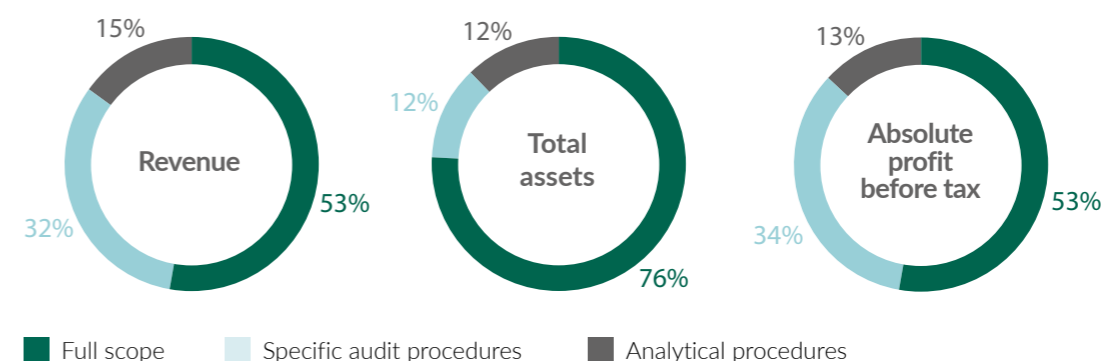
When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£846,000 (2022: £775,000)	£849,000 (2022: £967,000)
Basis for determining overall materiality	4.7% of adjusted profit before tax	1% of total assets. Materiality is restricted to £258,000 (2022: 228,500) as a component of the group audit.
Rationale for benchmark applied	Adjusted performance measures are the main focus of users of the financial statements to review the performance of the group. (Adjusted profit before tax is profit before tax excluding non-underlying items).	Holding company
Performance materiality	£634,000 (2022: £581,000)	£636,750 (2022: £725,250)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £42,300 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £42,450 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of 27 components, all of which are based in the UK.

The coverage achieved by our audit procedures was:



Full scope audits were performed for 6 components, specific audit procedures for 6 components and analytical procedures at group level for the remaining 15 components.

Of the above, full scope audits for 5 components and specific audit procedures for 6 components were undertaken by an engagement team from RSM UK Audit LLP as component auditors.

Specific audit procedures were performed in order to obtain sufficient and appropriate coverage over the group's results and address the identified significant risks of material misstatement at a group level.



Independent Auditor's Report to the members of Epwin Group Plc continued

for the year ended 31 December 2023

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding how the cash flow forecasts for the going concern period had been prepared and the assumptions adopted;
- Determining the funding arrangements and facilities in place to check the cash and covenant assumptions applied in management's assessment;
- Testing the integrity of the forecast model to ensure its mathematical accuracy;
- Challenging the key assumptions within the forecast with agreement to supporting data where appropriate; and
- Reviewing and challenging the appropriateness of the sensitivity analysis performed by management, supplemented by our own stress testing, followed by consideration of the need for available actions should performance be behind expectations.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 73, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

Independent Auditor's Report to the members of Epwin Group Plc continued

for the year ended 31 December 2023

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK-adopted IAS, FRS101 and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance
Tax compliance regulations	Inspection of advice received from external tax advisors

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	We performed tests of detail for transactions recognised either side of the year end to determine whether revenue had been recorded in the correct financial period.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Wall (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
103 Colmore Row
Birmingham
B3 3AG
10 April 2024



Consolidated Income Statement and Other Comprehensive Income

for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Revenue	3	345.4	355.8
Cost of sales		(231.4)	(250.5)
Gross profit		114.0	105.3
Distribution expenses		(42.0)	(40.1)
Administrative expenses		(51.3)	(48.3)
Underlying operating profit		25.5	21.5
Acquisition-related costs	5	-	(0.7)
Share-based payments expense	5, 7	(0.7)	(0.6)
Amortisation of acquired other intangible assets	5	(1.0)	(0.3)
Goodwill impairment	5	(4.2)	(3.0)
Contingent consideration adjustment	5	1.1	-
Operating profit	4	20.7	16.9
Finance costs	8	(7.5)	(5.0)
Profit before tax		13.2	11.9
Taxation	9	(3.9)	(3.5)
Profit for the year and total comprehensive income		9.3	8.4

		pence	pence
Earnings per share			
Basic	10	6.41	5.78
Diluted	10	6.31	5.71

There are no items of other comprehensive income other than those included above and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes form an integral part of these financial statements.



Consolidated Balance Sheet

as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Goodwill	12	89.0	93.2
Other intangible assets	13	5.9	6.3
Property, plant and equipment	14	35.4	34.3
Right of use assets	15	68.8	70.0
Lease assets	15	4.7	5.3
Deferred tax asset	22	-	0.8
		203.8	209.9
Current assets			
Inventories	16	37.4	41.1
Trade and other receivables	17	35.8	40.5
Lease assets	15	0.5	0.4
Income tax receivable		0.7	0.5
Cash and cash equivalents (excluding bank overdraft)	18	13.1	15.1
		87.5	97.6
Total assets		291.3	307.5
Liabilities			
Current liabilities			
Bank overdraft	18	0.6	-
Lease liabilities	15	10.7	9.7
Trade and other payables	19	59.4	70.6
Deferred and contingent consideration	24	0.1	1.9
Provisions	21	1.1	1.7
		71.9	83.9
Non-current liabilities			
Other interest-bearing loans and borrowings	20	24.6	29.8
Lease liabilities	15	81.8	82.9
Deferred and contingent consideration	24	7.2	7.6
Provisions	21	2.5	2.2
Deferred tax liability	22	1.2	-
		117.3	122.5
Total liabilities		189.2	206.4
Net assets		102.1	101.1
Equity			
Ordinary share capital	23	0.1	0.1
Share premium	23	13.0	13.0
Merger reserve	23	25.5	25.5
Retained earnings		63.5	62.5
Total equity		102.1	101.1

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2024.

They were signed on its behalf by:

Jonathan Bednall **Christopher Empson**
Chief Executive Officer Group Finance Director

Company number: 07742256

Consolidated Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total £m
Balance as at 1 January 2022	0.1	13.0	25.5	59.7	98.3
Comprehensive income					
Profit for the year	-	-	-	8.4	8.4
Total comprehensive income	-	-	-	8.4	8.4
Transactions with owners recorded directly in equity					
Share-based payments expense	-	-	-	0.6	0.6
Dividends	-	-	-	(6.2)	(6.2)
Total transactions with owners	-	-	-	(5.6)	(5.6)
Balance as at 31 December 2022 and 1 January 2023	0.1	13.0	25.5	62.5	101.1
Comprehensive income					
Profit for the year	-	-	-	9.3	9.3
Total comprehensive income	-	-	-	9.3	9.3
Transactions with owners recorded directly in equity					
Purchase of own shares (see note 23)	-	-	-	(2.4)	(2.4)
Share-based payments expense	-	-	-	0.7	0.7
Dividends	-	-	-	(6.6)	(6.6)
Total transactions with owners	-	-	-	(8.3)	(8.3)
Balance as at 31 December 2023	0.1	13.0	25.5	63.5	102.1

The accompanying notes form an integral part of these financial statements.



Consolidated Cash Flow Statement

for the year ended 31 December 2023

	Note	2023 £m	2022 £m
Cash flows from operating activities			
Profit for the year		9.3	8.4
Adjustments for:			
Depreciation, amortisation and impairment	4	24.6	20.1
Contingent consideration adjustment	4	(1.1)	-
Loss/(profit) on disposal of fixed assets	4	0.1	(0.4)
Net finance costs	8	7.5	5.0
Taxation	9	3.9	3.5
Share-based payments expense	7	0.7	0.6
Operating cash flow before movement in working capital		45.0	37.2
Decrease in inventories		3.7	0.3
Decrease in trade and other receivables		4.7	5.4
(Decrease) in trade and other payables		(13.4)	(4.4)
(Decrease)/increase in provisions		(0.3)	0.1
Pre-tax operating cash flow		39.7	38.6
Tax paid		(2.1)	(2.2)
Net cash inflow from operating activities		37.6	36.4
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(17.8)
Payment of deferred and contingent consideration		(1.8)	(0.3)
Acquisition of fixed assets	13, 14	(8.6)	(9.1)
Net cash outflow from investing activities		(10.4)	(27.2)
Cash flow from financing activities			
Interest on borrowings		(3.1)	(1.6)
Repayment of borrowings		(15.5)	(10.5)
Drawdown of borrowings		10.0	25.0
Net interest on lease liabilities		(3.4)	(3.2)
Net repayment of lease liabilities		(10.9)	(7.4)
Purchase of own shares	23	(0.3)	-
Dividends paid	11	(6.6)	(6.2)
Net cash outflow from financing activities		(29.8)	(3.9)
Net (decrease)/increase in cash and cash equivalents		(2.6)	5.3
Cash and cash equivalents at the beginning of year		15.1	9.8
Cash and cash equivalents at end of year	18	12.5	15.1
Secured bank loans	20	(24.6)	(29.8)
Lease assets	15	5.2	5.7
Lease liabilities	15	(92.5)	(92.6)
Net debt at end of year		(99.4)	(101.6)

The accompanying notes form an integral part of these financial statements.

Notes to the Accounts

for the year ended 31 December 2023

1. Accounting policies

1.1 Basis of preparation

Epwin Group Plc (the "Company") is a company incorporated and domiciled in England and Wales.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006.

The financial statements of the Parent Company have been prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101") and are presented from page 115.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

Judgements and estimates made by the Directors in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in both the current year and subsequent year, are discussed in note 2.

The financial statements are prepared on the historical cost basis except where UK-adopted International Accounting Standards require an alternative treatment.

Amounts presented in the notes to the financial statements are rounded to the nearest £0.1 million unless otherwise stated.

1.2 Going concern

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides including the ongoing anticipated impact of current macroeconomic factors on the operations and its financial resources, the Group and Parent Company will have sufficient funds to meet their liabilities as they fall due for that period.

