



altro



The Annual Report

and

Consolidated
Financial Statements

of

The Altro Group plc

for the year ended

31 December 2021

Company Registration Number: 01493087

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Directors and advisers

Directors

D J Kahn*
R J Kahn *Managing Director*
E P Boyle
P L Caller
M P Fincham*
A L Nelson*
T Lewis * *Chair*
**Non-executive*

Secretary

E P Boyle FCCA

Registered office

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Company registration number

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Independent auditors

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Registrars

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Chair's statement

for the year ended 31 December 2021

2021 has, in many ways, been even more challenging for us all than 2020. The Group was subject to unprecedented raw material and shipping cost increases in addition to the headwinds of the evolving pandemic and impact of Brexit. The Board and managers had taken swift and decisive action during 2020 to save costs and preserve cash where possible in response to the pandemic uncertainty and, as detailed in the Strategic Report, during 2021 the Board has balanced the need to continue to control expenditure with making considered investments in the business to ensure its future strength and sustainability.

I can therefore announce that the result for the year ended 31 December 2021 was a profit before taxation of £8.1m (2020: £10.5m) on sales of £146.3m (2020: £138.2m). These results display a strong recovery in turnover during the year, but profits being hit, primarily by substantial increases in global raw material costs. I would like to thank everyone involved in the business for their great efforts in delivering these results, during these continued turbulent times.

During 2021 dividends totalling 19.0p per share were paid (2020: 9.0p). At the Annual General Meeting in June, the Company proposes to seek the approval of the shareholders to pay a final dividend of 9.5p per share on 22 July 2022 to those shareholders on the register at close of business on 1 July 2022.

A share valuation of 689p was obtained from Investec Bank plc in March 2022 (September 2021: 631p, April 2021: 680p) on behalf of the Trustees of the Employee Benefit Trust (EBT) and the Share Incentive Plan (SIP).

As shareholders are aware, I was appointed as Chair in March 2021 and this was approved at the last AGM. I am delighted that David Kahn continues to serve alongside me and my colleagues, following his 30 years leading the Board. 2021 also saw James Park retire his Directorship after 27 years and I would like to thank him for his significant contribution to the Group during this time. We welcomed Andrew Nelson to the Board in November 2021.

I would like to thank everyone for welcoming me so warmly and I look forward to supporting the Group in achieving its ambitions in the years ahead.



T Lewis

Strategic report

for the year ended 31 December 2021

The directors present their Strategic report on the Group for the year ended 31 December 2021.

Principal activities and review of the business

The Altro Group plc (the "Company") is an unquoted public limited company and the holding company of the Altro group of companies (together, the "Group"). The Group's balance sheet is disclosed on page 26 and the profit attributable to its shareholders is disclosed on page 25 of this Annual Report and Consolidated Financial Statements.

The principal activities of the business are the manufacture and marketing of:

- Altro safety flooring
- Altro smooth flooring
- Altro luxury vinyl tile
- Altro wall systems
- Altro resin systems
- Autoglym vehicle care and Kanor car wash products.

During the year, the Company and its subsidiaries worked to respond to the impacts of COVID-19 on its operations, in addition to the impacts of Brexit and unprecedented raw material price increases (outlined in more detail in the Companies Act 2006 Section 172 statement), both in the UK and internationally for the Altro and Autoglym product ranges. All areas of the business have contributed to the result for the year.

Financial review

The consolidated profit and loss account for the year is set out on page 25.

The key performance indicators (KPIs) for the Group are:

- Turnover - increase of 5.8% (2020: down 8.7%)
- Operating profit - decrease of 23.9% (2020: up 2.4%)
- Net funds - decrease of 14.6% (2020: up 74.4%)
- Shareholders' funds - increase of 13.7% (2020: up 10.9%)

The Group's net funds as at 31 December 2021 were £21.1m (2020: £24.7m). Net funds comprise Cash and cash equivalents.

Turnover has increased year on year primarily driven by the greater openness of the international markets in which the Group operates, as compared with 2020. However, operating profit has decreased, largely because of significant raw materials price increases which have, in part, been driven by supply pressures as economies opened up and demand increased. Performance against the KPIs is considered more than satisfactory given the wider economic context.

Health and safety (Zero Harm) is a key priority for the Group and this has remained the case throughout 2021. The Board reviews a number of Zero Harm metrics every month and against annual targets, including incidents, which have fallen by the 20% target set from 2020 to 2021 and near miss reporting, which has increased by the 10% target set from 2020 to 2021. This is a notable achievement as manufacturing continued throughout the year, while the numbers of staff on site fluctuated significantly and regular adaptations had to be made in response to COVID-19 regulations and guidance at all global sites to ensure COVID-19 safety.

Expenditure during the year has included investment in buildings, plant and machinery throughout the Group as well as additional contributions of £2.8m (2020: £2.8m) to the Defined Benefit Pension Scheme.