The Board continues to closely monitor the macroeconomic environment, including housing market activity, inflation and Bank of England interest rate announcements. The Group balance sheet remains robust with significant financial headroom on committed banking facilities, which were renewed during the year through to August 2026 with an option to extend for a further two years. The banking facilities comprise a £65 million Revolving Credit Facility and £10 million overdraft facility. Note 20 to the consolidated financial statements sets out more detail on the undrawn facility headroom and financial covenants. The Group has traded profitably throughout 2023, and to the date of this report, and its financial position remains strong, with net debt better than expectations at the year end and maintaining ongoing significant headroom on its banking facilities and covenants.

The Group prepares, and the Board reviews, detailed budgets and forecasts, which it has confidence in achieving in a normal business environment. The Directors have prepared cash flow, facility headroom and financial covenant forecasts for a period of at least 12 months from the date of approval of these financial statements. The Directors considered the financial resources of the Group, as well as its forecasts and severe but plausible stress test scenarios.

The Group starts 2024 with significant headroom on its banking facilities and the forecasts show that there is sufficient liquidity and headroom to ensure compliance with all covenants throughout the going concern period.

Consequently, the Directors are confident that the Group and Parent Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.



Notes to the Accounts continued

for the year ended 31 December 2023

1. Accounting policies continued

1.4 Financial instruments

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group
- b) where the instrument will, or may be, settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

Financial assets

The Group's financial assets include cash and cash equivalents, and trade receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

i. Trade receivables

Trade receivables are recognised and carried at amortised cost less expected credit loss.

ii. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise trade and other payables, lease liabilities and deferred and contingent consideration and borrowings.

i. Bank borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

ii. Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

iii. Deferred and contingent consideration

Deferred and contingent consideration is measured at fair value.

1.5 Leases

The Group leases various offices, manufacturing premises, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 3 to 20 years.

Lessee accounting

Upon lease commencement, the Group recognises a right of use asset and lease liability.

Right of use assets are initially measured at the amount of the corresponding lease liability and adjusted for; lease payments made on or before the commencement date, less any lease incentives; any initial direct costs incurred and any costs to be incurred in dismantling and removing the underlying asset.

Right of use assets are generally depreciated over the shorter of the assets useful economic life and the lease term on a straight-line basis.

For leases acquired as part of a business combination, the right of use asset is measured at the same amount as the lease liability, adjusted to reflect favourable or unfavourable terms of the lease when compared to market terms.

The lease liability is initially measured at the present value of the cash flows payable from commencement of the lease, discounted using the interest rate implicit in the lease. Where it is not possible to determine a rate implicit in the lease, the discount rate is based on the Group's incremental borrowing rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease liability is subsequently remeasured to reflect changes in lease term or amounts payable, with a corresponding adjustment to the right of use asset.

Lessor accounting

The Group acts as a lessor in relation to properties it subleases. It determines at sublease inception whether it is a finance or operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group accounts for its interests in the head lease and the sublease separately. Upon sublease commencement, the Group derecognises the related right of use asset and recognises a lease asset as a receivable at an amount equal to the net investment in the lease.

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. The estimated useful lives are as follows:

Land and buildings	Land not depreciated. Buildings and improvements depreciated over the shorter of 50 years, the lease term or the estimated useful life.
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Plant, equipment and motor vehicles	3 to 15 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.



Notes to the Accounts continued

for the year ended 31 December 2023

1. Accounting policies continued

1.7 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of any contingent or deferred consideration; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs relating to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration, outside of the measurement period, are recognised in the consolidated income statement.

1.8 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	10 years
Customer relationship	3 years
Computer software	8 years

1.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first in, first out ("FIFO") principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of labour and overheads based on normal operating capacity. An inventory provision is recognised to ensure that inventory is stated at the lower of cost and net realisable value, see note 2 for details.

1.10 Impairment excluding inventories and deferred tax assets

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

The Group has applied the simplified approach to measuring expected credit losses. For trade receivables, the Group recognises expected lifetime losses at initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on days past due. Payment profiles of sales over a five-year period before 31 December 2023 and their historical credit losses experienced are used to estimate the expected credit losses. Historical credit losses are determined based on trade receivables that are considered uncollectable due to administration or liquidation of the customer or length of time passed. As well as historical credit loss experience, consideration is also given to potential future credit losses by taking into consideration changes in credit ratings and default rates.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement in the periods during which services are rendered by employees.

Share-based payments expense

The Group grants share options to certain employees which may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 7 to the consolidated financial statements.

The share options are measured at fair value at the date of grant and recognised as an employee expense, with a corresponding increase in equity, on a straight-line basis over the vesting period. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where variations are due only to share prices not achieving the threshold for vesting.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.12 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation, as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting, where material, the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.13 Revenue recognition

Revenue is recognised, and payment is due, at a point in time when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. Control is considered to have passed to the customer once the goods have been delivered to the customer for supply only contracts or once the goods have been installed for supply and fit service contracts. There is no financing element to the revenues recognised. The transaction price is based on the stand-alone selling price as set out in the contractual documentation.



Notes to the Accounts continued

for the year ended 31 December 2023

1. Accounting policies continued

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and value-added tax. Variable consideration is recognised only to the extent it is highly improbable to reverse.

Due to the nature of the Group's products and their subsequent conversion by the customer to finished goods for the end user, the likelihood of items being returned is small. Therefore, it is highly probable that a significant reversal of revenue will not occur. The Group's obligations to repair or replace faulty manufactured products under the standard warranty terms is recognised as a provision, see note 21. The Group has assessed its warranty to be of an assurance type.

1.14 Financial income and expense

Financial expenses comprise interest payable and the unwinding of the discount on lease liabilities and provisions. Financial income comprises interest receivable on funds invested and the unwinding of discount on lease assets.

Interest income and interest payable are recognised in the consolidated income statement as they accrue, using the effective interest method.

1.15 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted, or substantively enacted, at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

1.16 Alternative performance measures

The Group uses a range of performance measures that are non-IFRS measures to monitor the performance of the business. The Group believes these KPIs provide better information on the ongoing trading of the business to help investors and other stakeholders evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses KPIs that reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group.

The Group uses the following financial KPIs on a consistent basis and they are defined and reconciled as follows:

Adjusted EBITDA – adjusted EBITDA is underlying operating profit before interest, taxation, depreciation and amortisation. See below for definition of underlying operating profit.

Adjusted EPS – adjusted EPS is calculated on the same basis as basic EPS using profit after tax before amortisation of intangible assets, share-based payments expense and other non-underlying items.

Adjusted PBT – adjusted PBT is profit before tax after adding back amortisation of acquired other intangible assets, share-based payments expense and other non-underlying items.

Covenant net debt – net debt as defined under the Group's banking facility agreement before the impact of IFRS 16: Leases.

Dividend per share – dividend per share is defined as the interim dividend per share plus the proposed final dividend per share for a given period.

Leverage ratio – the leverage ratio is the ratio of covenant net debt to adjusted EBITDA.

Operating margin – operating margin is operating profit as a percentage of revenue.

The Group reports certain performance measures as underlying as it believes they provide better information on the ongoing trading performance of the business. Items excluded from underlying measures are non-cash items such as amortisation of acquired other intangible assets and share-based payments expense, and significant one-off incomes or costs that are not part of the underlying trading performance of the business.

Underlying operating cash conversion – underlying operating cash conversion is pre-tax operating cash flow as a percentage of underlying operating profit.

Underlying operating margin – underlying operating margin is defined as underlying operating profit as a percentage of revenue.

Underlying operating profit – underlying operating profit is a key measure used by management to monitor the underlying performance of the business and is defined as operating profit before amortisation of acquired other intangible assets, goodwill impairment charges, share-based payments and other non-underlying items.

1.17 New and amended standards adopted by the Group

A number of new standards or amendments to existing standards and interpretations became applicable for the current reporting period:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates – Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The above standards and amendments did not have a material impact on the Group or Parent Company financial statements.

1.18 Adopted IFRS not yet applied

At the date of approval of these financial statements the following standards and interpretations have been published, but have not yet been applied by the Group in these financial statements:

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1
- Non-current Liabilities with Covenants – Amendments to IAS 1

Based on initial assessments, the above standards and amendments are not expected to have a material impact on the Group or Parent Company financial statements.



Notes to the Accounts continued

for the year ended 31 December 2023

2. Critical accounting estimates and judgements

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods impacted.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a) Revenue recognition and related customer support

Revenues are recognised at the fair value of goods sold to external customers, net of value-added tax, discounts, rebates and other sales taxes or duty. Customer support is a pre-determined retrospective sales incentive for certain branded products that falls due when the Group's customer sells the relevant products to a specified end user. A deduction is made from revenue, and a provision recognised, relating to relevant products sold to customers for which customer support has yet to be claimed. At 31 December 2023 the provision was £2.0 million (2022: £2.4 million). This deduction includes an estimate, based on historical claims, of the proportion of sales that are expected to be sold to specified end users and that will result in a customer support claim. If the assumed claims rate in relation to the last six months of the year was a reasonably possible 10% lower or higher, then this would reduce or increase the liability at 31 December 2023 by approximately £0.5 million. The degree of uncertainty associated with the estimation is expected to reduce significantly within six months of the period end as claims for the period up to that point are received and settled.

b) Impairment of goodwill and other intangible assets

On an annual basis, the Group is required to perform an impairment review to assess whether the carrying value of goodwill and other intangible assets is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in the impairment review are detailed in note 12.

c) Allowances against the carrying amount of finished goods inventories

The Group provides against the carrying amount of finished goods inventories, based on expected demand for its products, to ensure that inventory is stated at the lower of cost and net realisable value. The inventory provision involves a degree of estimation and is calculated with reference to the saleability of the product lines, based on recent sales trend and quantity held. The inventory provision held at 31 December 2023 is £9.6 million (2022: £8.9 million) and is sensitive to changes in customer demand. If 10% of the inventory requiring provision based on recent sales trends were subsequently to be sold it would reduce the amount of the inventory provision by £1.0 million.

d) Fair value of contingent consideration

The acquisition of Poly-Pure Limited ("Poly-Pure") in 2022 included contingent consideration in the form of an earnout mechanism based upon the adjusted EBITDA after tax of Poly-Pure in the three calendar years to 31 December 2023, 31 December 2024 and 31 December 2025 respectively, capped in aggregate at a further £15 million in cash. At 31 December 2023, the fair value of the contingent consideration was assessed to be £7.2 million (2022: £7.6 million). The fair value of the contingent consideration was estimated by calculating the weighted average present value of the future expected cash flows for a range of scenarios. The estimates are based on a post-tax discount rate of 8.7% and an assumed undiscounted probability-adjusted EBITDA after tax in respect of the calendar years to 31 December 2024 and 31 December 2025 of up to £12 million. There is inherent uncertainty in forecasting future performance and therefore there is a risk that actual contingent consideration paid could differ materially from the amount recognised. The estimate is sensitive to the probabilities applied to each scenario. The scenarios that are, in management's view, currently most likely would suggest contingent consideration as at 31 December 2023 in the range of £6.2 million to £9.2 million.

e) Impairment of right of use assets

The Group leases a large number of properties, resulting in the recognition of a right of use asset under IFRS 16. A key strand of the Group's strategy is to improve its operational leverage and efficiency. This can include consolidation of its operational footprint. If, as a result, a property became surplus to the Group's requirements during the non-cancellable period of the lease, an impairment of the right of use asset could be required. Consequently, during the year, an impairment of £1.3 million (2022: £nil) was recognised. At 31 December 2023, the right of use asset relating to rental properties was £56.7 million (2022: £58.1 million).