Future developments

The Group continues to seek growth in both its UK and overseas markets in the longer term. More immediately, the Group remains focused on responding to the evolving conditions across its international markets following their gradual re-opening.

Principal risks and uncertainties

The business is subject to a number of risks and the Group has procedures and systems to manage these. Aside from the current pandemic, the key business risks affecting the Group are considered to relate to competition from other manufacturers, loss of manufacturing facility, increased raw material and energy costs, significant data loss (including cyber

Strategic report (continued)

for the year ended 31 December 2021

Principal risks and uncertainties (continued)

crime), regulatory changes, fluctuations in the UK and global economy and any action which may be taken by governments in our major markets.

The Board takes action where possible to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies.

Financial risk management

The Group's operations expose it to a variety of financial risks, including the effects of changes in currency exchange rates, credit exposure, and changes in prices, liquidity and interest rates.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of directors are implemented by the Group's finance department.

The main risks arising from the Group's financial management can be analysed as follows:

Currency risk

The Group is exposed in its trading operations to the risk of fluctuations in currency exchange rates. Where appropriate, forward contracts and swaps are used to hedge this exposure.

Credit risk

The Group's principal financial assets are loans receivable, bank balances and trade debtors which represent the Group's maximum exposure to credit risk in relation to financial assets. This risk is managed through internal monitoring processes and credit insurance.

Price risk

The Group is exposed to price risk on raw materials as a result of its operations and such exposure is monitored closely and reported on regularly. In a number of cases, dual supply arrangements are in place.

Liquidity and cash flow risk

The Group has positive cash balances with various banks and appropriate overdraft facilities in place where considered necessary. As a direct response to the uncertainty created by COVID-19, the Board continues to actively review decisions requiring significant cash outlay as a means of maintaining its cash balance.

Interest rate risk

The Group has limited exposure to interest rate risk as it has no external borrowings. There is an exposure to the impact of longer term rate movements in the Defined Benefit Pension Scheme, which is managed by the Trustees of the Scheme and their advisers.

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement

The Board of Directors of The Altro Group plc (Board) are fully aware of their duty under Section 172, along with the other directors' duties in the Companies Act 2006 and, as reported last year, the regard the Board have for these duties has been reflected in their response to the COVID-19 pandemic. 2021 was, in many ways, more challenging than 2020 due to the ongoing pandemic, Brexit and unprecedented raw material price increases. Throughout all of this, the Board, along with senior managers and staff in all operations, have continued to ensure the business remains strong and stable for its future success and for the benefit of all its stakeholders.

As with all companies, decision making within the Group is complex and the Board takes into account many factors, sometimes conflicting, when reaching decisions. The directors' decisions are always driven by the need to promote the success of the Company for the benefit of its members as a whole and whilst taking decisions they consider all their duties under the Companies Act 2006, including having regard to all of the matters under Section 172 (1) a) to f). As shareholders will know from last year's report, the Board set an over-arching approach to decision-making during the pandemic, which was to prioritise the health and wellbeing of staff and stakeholders and adapt and respond to the needs of all stakeholder groups, whilst protecting the long-term strength of the business. This approach continues to be used as a basis for decision-making, but during 2021 has expanded to include strengthening the business for its future growth and success. The Board remains proud that, despite the challenges faced, this approach has meant operations have continued undisrupted, adaptations to meet customer and supplier needs continue to be made swiftly and the workforce remains motivated and engaged.

The approach to decision-making aligns with the Group's over-arching strategy of being a customer-focussed group, producing high-end products, with family values at its heart. This global strategy sits behind the more detailed strategy for each of the Group's two diverse trading divisions (Autoglym and Altro Floors and Walls) (the "Divisions") and drives the budget approval process that takes place in the last quarter of each financial year. The Section 172 factors are also closely aligned with the Group's culture, reflected in the mantra of 'Valuing our customers; valuing each other'.

Throughout 2021 Corporate Governance has remained a monthly Board agenda item, allowing the Board to regularly reflect on various processes and arrangements for discharging their duties. The impact of decisions on stakeholders is considered in detail and such decision-making is supported by comprehensive Board papers that are distributed to directors ahead of Board meetings. The Board is supported by a company secretarial team and at least one member of the secretariat is present at every Board meeting to offer advice and support as needed, as well as taking comprehensive minutes.