3. Segmental reporting

Segmental information is presented in respect of the Group's reportable operating segments in line with IFRS 8: Operating Segments, which requires segmental information to be disclosed on the same basis as it is viewed internally by the Chief Operating Decision Maker. The Chief Operating Decision Maker is considered to be the Board of Directors.

Operating segments	Operations
Extrusion and Moulding	Extrusion and marketing of PVC and aluminium window profile systems, PVC cellular roofline and cladding, decking, rigid rainwater and drainage products as well as Wood Plastic Composite ("WPC") and aluminium decking products. Moulding of Glass Reinforced Plastic ("GRP") building components. Re-processing of PVC building materials.
Fabrication and Distribution	Fabrication, marketing and distribution of windows and doors, cellular roofline, cladding, rainwater, drainage and decking products.

	2023 £m	2022 £m
Revenue from external customers		
Extrusion and Moulding – total revenue	250.5	263.0
Inter-segment revenue	(40.2)	(41.9)
Extrusion and Moulding – external revenue	210.3	221.1
Fabrication and Distribution – total revenue	135.2	134.8
Inter-segment revenue	(0.1)	(0.1)
Fabrication and Distribution – external revenue	135.1	134.7
Total revenue from external customers	345.4	355.8
Segmental operating profit		
Extrusion and Moulding	21.6	16.8
Fabrication and Distribution	7.4	7.5
Segmental operating profit before corporate costs	29.0	24.3
Corporate costs	(3.5)	(2.8)
Underlying operating profit	25.5	21.5
Non-underlying items (see note 5)	(4.8)	(4.6)
Operating profit	20.7	16.9

Balance sheet 2023

	Extrusion and Moulding £m	Fabrication and Distribution £m	Total £m
Total assets	203.0	73.7	276.7
Total liabilities	(112.0)	(39.7)	(151.7)
Segment net assets	91.0	34.0	125.0
Group and other balances			(22.9)
Net assets			102.1



Notes to the Accounts continued

for the year ended 31 December 2023

3. Segmental reporting continued

Balance sheet 2022

	Extrusion and Moulding £m	Fabrication and Distribution £m	Total £m
Total assets	219.7	70.5	290.2
Total liabilities	(123.7)	(35.2)	(158.9)
Segment net assets	96.0	35.3	131.3
Group and other balances			(30.2)
Net assets			101.1

Other material items 2023

	Extrusion and Moulding £m	Fabrication and Distribution £m	Group and other costs £m	Total £m
Capital expenditure	6.8	1.0	0.1	7.9
Depreciation	13.1	4.7	0.1	17.9
Impairment of fixed assets	1.3	-	-	1.3
Goodwill impairment	4.2	-	-	4.2

Other material items 2022

	Extrusion and Moulding £m	Fabrication and Distribution £m	Group and other costs £m	Total £m
Capital expenditure	8.2	0.9	0.2	9.3
Depreciation	12.0	4.5	0.1	16.6
Goodwill impairment	3.0	-	-	3.0

Capital expenditure consists of additions of property, plant and equipment during the year.

Geographical information

	2023 £m	2022 £m
Revenue from external customers		
UK	324.9	337.6
Europe	20.5	16.7
Rest of World	-	1.5
	345.4	355.8

There are no customers that individually account for more than 5% of the Group's revenue (2022: none).

	2023 £m	2022 £m
Revenue from external customers, recognised at a point in time under IFRS 15		
Sale of goods	319.6	313.3
Sale of goods with variable consideration element	22.2	38.9
Fitting and installation	3.6	3.6
	345.4	355.8

Sale of goods with variable consideration element relates wholly to the Extrusion and Moulding segment, whereas fitting and installation revenue relates wholly to Fabrication and Distribution.

4. Operating profit

Operating profit is stated after charging:

	2023 £m	2022 £m
Contingent consideration adjustment	(1.1)	-
Amortisation of intangible assets	1.2	0.5
Impairment of goodwill	4.2	3.0
Depreciation of property, plant and equipment	6.7	6.7
Depreciation of right of use assets	11.2	9.9
Impairment of right of use assets	1.3	-
Loss/(profit) on disposal of fixed assets	0.1	(0.4)

The analysis of auditors' remuneration is as follows:

	2023 £000	2022 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	104	89
The audit of the Company's subsidiaries pursuant to legislation	410	371
Total audit fees	514	460
Non-audit fees		
All other services	8	-
Non-audit fees	8	-
	522	460

5. Non-underlying items

Operating profit is stated after charging/(crediting) the following non-underlying items:

	2023 £m	2022 £m
Acquisition-related costs	-	0.7
Share-based payments expense	0.7	0.6
Amortisation of acquired other intangible assets	1.0	0.3
Goodwill impairment (see note 12)	4.2	3.0
Contingent consideration adjustment (see note 24)	(1.1)	-
Non-underlying items	4.8	4.6

Acquisition-related costs

Non-underlying items of £0.7 million in 2022 relate to legal and professional fees associated with the acquisitions of Poly-Pure and Mayfield during that year.

Share-based payments expense

The share-based payment expense of £0.7 million (2022: £0.6 million) comprises IFRS 2: Share-based payment charges of £0.4 million (2022: £0.3 million) in respect of the Long-Term Incentive Plan and SAYE schemes of £0.3 million (2022: £0.3 million).

Amortisation of acquired other intangible assets

Amortisation of brand and customer relationship intangible assets of £1.0 million (2022: £0.3 million) acquired through business combinations.

Contingent consideration adjustment

The contingent consideration adjustment of £1.1 million (2022: £nil) related to the contingent consideration payable in respect of the Poly-Pure acquisition. During 2023, Poly-Pure was impacted by delays in the delivery and installation of capital investment to improve capacity and margins, as a consequence no contingent consideration was payable in respect of the year ended 31 December 2023, resulting in a reduction in the fair value of contingent consideration recognised compared to the prior year. See note 24 for further details.



Notes to the Accounts continued

for the year ended 31 December 2023

6. Staff costs

	2023 Number	2022 Number
Average number of employees		
Production and distribution	1,576	1,532
Marketing and administration	575	555
	2,151	2,087
	2023 £m	2022 £m
Aggregate payroll costs		
Gross wages and salaries	72.1	65.2
Social security costs	6.9	6.5
Contributions to defined contribution plans	1.9	1.7
Share-based payments	0.7	0.6
	81.6	74.0

Key management personnel have been identified as the Corporate and Operations Boards. Remuneration of key management personnel is as follows:

	2023 £m	2022 £m
Key management personnel costs		
Short-term employee benefits	2.0	1.9
Post-employment benefits	0.1	0.1
Share-based payment charges	0.2	0.2
	2.3	2.2

The remuneration of individual Non-Executive and Executive Directors is detailed in the table on page 68.

7. Share-based payments

The Group operates a Long-Term Incentive Plan for Executive Directors and certain senior management, the terms of which are disclosed in the Directors' Remuneration Report, as well as a Save As You Earn ("SAYE") scheme available to all employees.

The Long-Term Incentive Plan was established in May 2021 ("LTIP"). Under the LTIP, the Executive Directors and certain senior employees can purchase shares at nominal value subject to satisfactorily completing three-years' service and achieving certain underpin conditions. The Remuneration Committee has discretion to reduce the potential level of awards vesting where it considers that full vesting is not justified by the individual's or Company's performance over the vesting period, as well as the overall shareholder experience.

	LTIP	LTIP	LTIP
Date of grant	25 May 2021	6 May 2022	25 April 2023
Earliest year in which options are exercisable	2024	2025	2026
Option pricing model used	Black-Scholes	Black-Scholes	Black-Scholes
Number of options granted	558,671	772,674	1,000,667
Aggregate fair value of options granted at date of grant	£0.5m	£0.6m	£0.6m
Expected volatility	61.3%	60.5%	51.5%
Risk free interest rate	0.76%	2.18%	3.67%
Exercise price (per share)	0.05 pence	0.05 pence	0.05 pence
Share price at grant date	107.3 pence	86.0 pence	75.0 pence
Expected dividend yield	6.0%	6.0%	6.0%
Expected term (years)	3 years	3 years	3 years
Expected departures	-	-	-
Settlement	Equity	Equity	Equity

The SAYE scheme was established in July 2015 and is available to all employees. The options can be exercised during a six-month period following the completion of a three-year savings period.

	SAYE	SAYE
Date of grant	21 October 2020	16 June 2022
Earliest year in which options are exercisable	2023	2025
Option pricing model used	Black-Scholes	Black-Scholes
Number of options granted	2,437,632	1,102,903
Aggregate fair value of options granted at date of grant	£1.0m	£0.3m
Expected volatility	62.2%	61.8%
Risk free interest rate	0.76%	2.68%
Exercise price (per share)	54.0 pence	67.0 pence
Share price at grant date	64.9 pence	84.0 pence
Expected dividend yield	6.0%	6.0%
Expected term (years)	3 years	3 years
Expected departures	-	-
Settlement	Equity	Equity

The expected price volatility is based on the three-year historical share price volatility in line with the life of share options granted.

In July 2014 the Group issued warrants to Zeus Capital for services related to the IPO. The warrant is for 3% of the share capital of the Company at IPO. The warrant is exercisable, at the IPO share price, any time between the first and tenth anniversary of admission to AIM. The fair value of the warrant has been determined by reference to the estimated value of services provided using a Black-Scholes valuation model and was charged in full as an IPO expense in the year ended 31 December 2014.

The total expense recognised in the income statement for each of these schemes was as follows:

	2023 £m	2022 £m
Long-Term Incentive Plan	0.4	0.3
SAYE	0.3	0.3
	0.7	0.6

	2023 Average exercise price per share option	2023 No.	2022 Average exercise price per share option	2022 No.
Number of options at 1 January	40.0p	4,326,699	51.0p	2,697,703
Options granted	-	1,000,667	39.0p	1,875,577
Options lapsed	39.4p	(660,327)	59.0p	(246,581)
Options exercised	54.0p	(8,518)	-	-
Number of options at 31 December	32.0p	4,658,521	40.0p	4,326,699

The weighted average remaining contractual life of share options outstanding at the end of the period is 355 days (2022: 595 days). The number of options exercisable at the end of the period is 1,797,647 (2022: nil).

	2023 No.	2022 No.
Options outstanding at 31 December		
SAYE 2020	1,797,647	1,989,832
LTIP 2021	516,713	558,671
LTIP 2022	711,628	772,674
SAYE 2022	771,866	1,005,522
LTIP 2023	860,667	-
Options outstanding	4,658,521	4,326,699



Notes to the Accounts continued

for the year ended 31 December 2023

8. Finance costs

	2023 £m	2022 £m
Interest expense on borrowings	3.1	1.6
Amortisation of loan fees	0.3	0.2
Contingent consideration: Discount unwind on liabilities	0.7	-
Net interest on lease liabilities	3.4	3.2
Total finance costs	7.5	5.0

Amortisation of loan fees includes the write-off of £0.2 million remaining unamortised loan fees associated with the previous loan facility. See note 20 for further details of the new facility.

9. Taxation

	2023 £m	2022 £m
Current tax		
Current period	2.5	1.6
Prior period	(0.6)	(0.5)
Total current tax charge	1.9	1.1
Deferred tax		
Current period	1.8	1.4
Prior period	0.2	1.0
Total deferred tax charge	2.0	2.4
Total tax charge	3.9	3.5

UK corporation tax is calculated at 23.5% (2022: 19%) of the estimated assessable profit for the year.

The Group's total income tax charge is reconciled with the weighted average rate of UK corporation tax for the year of 23.5% (2022: 19%) as follows:

	2023 £m	2022 £m
Profit before tax	13.2	11.9
Tax at standard UK corporation tax rate of 23.5% (2022: 19%)	3.1	2.3
Factors affecting the charge for the period:		
Expenses not deductible	1.2	1.0
Super deduction benefit	-	(0.3)
Prior period	(0.4)	0.5
Total tax charge	3.9	3.5

Factors that may affect future current and total tax charges

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. For the financial year ended 31 December 2023, the current weighted average tax rate was 23.5%. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in the financial statements.

10. Earnings per share ("EPS")

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares has been adjusted for the issue and cancellation of shares during the period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, plus the dilutive potential ordinary shares arising from share options in issue at the end of the period.

	2023 pence	2022 pence
EPS summary		
Basic EPS	6.41	5.78
Diluted EPS	6.31	5.71

	2023 No.	2022 No.
Number of shares		
Weighted average number of ordinary shares (basic)	145,142,133	145,305,993
Effect of share options in issue	2,300,457	1,832,645
Weighted average number of ordinary shares (diluted)	147,442,590	147,138,638

11. Dividends

	2023 £m	2023 pence per share	2022 £m	2022 pence per share
Previous year final dividend	3.7	2.55	3.4	2.35
Current year interim dividend	2.9	2.00	2.8	1.90
	6.6		6.2	

The Board is recommending a final dividend of 2.80 pence per share in respect of the financial year ended 31 December 2023.

12. Goodwill

	Goodwill £m
Cost	
At 1 January 2022	75.5
Acquisitions through business combinations in 2022	20.7
At 31 December 2022	96.2
Acquisitions through business combinations in 2023	-
At 31 December 2023	96.2
Accumulated impairment losses	
At 1 January 2022 and 31 December 2022	3.0
Impairment	4.2
At 31 December 2023	7.2
Net book value	
At 31 December 2023	89.0
At 31 December 2022	93.2



Notes to the Accounts continued

for the year ended 31 December 2023

12. Goodwill continued

Impairment testing

The goodwill of £89.0 million arose on the merger that formed the Epwin Group (£24.5 million) in 2012 and the acquisitions of:

- Stormking (£24.4 million) in 2015
- National Plastics (£9.6 million) in 2016
- Amicus (£4.5 million) in 2018
- PVS (£2.0 million) in 2019
- SBS (£2.1 million), PBS (£0.4 million) and Accrington Plastics (£0.8 million) in 2021
- Poly-Pure (£18.3 million) and Mayfield (£2.4 million) in 2022

The Directors have considered it appropriate to allocate goodwill and test for impairment based on the acquisitions through which it arose, with the exception of the goodwill arising on the acquisition of Poly-Pure, of which £9.7 million has been allocated to the Epwin Group CGU reflecting the expected synergies arising from the use of Poly-Pure material within the Group.

Following the continued consolidation of operations, systems and financial reporting across the Group's plastic distribution network, the Directors consider that the distribution businesses now comprise one CGU. The goodwill relating to the acquisitions of National Plastics, Amicus, SBS, PBS and Accrington Plastics has been allocated to the combined Distribution CGU.

Goodwill is not amortised but tested annually for impairment on the basis of value-in-use calculations using discounted cash flows.

Changes to regulations relating to the fire resistance of materials used on the exterior of high-rise buildings, following the Grenfell Tower fire in 2017, resulted in Ecodek losing a core market for its wood-plastic composite decking. Since then, increased uncertainty regarding future cash flows has resulted in a reduction in the value-in-use of the CGU. In the prior year an impairment charge of £3.0 million was recognised, the remaining goodwill of £4.2 million was fully impaired in 2023 to reflect the fact that the discounted present value of future cash flows did not support the carrying value of the CGU.

For each of the remaining CGUs, the value-in-use exceeded the carrying value. Therefore, no impairment loss was recognised in any of the periods.

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 flow information for a period of one year, aligning to the budget on which the Group's going concern assessment is based, followed by prudent assumptions regarding growth during the period to 31 December 2026. Terminal growth rates of 1.0% (2022: 1.0%) are applied beyond this. The cash flow projections include capital expenditure necessary to maintain operations. Discount rates are based on the weighted average cost of capital of a market participant and adjusted for risk in the cash flow forecasts.

The impairment calculations are subject to key assumptions in respect of cash flows, discount rates and growth rates. The table below sets out the key assumptions for CGUs where no reasonably possible change to key assumptions would result in an impairment:

CGU	Goodwill 2023 £m	Pre-tax discount rate 2023	Long-term growth rate 2023
Merger	34.2	10.4%	1.0%
Stormking	24.4	11.4%	1.0%
Distribution	17.4	11.6%	1.0%
Poly-Pure	8.6	10.1%	1.0%
Mayfield	2.4	11.7%	1.0%

The table below sets out the key assumptions for CGUs where reasonably possible change to the key assumptions would result in an impairment:

CGU	Goodwill 2023 £m	Pre-tax discount rate 2023	Long-term growth rate 2023	Headroom 2023 £m
PVS	2.0	10.4%	1.0%	0.6

In order to trigger an impairment, the key assumptions would need to be stressed as follows:

Long-term growth rate to trigger impairment	-2.40%
Discount rate required to trigger an impairment	13.22%

13. Other intangible assets

	Customer relationships £m	Brands £m	Computer software £m	Total £m
Cost				
At 1 January 2022	7.8	3.1	2.1	13.0
On acquisition	1.0	3.6	-	4.6
Additions	-	-	0.1	0.1
Disposals	-	-	(0.9)	(0.9)
At 31 December 2022	8.8	6.7	1.3	16.8
Additions	-	-	0.8	0.8
At 31 December 2023	8.8	6.7	2.1	17.6
Accumulated amortisation				
At 1 January 2022	7.7	1.7	1.2	10.6
Charge for the year	-	0.3	0.2	0.5
Disposals	-	-	(0.6)	(0.6)
At 31 December 2022	7.7	2.0	0.8	10.5
Charge for the year	0.4	0.6	0.2	1.2
At 31 December 2023	8.1	2.6	1.0	11.7
Net book value at 31 December 2023	0.7	4.1	1.1	5.9
Net book value at 31 December 2022	1.1	4.7	0.5	6.3

Amortisation is recognised in administrative expenses in the consolidated income statement.



Notes to the Accounts continued

for the year ended 31 December 2023

14. Property, plant and equipment

	Land and buildings £m	Plant, fixtures and equipment £m	Total £m
Cost			
At 1 January 2022	3.4	58.2	61.6
On acquisition	-	3.3	3.3
Additions	0.3	9.0	9.3
Disposals	-	(16.7)	(16.7)
At 31 December 2022	3.7	53.8	57.5
Additions	0.1	7.8	7.9
Disposals	(0.1)	(3.3)	(3.4)
At 31 December 2023	3.7	58.3	62.0
Accumulated depreciation			
At 1 January 2022	0.3	32.8	33.1
Charge for the year	0.2	6.5	6.7
Disposals	-	(16.6)	(16.6)
At 31 December 2022	0.5	22.7	23.2
Charge for the year	0.2	6.5	6.7
Disposals	(0.1)	(3.2)	(3.3)
At 31 December 2023	0.6	26.0	26.6
Net book value at 31 December 2023	3.1	32.3	35.4
Net book value at 31 December 2022	3.2	31.1	34.3

15. Leases

Right of use assets

	Leasehold land and buildings £m	Plant, equipment and motor vehicles £m	Total £m
At 1 January 2022	52.0	12.0	64.0
On acquisition	4.4	0.1	4.5
Additions	11.6	4.3	15.9
Disposals	(4.5)	-	(4.5)
Depreciation	(5.4)	(4.5)	(9.9)
At 31 December 2022	58.1	11.9	70.0
Additions	6.3	5.0	11.3
Depreciation	(6.4)	(4.8)	(11.2)
Impairment	(1.3)	-	(1.3)
At 31 December 2023	56.7	12.1	68.8

Lease liabilities

	Leasehold land and buildings £m	Plant, equipment and motor vehicles £m	Total £m
At 1 January 2022	70.4	11.2	81.6
On acquisition	4.2	0.1	4.3
Additions	11.6	4.3	15.9
Disposals	(1.6)	-	(1.6)
Repayment of lease liabilities	(6.3)	(4.6)	(10.9)
Interest on lease liabilities	3.0	0.3	3.3
At 31 December 2022	81.3	11.3	92.6
Additions	6.3	5.0	11.3
Repayment of lease liabilities	(10.2)	(4.8)	(15.0)
Interest on lease liabilities	3.2	0.4	3.6
At 31 December 2023	80.6	11.9	92.5

	2023 £m	2022 £m
Lease liabilities		
Current	10.7	9.7
Non-current	81.8	82.9
Total lease liabilities	92.5	92.6

Maturity analysis – contractual undiscounted cash flows

	2023 £m	2022 £m
Lease liabilities		
Less than one year	14.1	13.3
One to five years	46.9	42.5
More than five years	52.2	59.1
Undiscounted lease liabilities at 31 December	113.2	114.9

Contractual cash flows due in more than five years relate wholly to property leases with lease terms of up to 20 years.

Lease assets

	Leasehold land and buildings £m
At 1 January 2022	2.2
Additions	3.7
Receipts from lease assets	(0.3)
Interest on lease assets	0.1
At 31 December 2022	5.7
Receipts from lease assets	(0.7)
Interest on lease assets	0.2
At 31 December 2023	5.2

	2023 £m	2022 £m
Lease assets		
Current	0.5	0.4
Non-current	4.7	5.3
Total lease assets	5.2	5.7



Notes to the Accounts continued

for the year ended 31 December 2023

15. Leases continued

Maturity analysis – contractual undiscounted cash flows

	2023 £m	2022 £m
Lease assets		
Less than one year	0.8	0.7
One to five years	3.0	3.0
More than five years	2.4	3.2
Undiscounted lease asset at 31 December	6.2	6.9
Impact of discounting	(1.0)	(1.2)
Fair value of lease asset at 31 December	5.2	5.7

Contractual cash flows due in more than five years relate wholly to property leases with lease terms of up to 20 years.

16. Inventories

	2023 £m	2022 £m
Raw materials	9.3	11.8
Work in progress	0.4	0.3
Finished goods	27.7	29.0
	37.4	41.1

Inventory purchased in the period recognised as an expense was £163.3 million (2022: £189.7 million).

The Group provides for obsolete and slow-moving inventory based on historic and anticipated future usage. At 31 December 2023 there was an inventory provision of £9.6 million (2022: £8.9 million). During 2023, inventory with a value of £0.6 million was written off against the provision and £1.3 million of additional provision was created, with a corresponding charge to the income statement.

17. Trade and other receivables

	2023 £m	2022 £m
Trade receivables	35.5	40.9
Less: expected credit loss	(2.3)	(2.3)
Trade receivables net of provision	33.2	38.6
Prepayments and accrued income	2.0	1.5
Other receivables	0.6	0.4
Trade and other receivables	35.8	40.5

18. Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	13.1	15.1
Cash and cash equivalents (excluding bank overdraft)	13.1	15.1
Bank overdraft	(0.6)	-
Cash and cash equivalents	12.5	15.1

19. Trade and other payables

	2023 £m	2022 £m
Current		
Trade payables	35.5	45.8
Other taxation and social security	5.0	5.9
Other payables	3.8	2.0
Accruals and deferred income	15.1	16.9
Trade and other payables	59.4	70.6

20. Other interest-bearing loans and borrowings

	2023 £m	2022 £m
Secured bank loans		
Current	-	-
Non-current	24.6	29.8
	24.6	29.8

The facilities available to the Group at 31 December 2023 were a £65.0 million revolving credit facility and a £10.0 million overdraft, secured on the assets of the Group.

In August 2023, the Group renewed its revolving credit facilities with the existing lenders, Barclays and HSBC, on comparable terms. The new facility is a £65.0 million Sustainability-Linked Loan facility. The initial term on the facility runs through to August 2026 with an option to extend for a further two years. The lenders have a fixed and floating charge over the assets of the Group.

The banking facility requires financial covenants to be tested on a quarterly basis: leverage ratio of less than 3.0 times adjusted EBITDA and interest cover of greater than 4.0 times adjusted EBITDA. The Group has remained within covenant levels at all times during the year.

Facility arrangement costs of £0.4 million (2022: £0.2 million) are set off against the amount owing at year end.

The revolving credit facility carries an interest rate of 2.5% above SONIA. The margin above SONIA is dependent on the level of borrowings relative to EBITDA.

	Year of maturity	2023		2022	
		Face value £m	Carrying amount £m	Face value £m	Carrying amount £m
Revolving credit facility	2026	25.0	25.0	30.0	30.0
		25.0	25.0	30.0	30.0

The Group had the following undrawn committed borrowing facilities available at each balance sheet date in respect of which all conditions precedent have been met:

	2023 £m	2022 £m
Expiring within one year	10.0	10.0
Expiring between one and two years	-	35.0
Expiring between two and five years	40.0	-
	50.0	45.0



Notes to the Accounts continued

for the year ended 31 December 2023

20. Other interest-bearing loans and borrowings continued

Net debt reconciliation

	At 1 January 2023 £m	Cash movement £m	Non-cash movement £m	At 31 December 2023 £m
Cash and cash equivalents	15.1	(2.6)	-	12.5
Secured bank loans	(29.8)	5.5	(0.3)	(24.6)
Lease assets	5.7	(0.7)	0.2	5.2
Lease liabilities	(92.6)	15.0	(14.9)	(92.5)
Net debt	(101.6)	17.2	(15.0)	(99.4)
Add back: Lease liabilities	92.6	(15.0)	14.9	92.5
Deduct: Lease assets	(5.7)	0.7	(0.2)	(5.2)
Deduct: Finance lease liabilities	(3.2)	1.0	(0.1)	(2.3)
Covenant net debt	(17.9)	3.9	(0.4)	(14.4)

Covenant net debt to adjusted EBITDA

	2023 £m	2022 £m
Operating profit	20.7	16.9
Add back:		
Depreciation and amortisation (excluding acquired intangibles)	18.1	16.8
Impairment of fixed assets	1.3	-
Non-underlying items (see note 5)	4.8	4.6
Finance lease payments	1.0	1.0
Less:		
Net repayment in respect of leases	(14.3)	(10.6)
Adjusted EBITDA	31.6	28.7
Covenant net debt to adjusted EBITDA	0.5x	0.6x

21. Provisions

	Leasehold dilapidations £m	Warranties £m	Site consolidation £m	Total £m
At 1 January 2023	2.4	0.8	0.7	3.9
Created during the year	0.4	0.1	-	0.5
Utilised during the year	(0.3)	(0.1)	(0.4)	(0.8)
At 31 December 2023	2.5	0.8	0.3	3.6
	Leasehold dilapidations £m	Warranties £m	Site consolidation £m	Total £m
Non-current	1.8	0.7	-	2.5
Current	0.7	0.1	0.3	1.1
At 31 December 2023	2.5	0.8	0.3	3.6

	Leasehold dilapidations £m	Warranties £m	Site consolidation £m	Total £m
At 1 January 2022	2.3	0.9	0.4	3.6
On acquisition	0.2	-	-	0.2
Created/(released) during the year	-	-	0.6	0.6
Utilised during the year	(0.1)	(0.1)	(0.3)	(0.5)
At 31 December 2022	2.4	0.8	0.7	3.9

	Leasehold dilapidations £m	Warranties £m	Site consolidation £m	Total £m
Non-current	1.6	0.6	-	2.2
Current	0.8	0.2	0.7	1.7
At 31 December 2022	2.4	0.8	0.7	3.9

Leasehold dilapidations

The Group leases a number of properties with terms of up to 20 years remaining. Under the terms of these leases, Group companies, as tenants, are required to return the property to its original condition prior to the termination of the lease. As a contractual obligation exists, the Group provides for the dilapidation costs based on management's experience of historical dilapidation settlements.

Warranties

Group companies offer warranties, typically of between five and ten years, on certain products. As such, a provision is estimated to cover the cost of any future replacement and reinstallation on these products based on the Directors' best estimate of the average warranty period, failure rates and remediation costs.

Site consolidation and rationalisation

Site consolidation and rationalisation provisions comprise onerous property cost provisions relating to sites the Group has closed, or committed to close, as at 31 December 2023.

22. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2023		2022	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Property, plant and equipment	-	(3.3)	-	(1.9)
Intangible assets	-	(1.2)	-	(1.4)
Other timing differences	0.6	-	0.8	-
Right of use assets/lease liabilities	1.8	-	1.8	-
Tax value of loss carry-forwards	0.9	-	1.5	-
Deferred tax assets/(liabilities)	3.3	(4.5)	4.1	(3.3)
Net of deferred tax liabilities	(4.5)		(3.3)	
Net deferred tax (liability)/asset	(1.2)		0.8	



Notes to the Accounts continued

for the year ended 31 December 2023

22. Deferred tax continued

Movement in deferred tax during the periods:

	At 1 January 2023 £m	Recognised in comprehensive income £m	At 31 December 2023 £m
Property, plant and equipment	(1.9)	(1.4)	(3.3)
Intangible assets	(1.4)	0.2	(1.2)
Other timing differences	0.8	(0.2)	0.6
Right of use assets/lease liabilities	1.8	-	1.8
Tax value of loss carry-forwards	1.5	(0.6)	0.9
	0.8	(2.0)	(1.2)

	At 1 January 2022 £m	Recognised in comprehensive income £m	On acquisition £m	At 31 December 2022 £m
Property, plant and equipment	0.5	(1.7)	(0.7)	(1.9)
Intangible assets	(0.4)	0.1	(1.1)	(1.4)
Other timing differences	1.0	(0.2)	-	0.8
Right of use assets/lease liabilities	1.9	(0.1)	-	1.8
Tax value of loss carry-forwards	1.6	(0.5)	0.4	1.5
	4.6	(2.4)	(1.4)	0.8

The Group has £3.4 million of tax losses that are potentially restricted in their use (2022: £6.2 million). On reviewing business forecasts, the Directors have concluded that it is probable that future taxable profit will be available to utilise the full amount of the tax losses.

23. Share capital and reserves

	Number of shares No.	Nominal value per share pence	Total nominal value £
At 1 January 2022 and 1 January 2023	145,305,993	0.05	72,653
Issue of shares	8,518	0.05	4
Cancellation of treasury shares	(388,000)	0.05	(194)
Purchase and cancellation of own shares	(366,723)	0.05	(183)
At 31 December 2023	144,559,788		72,280

Share premium

The share premium arose on the issue of the Company's shares at a premium to the nominal value of the shares, less any expenses incurred in issuing equity.

Merger reserve

The merger reserve arose on the share for share exchange on the acquisition of subsidiaries and settlement of deferred contingent consideration.

Outstanding options

Outstanding options have been granted to the Directors and employees of the Group under the Long-Term Incentive Plan and SAYE scheme. Further details are included within note 7.

Share warrants for 3% of the fully diluted share capital of the Company were issued to Zeus Capital for services related to the IPO in 2014. The warrants are exercisable, at the IPO share price, any time between the first and tenth anniversary of admission to AIM.

24. Financial instruments and related disclosures

Share buyback

The table below presents a reconciliation of purchase of own shares between the consolidated statement of changes in equity and the consolidated cash flow statement:

	2023 £m	2022 £m
Included in the consolidated statement of changes in equity	(2.4)	-
Outstanding amount recognised as financial liabilities	2.1	-
Included in the consolidated cash flow statement	(0.3)	-

In November 2023, the Group announced the commencement of a share buyback programme for the repurchase of up to 3 million ordinary shares for cancellation. As at 31 December 2023, 366,723 ordinary shares had been repurchased and cancelled, at a total cost of £0.3 million. A liability of £2.1 million in respect of the remaining shares to be repurchased is included in Other payables.

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risks is maintained and reviewed by the Directors, who also monitor the status of agreed actions to mitigate key risks.

Credit risk

Credit risk is the risk of financial loss to the Group if counterparties to a financial instrument fail to meet contractual obligations and arises principally from the Group's receivables from customers.

As the principal business of the Group is credit sales, the Group trade receivables are large and therefore contain exposure to credit risk. Revenue is recognised and payment is due at a point in time when the Group has satisfied its performance obligations to the customer and the customer has obtained control of the goods or services being transferred. The carrying amount of trade receivables recorded in the financial statements represents the Group's principal exposure to credit risk other than cash and cash equivalents held with financial institutions. The Group holds credit insurance, where available.

Trade receivables are presented net of customer support of £2.0 million (2022: £2.4 million).

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	2023 £m	2022 £m
UK	33.9	39.2
Europe	1.6	1.7
Rest of World	-	-
	35.5	40.9

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was:

	2023		2022	
	Gross £m	Impairment £m	Gross £m	Impairment £m
Not past due	23.5	1.0	27.6	0.8
Past due 0-30 days	9.9	0.4	10.7	0.4
Past due 31-120 days	1.3	0.2	1.6	0.3
More than 120 days	0.8	0.7	1.0	0.8
	35.5	2.3	40.9	2.3



Notes to the Accounts continued

for the year ended 31 December 2023

24. Financial instruments and related disclosures continued

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 £m	2022 £m
Balance at 1 January	2.3	2.0
Impairment loss recognised	0.6	0.8
Impairment loss utilised	(0.6)	(0.5)
Balance at 31 December	2.3	2.3

For the purpose of IFRS 15: Revenue from Contracts with Customers, trade receivables are considered to be the only asset or liability related to contracts with customers.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there are sufficient cash or working capital facilities to meet the liquidity requirements of the Group.

The risk is measured by review of forecast cash flows each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis to ensure there are no expected significant breaches. Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash-generation of the business and its ability to operate within existing agreed banking facilities. There have been no breaches of covenants during the reported periods.

The Group has a £10.0 million overdraft and a £65.0 million revolving credit facility to support short and medium-term liquidity. The term of the revolving credit facility runs through to August 2026 with an option to extend for a further two years. At 31 December 2023, the amount outstanding on the revolving credit facility was £25.0 million (2022: £30.0 million).

Contractual cash flows

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments.

	Contractual cash flows					Total £m
	Carrying amount £m	Less than 12 months £m	1 - 2 years £m	2 - 5 years £m	More than 5 years £m	
2023						
Deferred consideration	0.1	0.1	-	-	-	0.1
Contingent consideration	7.2	-	3.4	4.8	-	8.2
Secured bank loans	24.6	-	-	25.0	-	25.0
Lease liabilities	92.5	14.1	13.4	33.5	52.2	113.2
Trade and other payables ¹	54.4	54.4	-	-	-	54.4
	178.8	68.6	16.8	63.3	52.2	200.9

¹ Excluding non-financial liabilities

	Contractual cash flows					Total £m
	Carrying amount £m	Less than 12 months £m	1 - 2 years £m	2 - 5 years £m	More than 5 years £m	
2022						
Deferred consideration	0.9	0.9	-	-	-	0.9
Contingent consideration	8.6	1.0	2.5	6.5	-	10.0
Secured bank loans	29.8	-	30.0	-	-	30.0
Lease liabilities	92.6	13.3	11.8	30.7	59.1	114.9
Trade and other payables ¹	64.7	64.7	-	-	-	64.7
	196.6	79.9	44.3	37.2	59.1	220.5

¹ Excluding non-financial liabilities

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income.

Foreign currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2023			2022		
	Euro £m	USD £m	GBP £m	Euro £m	USD £m	GBP £m
Trade receivables	0.9	-	32.3	1.1	-	37.5
Cash and cash equivalents	1.8	(0.6)	11.3	1.0	0.1	14.0
Interest-bearing loans and borrowings	-	-	(24.6)	-	-	(29.8)
Trade payables	(0.8)	(0.3)	(34.4)	(1.0)	(0.3)	(44.5)
	1.9	(0.9)	(15.4)	1.1	(0.2)	(22.8)

As at 31 December 2023, the Group had net monetary assets and liabilities denominated in Euro of positive £1.9 million (2022: £1.1 million) and USD of negative £0.9 million (2022: £0.2 million). A reasonably possible strengthening or weakening of Sterling against either currency would not have had a material impact on the year end position in the current or prior year.

Interest rate risk

The Group's bank borrowings incur variable interest rate charges linked to SONIA plus a margin. The Group's policy aims to manage the interest cost within the constraints of its financial covenants and forecasts.

Interest rate sensitivity analysis

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/- 1%. The impact on the result in the income statement would be:

	2023 Impact on profit before tax £m	2022 Impact on profit before tax £m
+1 percentage point movement in interest rates	0.3	0.3
-1 percentage point movement in interest rates	(0.3)	(0.3)

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its shareholders. The Group views its capital as share capital, term loans, revolving credit facility, overdraft, finance leases and operating cash flow. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth. The Directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

Fair value disclosures

The fair values of financial assets and liabilities are as follows:

	2023 £m	2022 £m
Cash at bank and in hand	13.1	15.1
Lease assets	5.2	5.7
Trade receivables	33.2	38.6
Total financial assets	51.5	59.4

	2023 £m	2022 £m
Borrowings at amortised cost	24.6	29.8
Bank overdraft	0.6	-
Trade and other payables ¹	54.4	64.7
Lease liabilities	92.5	92.6
Deferred consideration	0.1	0.9
Contingent consideration	7.2	8.6
Total financial liabilities	179.4	196.6

¹ Excluding non-financial liabilities

Notes to the Accounts continued

for the year ended 31 December 2023

24. Financial instruments and related disclosures continued

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables and short-term borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long-term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Contingent consideration of £1.0 million created on the acquisition of PVS in 2019 was settled during the year.

The contingent consideration of £7.2 million related to the acquisition of Poly-Pure (2022: £7.6 million) was carried at fair value measured using a Level 3 valuation method based on forecast adjusted EBITDA after tax of the respective business during the calendar years to 31 December 2024 and 31 December 2025. See note 2 for further details regarding the Poly-Pure contingent consideration.

	2023 £m	2022 £m
Balance at 1 January	8.6	1.0
Discount unwind	0.7	-
(Released)/created during the year	(1.1)	7.6
Settled during the year	(1.0)	-
Balance at 31 December	7.2	8.6

25. Related party transactions

All transactions with Directors are included in the Remuneration Committee Report on pages 66 to 70.

Balances and transactions between the Parent Company and its wholly-owned subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.



Company Balance Sheet

as at 31 December 2023

	Note	2023 £m	2022 £m
Assets			
Non-current assets			
Investments in subsidiaries	4	72.7	72.0
		72.7	72.0
Current assets			
Trade and other receivables	5	12.2	24.7
		12.2	24.7
Total assets		84.9	96.7
Liabilities			
Current liabilities			
Trade and other payables	6	2.1	-
		2.1	-
Non-current liabilities			
Bank loans	7	24.6	29.8
		24.6	29.8
Total liabilities		26.7	29.8
Net assets		58.2	66.9
Equity			
Ordinary share capital	8	0.1	0.1
Share premium	8	13.0	13.0
Merger reserve	8	25.5	25.5
Retained earnings		19.6	28.3
Total equity		58.2	66.9

The accompanying notes form an integral part of these financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting its own profit and loss account. The Company loss for the year ended 31 December 2023 was £0.4 million (2022: £0.3 million profit).

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2024.

They were signed on its behalf by:

Jonathan Bednall **Christopher Empson**
Chief Executive Officer Group Finance Director

Company number: 07742256



Company Statement of Changes in Equity

for the year ended 31 December 2023

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total £m
Balance as at 1 January 2022	0.1	13.0	25.5	33.6	72.2
Comprehensive income					
Profit for the year	-	-	-	0.3	0.3
Total comprehensive income	-	-	-	0.3	0.3
Transactions with owners recorded directly in equity					
Share-based payment expense	-	-	-	0.6	0.6
Dividends	-	-	-	(6.2)	(6.2)
Total transactions with owners	-	-	-	(5.6)	(5.6)
Balance as at 31 December 2022	0.1	13.0	25.5	28.3	66.9
Comprehensive income					
Loss for the year	-	-	-	(0.4)	(0.4)
Total comprehensive income	-	-	-	(0.4)	(0.4)
Transactions with owners recorded directly in equity					
Purchase of own shares (see note 8)	-	-	-	(2.4)	(2.4)
Share-based payment expense	-	-	-	0.7	0.7
Dividends	-	-	-	(6.6)	(6.6)
Total transactions with owners	-	-	-	(8.3)	(8.3)
Balance as at 31 December 2023	0.1	13.0	25.5	19.6	58.2

The accompanying notes form an integral part of these financial statements.

Notes To The Company Accounts

for the year ended 31 December 2023

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the Company's financial statements.

1. Basis of preparation

Epwin Group Plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account and related notes.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes
- Comparative period reconciliations for share capital
- Disclosures in respect of transactions with wholly-owned subsidiaries
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRSs

As the consolidated financial statements of Epwin Group Plc include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share-based payments in respect of Group-settled share-based payments
- IFRS 7: Financial Instruments: Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The Company financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Please see note 1 to the consolidated financial statements for the detailed disclosures on going concern for both the Group and Company.

1.3 Investments

Investments in subsidiary undertakings are stated at cost less accumulated impairment losses recognised where, in the opinion of the Directors, there has been a diminution in the value of the investment.

1.4 Bank borrowings and financing costs

Interest-bearing bank loans and overdrafts are stated at the amount of the proceeds received, net of financing costs, where the intention is to hold the debt instrument to maturity. Financing costs are amortised over the expected term of the loan so as to produce a constant rate of return over the period to the date of expected redemption.

1.5 Share-based payments

The Company operates an equity-settled Long-Term Incentive Plan, a Save As You Earn ("SAYE") scheme and issued share warrants in 2014 as part of the IPO.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

The fair value of the share options, SAYE and warrants is measured at grant date using an option pricing model, taking into account the terms and conditions upon which the options were granted.

1.6 Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of differences between the treatment of certain items for taxation and accounting purposes.



Notes To The Company Accounts continued

for the year ended 31 December 2023

2. Critical judgements and estimations in applying the Parent Company's accounting policies

The preparation of the Parent Company financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Parent Company holds a significant balance of £72.7 million (2022: £72.0 million) representing investments in subsidiary companies. The subsidiary companies' investment balances are held at cost less any impairment. An impairment exists when their recoverable amount is less than the cost of investment held in the accounts. There are a number of factors that could impact the recoverable amount, which creates a risk of this recoverable amount being lower than the investment balance held. The discounted cash flows used to assess the recoverable amount align to those used in testing goodwill; please see note 12 to the consolidated financial statements for more detail.

No critical judgements were applied in the preparation of the Parent Company accounts.

3. Staff costs

The Company has no employees (2022: none). Please see disclosures relating to the Group in note 6 to the consolidated financial statements.

Disclosure of individual Directors' remuneration is included in the Remuneration Committee Report on pages 66 to 70.

4. Investments in subsidiaries

	Shares in subsidiary undertakings £m
Cost	
At 1 January 2023	72.0
Capital contribution relating to share-based payments	0.7
At 31 December 2023	72.7
Impairment	
At 1 January 2023 and 31 December 2023	-
Net book value	
At 31 December 2023	72.7
At 31 December 2022	72.0

Fixed asset investments represent holdings in the ordinary share capital of wholly-owned subsidiaries.

The Group's subsidiary undertakings are as follows:

Company name	Principal activity of the company	Ownership percentage by the Group as at 31 December 2023	Country of incorporation
Held directly by the Company			
Specialist Building Products Limited	The extrusion of PVC-u and PVC-ue, the manufacturer of windows and doors, related building materials and the retail, trade and public sector sales of these products	100%	England
Winep 62 Limited	Holding company	100%	England
Building Plastics Holdings Limited	Holding company	100%	England
Winep 60 Limited	Holding company	100%	England
The Entrance Fire Door Company Limited	Dormant	100%	England
Winep 73 Limited	Dormant	100%	England
Stormking Plastics Limited	Dormant	100%	England

Held indirectly by the Company

Company name	Principal activity of the company	Ownership percentage by the Group as at 31 December 2023	Country of incorporation
Specialist Building Distribution Limited	Dormant	100%	England
Specialist Building Contracting Limited	Fabrication and installation of windows and doors	100%	England
Hampton Decking Limited	Supply and installation of decking products	100%	England
Masterjoint Limited	Supply of decking products	100%	England
Premier Distribution (Gt. Yarmouth) Limited	Supply and installation of decking products	100%	England
Accrington Plastics Limited	Distribution of plastic building products	100%	England
Winep 71 Limited	Dormant	100%	England
Epwin Materials Limited	Holding Company	100%	England
Amicus Building Products Limited	Holding Company	100%	England
Hampton Decking Holdings Limited	Holding Company	100%	England
Winep 61 Limited	Holding Company	100%	England
Winep 63 Limited	Holding Company	100%	England
Winep 67 Limited	Holding Company	100%	England
Amazon Civils Limited	Dormant	100%	England
Celufarm Building Products Limited	Dormant	100%	England
Churchley Bros. Limited	Dormant	100%	England
Churchley Builders Plastics Limited	Dormant	100%	England
Crown Architectural Aluminium (UK) Limited	Dormant	100%	England
Deckinginabox Limited	Dormant	100%	England
Ecodek Limited	Dormant	100%	England
Winep 70 Limited	Dormant	100%	England
Epwin Secretaries Limited	Dormant	100%	England
HIS Systems Limited	Dormant	100%	England
Kestrel BCE Limited	Dormant	100%	England
Magden Limited	Dormant	100%	England
Masterglaze Limited	Dormant	100%	England
National Building Plastics Limited	Dormant	100%	England
National Plastics (Building Products) Limited	Dormant	100%	England
National Plastics Limited	Dormant	100%	England
Nu*Stock Limited	Dormant	100%	England
Permadoor Limited	Dormant	100%	England
Plastal Commercial Limited	Dormant	100%	England
Plastic Building Supplies Limited	Dormant	100%	England
Poly-Pure Limited	Materials re-processing	100%	England
Poly-Pure (Kent) Limited	Materials re-processing	100%	England
Profile 22 Systems Limited	Dormant	100%	England
Safedoor Limited	Dormant	100%	England
Saltire Trade Plastics Limited	Dormant	100%	Scotland
SBS (Cumbria) Limited	Dormant	100%	England
Schnicks Limited	Dormant	100%	England
Silplas Building Products Limited	Dormant	100%	England
Southern Building Plastics Limited	Dormant	100%	England
Spectus Systems (Dormant) Limited	Dormant	100%	England
Spectus Systems Limited	Dormant	100%	England
Stellar Aluminium Limited	Dormant	100%	England
Swish Building Products Limited	Dormant	100%	England
The Mayfield Group Limited	Dormant	100%	England
TP Distribution Limited	Dormant	100%	England



Notes To The Company Accounts continued

for the year ended 31 December 2023

4. Investments in subsidiaries continued

Company name	Principal activity of the company	Ownership percentage by the Group as at 31 December 2023	Country of incorporation
Trade BP Limited	Dormant	100%	England
Trentham Logistics Limited	Dormant	100%	England
UPVC Distributors Limited	Dormant	100%	England
Venture Building Plastics Limited	Dormant	100%	England
Winep3 Limited	Dormant	100%	England
Winep 5 Limited	Dormant	100%	England
Winep 50 Limited	Dormant	100%	England
Winep 51 Limited	Dormant	100%	England
Winep 52 Limited	Dormant	100%	England
Winep 53 Limited	Dormant	100%	England
Winep 54 Limited	Dormant	100%	England
Winep 55 Limited	Dormant	100%	England
Winep 56 Limited	Dormant	100%	England
Winep 57 Limited	Dormant	100%	England
Winep 693 Limited	Dormant	100%	England
Wrekin Windows Limited	Dormant	100%	England

All investments are in the ordinary share capital of the subsidiaries.

All subsidiaries are included in the consolidated results of the Group.

All subsidiaries, with the exception of TP Distribution Limited, Trade BP Limited and Saltire Trade Plastics Limited, have the following registered address: 1b Stratford Court, Cranmore Boulevard, Solihull, B90 4QT. The registered address of Saltire Trade Plastics Limited is 1 George Square, Glasgow, G2 1AL.

As set out in the Audit Committee Report, Epwin Materials Limited (Company number 13513236) is exempt from the requirement to obtain an audit and file audited financial statements by virtue of Section 479A of the Companies Act 2006. In adopting the exemption, Epwin Group Plc has provided a statutory guarantee to Epwin Materials Limited in accordance with Section 479C of the Companies Act 2006.

5. Trade and other receivables

	2023 £m	2022 £m
Amounts due from subsidiary undertakings	12.2	24.7
	12.2	24.7

Amounts due from subsidiary undertakings are interest free and repayable on demand. The expected credit loss on amounts due from subsidiary undertakings is immaterial.

6. Trade and other payables

	2023 £m	2022 £m
Other payables (see note 23 to the consolidated financial statements)	2.1	-
	2.1	-

7. Bank loans

	2023 £m	2022 £m
Amounts falling due after more than one year		
Secured bank loans	24.6	29.8
	24.6	29.8

The facilities available to the Group at 31 December 2023 were a £65.0 million revolving credit facility and a £10.0 million overdraft, secured on the assets of the Group.

In August 2023, the Group renewed its revolving credit facilities with the existing lenders, Barclays and HSBC, on comparable terms. The new facility is a £65.0 million Sustainability-Linked Loan facility. The initial term on the facility runs through to August 2026 with an option to extend for a further two years. The lenders have a fixed and floating charge over the assets of the Group.

The banking facility requires financial covenants to be tested on a quarterly basis: leverage ratio of less than 3.0 times adjusted EBITDA and interest cover of greater than 4.0 times adjusted EBITDA. The Group has remained within covenant levels at all times during the year.

Facility arrangement costs of £0.4 million (2022: £0.2 million) are set off against the amount owing at year end.

Analysis of bank loans and borrowings:

	2023 £m	2022 £m
Repayable:		
Within one year	-	-
Between one and two years	-	29.8
Between two and five years	24.6	-
	24.6	29.8

8. Share capital and reserves

	Number of shares No.	Nominal value per share pence	Total nominal value £
At 1 January 2022 and 1 January 2023	145,305,993	0.05	72,653
Issue of shares	8,518	0.05	4
Cancellation of treasury shares	(388,000)	0.05	(194)
Purchase and cancellation of own shares	(366,723)	0.05	(183)
At 31 December 2023	144,559,788		72,280

Share premium

The share premium arose on the issue of the Company's shares at a premium to the nominal value of the shares, less any expenses incurred in issuing equity.

Merger reserve

The merger reserve arose on the share for share exchange on the acquisition of subsidiaries and settlement of deferred contingent consideration.

Outstanding options

Outstanding options have been granted to the Directors and employees of the Group under the Long-Term Incentive Plan and SAYE scheme. Further details are included within note 7 to the consolidated financial statements.

Share warrants for 3% of the fully diluted share capital of the Company were issued to Zeus Capital for services related to the IPO in 2014. The warrants are exercisable, at the IPO share price, any time between the first and tenth anniversary of admission to AIM.

Share buyback

In November 2023, the Group announced the commencement of a share buyback programme for the repurchase of up to 3 million ordinary shares for cancellation. As at 31 December 2023, 366,723 ordinary shares had been repurchased and cancelled, at a total cost of £0.3 million. A liability of £2.1 million in respect of the remaining shares to be repurchased is included in Other payables.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Epwin Group Plc (the "Company") will be held at Squire Patton Boggs, Rutland House, 148 Edmund Street, Birmingham, B3 2JR on Tuesday 21 May 2024 at 11.00 am for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2023, together with the report of the Directors and the auditors on those accounts.
2. To approve the Remuneration Committee Report (comprised of the Annual Statement, Remuneration Policy Report and Annual Report on Remuneration) for the year ended 31 December 2023.
3. To declare a final dividend of 2.80 pence per ordinary share in respect of the financial year ended 31 December 2023.
4. To re-appoint RSM UK Audit LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
5. To authorise the Directors to determine the remuneration of the auditors of the Company.
6. To elect Kathy Callaghan as a Director.

Special business

As special business, to consider and, if thought fit, pass the following resolutions, which will be proposed as to resolution 7 as an ordinary resolution and as to resolutions 8 and 9 as special resolutions:

7. That in accordance with Section 551 of the Companies Act 2006 (the "Act"), the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for, or to, convert any security into shares in the Company:
 - (a) up to an aggregate nominal amount of £47,582.84 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below) in connection with an offer whether by way of a rights issue, open offer or otherwise:
 - (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to holders of other equity securities in the capital of the Company as required by the rights of those securities or as the Directors consider necessary, but subject to exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (b) in any other case, up to a nominal amount of £23,791.42 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £23,791.42).

Such authorities shall apply until the close of business on 30 June 2025 or, if earlier, the end of the next Annual General Meeting of the Company, unless previously varied or revoked by the Company in general meeting, save that, in each case, the Company may make offers or agreements which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of any such offer or agreement as if the authority had not ended.

8. That, subject to the passing of resolution 7, pursuant to Section 570 of the Act, the Directors be and are hereby unconditionally empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 7 as if Section 561(1) of the Act did not apply to such allotment, provided that such power shall be limited to:
 - (a) the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;
 - (b) the allotment of equity securities for cash (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £3,568.71; and

(unless previously revoked, varied or renewed) shall expire on 30 June 2025 or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

9. That, pursuant to Section 701 of the Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 0.05 pence each in the capital of the Company (the "Shares"), provided that:

- (a) the maximum number of Shares which may be purchased is 14,274,852;
- (b) the minimum price (exclusive of expenses) that may be paid for a share is 0.05 pence;
- (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for the Shares as derived from the Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
- (d) unless previously revoked, varied or renewed, this authority shall expire on 30 June 2025 or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier; and
- (e) the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contract as if the authority conferred by this resolution had not expired.

An explanation of each of the resolutions being proposed at the AGM is set out on the following pages.

By Order of the Board

Andrew Rutter

Company Secretary

10 April 2024

Company number: 07742256

Registered Office

1b Stratford Court
Cranmore Boulevard
Solihull
B90 4QT



Notice of Annual General Meeting continued

Explanatory Notes to the Notice of Meeting:

ORDINARY BUSINESS

Resolutions 1 to 6 will be proposed as ordinary resolutions, and will be passed if more than 50% of shareholders' votes cast are in favour.

Resolution 1: To receive the 2023 Report and Accounts

The Directors of the Company ("the Directors") must present their Annual Report and Accounts of the Company for the year ended 31 December 2023 (the "Annual Report") to shareholders. Shareholders are invited to adopt the Annual Report and Accounts.

Resolution 2: To approve the 2023 Remuneration Committee Report

Unlike companies listed on the Main Market of the London Stock Exchange, the Company, as an AIM-listed company, is not required to present the Remuneration Committee Report to its shareholders. However, the Directors consider it best practice to put the Remuneration Committee Report for the year ended 31 December 2023 to its shareholders for approval. This vote is advisory only and the Directors' entitlement to remuneration is not conditional on the Resolution being passed.

Resolution 3: To declare a final dividend

A final dividend of 2.80 pence per ordinary share is proposed. If approved, the final dividend will be paid on 5 June 2024 to shareholders on the register at close of business on 10 May 2024.

Resolutions 4 and 5: To approve the re-appointment of the auditors and also authorise the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, RSM UK Audit LLP, on behalf of the Board.

Following the Audit Committee's review of the effectiveness of the external auditor referred to above, the Board has decided to put RSM UK Audit LLP forward to be re-appointed as auditors. Resolution 5 also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors.

Resolution 6: To elect Kathy Callaghan as Director of the Company

Kathy Callaghan was appointed as Director of the Company on 10 April 2024 and is proposed for election at the forthcoming AGM.

SPECIAL BUSINESS

As well as the ordinary business of the meeting outlined above, special matters will be dealt with at the Annual General Meeting. Resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions. For these special resolutions to be passed, 75% or more of shareholders' votes cast must be in favour.

Resolution 7: Directors' authority to allot shares

This resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £23,791.42. This amount represents one-third of the issued ordinary share capital of the Company as at 9 April 2024, the last practicable date prior to the publication of this document. The resolution would also give the Directors authority to allot equity securities in connection with a rights issue up to an aggregate nominal amount of £47,582.84.

The Directors have no present intention to allot new shares other than in connection with employee share and incentive plans and share warrants.

Resolution 8: Disapplication of pre-emption rights

If directors of a company wish to allot shares in the company for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 8 is to authorise the Directors to allot ordinary shares in the Company for cash (i) in connection with a rights issue; and, otherwise; (ii) up to a nominal value of £3,568.71, equivalent to 5% of the total issued ordinary share capital of the Company as at 9 April 2024 without the shares first being offered to existing shareholders in proportion to their existing holdings. This level of authority is required in order to give the Company flexibility in the event of acquisition opportunities and major shareholders will be consulted in advance of the authority being exercised.

Resolution 9: Authority to purchase own shares

Under the Companies Act 2006 (the "Act"), the Company requires authorisation from shareholders if it wishes to purchase its own shares.

Resolution 9 specifies the maximum number of shares that may be purchased (10% of the Company's issued share capital) and the highest and lowest prices at which they may be bought.

Under the Act the Company can hold the shares which have been repurchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes.

The Directors intend to continue repurchasing shares on completion of the initial 3 million share buyback programme. The Directors will keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this will result in an increase in earnings per share or would otherwise be in the best interests of shareholders generally.

FURTHER INFORMATION

- To be entitled to vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 17 May 2024. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to vote at the Meeting.
- Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
- In the case of joint holders, where more than one of the joint-holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for, or against, the resolution. If no voting indication is given, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the Meeting.
- You can vote either:
 - by logging on to www.signalshares.com and following the instructions; if you need help with voting online, please contact our Registrars, Link Group, by emailing shareholderenquiries@linkgroup.co.uk or calling on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales
 - via LinkVote+, a free app for smartphone and tablet provided by Link Group (the Company's registrar). It offers shareholders the option to submit a proxy appointment quickly and easily online, as well as real-time access to their shareholding records. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below



- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below
- if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proximity platform in accordance with the procedures set out below
- you may request a hard copy form of proxy directly from our Registrar, Link Group by emailing shareholderenquiries@linkgroup.co.uk or calling on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales



Notice of Annual General Meeting continued

6. To be effective the completed and signed form of proxy must be lodged at the office to PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) by no later than 11:00 am on 17 May 2024. Alternatively, you may send any document or information relating to proxies to the electronic address indicated on the form of proxy.
7. To appoint more than one proxy using a hard copy form of proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. If possible, all forms should be returned together in the same envelope.
8. If you return more than one proxy appointment, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 11.00 am on 17 May 2024. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. If you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 11.00 am on 17 May 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
13. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.
14. As at 9 April 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 142,748,522 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 9 April 2024 are 142,748,522.
15. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.
16. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
17. Questions from shareholders may also be submitted via email (including a Shareholder Reference Number), in good time ahead of the meeting, to epwin@mhpc.com. Subject to normal considerations, written answers in respect of frequently asked questions will be posted on the Company's website following the meeting.
18. The following documents are available for inspection during normal business hours, via secure electronic means only, on any business day from the date of this Notice until the time of the Meeting and may also be inspected via secure electronic means from 10.45 am on the day of the Meeting until the conclusion of the Meeting:
 - a. copies of the Directors' letters of appointment or service contracts.
19. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.epwin.co.uk.



Shareholder Information

Advisors

Nominated advisor and joint broker

Shore Capital
Cassini House
57 St James's Street
London
SW1A 1LD

Joint broker

Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

Bankers

Barclays Bank Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GN

HSBC Bank Plc
1 Centenary Square
Birmingham
B1 1HQ

Independent auditors

RSM UK Audit LLP
10th Floor
103 Colmore Row
Birmingham
B3 3AG

Financial PR

MHP
60 Great Portland Street
London
W1W 7RT

Shareholder services

Registrars

For any enquiries relating to your shareholding please contact:

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Email: shareholderenquiries@linkgroup.co.uk

Telephone: +44 (0) 371 664 0300

(Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales)

Epwin Group Plc

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Solihull
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Registered in England
Company number: 07742256



The production of this report supports the work of the Woodland Trust, the UK's leading woodland conservation charity. Each tree planted will grow into a vital carbon store, helping to reduce environmental impact as well as creating natural havens for wildlife and people.