The composition of the Board supports its long-term outlook, with Richard Kahn (Managing Director) and David Kahn (Chairman until March 2021 and remaining a Non-Executive Director since) being members of the founding family, who are still majority shareholders. When David Kahn stepped down from his Chairmanship, the directors took the opportunity to evaluate the composition of the Board, which led to the appointment of Tracy Lewis as the new Independent Non-Executive Chair. Tracy has a wealth of experience in both family-owned and public companies. In October 2021, James Park retired his Non-Executive Directorship and the Board chose to replace his role with an Independent Non-Executive Director. Andrew Nelson took this role in November 2021; he is a Chartered Accountant and brings a balance of both commercial and philanthropic experience. These appointments bring the total number of Non-Executive directors on the Board to four, outweighing the number of Executive directors, which the Board feels is an appropriate balance to ensure strong governance. A level of independence is brought to the Board via Tracy Lewis and Andrew Nelson, neither of whom had any connection to the Group prior to being appointed as directors. Both the other Non-Executive directors have extensive knowledge of what has made the Group successful on a long-term basis, one having been Chair for 30 years and the other having been a long-serving senior employee. The three Executive directors are made up of the Finance Director, who has worked for the Group for 38 years and both Divisional CEOs, ensuring the Divisions maintain a long-term focus and are strategically aligned. This also ensures that the culture of the Group, its purpose and values are maintained throughout both Divisions and through all subsidiaries. The composition of the Board of Altro Limited (the Group's primary trading subsidiary) is identical to the Board of The Altro Group plc and at least one director of every international subsidiary is either a director of The Altro Group plc or a member of one of the Executive Committees (see below). This is to ensure that governance is closely aligned within the Group and all its subsidiaries.

The Board has long-established Executive Committees for each of its Divisions that regularly engage with various stakeholder groups and report back to the Board. These Committees work with all relevant subsidiaries around the globe, which has been beneficial in maintaining a consistent approach to the challenges faced during 2021. The CEO of each Division (Richard Kahn – Altro Floors and Walls and Paul Caller – Autoglym) sit on their respective Executive Committee and the Finance Director (Edmond Boyle) sits on both. All three are directors and therefore the Board receives monthly updates from the Executive Committees through these individuals. On a monthly basis the CEO of each Division reports to the Board on such matters as Zero Harm (health and safety) performance, operational efficiency, product innovation, sustainability and environment,

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

employee matters and customer and supplier information. The minutes of every Executive Committee meeting are also shared with the directors. In order to ensure the Executive Committee members are able to adequately support the Board members in their duties, Executive Committee members are offered Section 172 training in addition to the directors. The Executive Committees also have access to the secretariat for assistance and advice. Besides engagement via the Executive Committees, the Board also takes part in direct engagement with various stakeholder groups.

The following pages show an outline of how the Board has regard to specific stakeholder groups, issues and factors and examples of the effect of that regard and Principal Decisions made during 2021.

CA2006 s.172 Matters a-f	How the directors have had regard to this matter	The effect of that regard
a) The likely consequences of any decision in the long term	<p>The Group has always considered the longer term and this is reflected in the fact that the oldest company in the Group (Altro Limited) has been in operation since 1919. In particular, the Board always considers the balance between the short and long-term extremely carefully in all of its decision-making; any decision that would be a short-term gain, but could have a negative long-term impact is generally dismissed, unless the Board considers there are very clear mitigating factors.</p> <p>The Group has chosen to have two complementary, but distinct Divisions. This forms part of a long-term risk mitigation strategy as the Divisions are affected by economic and other challenges at different rates and in different ways. For example, raw materials differ between the Divisions, reducing raw material price risk. This has been particularly relevant during 2021.</p> <p>Protecting the long-term viability of the Group is central to every Board discussion and decision-making process. The Board reviews detailed international 5-year plans and these are updated on an annual basis.</p>	<p>The Board has had to remain cautious during 2021 in response to the economic climate and therefore during the budget process continued to postpone or stop some planned and annual activities. However, after suspending capital projects during 2020 (except those relating to Zero Harm), the Board took the decision to invest in some capital projects for the Group's manufacturing sites during 2021. All capital expenditure was considered carefully and the approved projects were considered important to the long-term success of the Group. This approach allowed a balance between preserving cash in regard to less critical items, whilst also investing for the future growth of the business.</p> <p>(See also 'Cost-Saving Measures' in Principal Decisions.)</p>
b) The interests of the Company's employees	See the 'Statement on employee engagement' section of the Directors' report, as well as the Stakeholder table below.	See the 'Statement on employee engagement' section of the Directors' report, as well as the Stakeholder table below.
c) The need to foster the Company's business relationships with suppliers, customers and others	See the Stakeholder table below.	See the Stakeholder table below.
d) The impact of the Company's operations on the community and the environment	See both 'Community' and 'Environment' in the Stakeholder table below and the Emissions and energy consumption section in the Directors' report.	See both 'Community' and 'Environment' in the Stakeholder table below and the Emissions and energy consumption section in the Directors' report.

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

CA2006 s.172 Matters a-f	How the directors have had regard to this matter	The effect of that regard
e) The desirability of the Company maintaining a reputation for high standards of business conduct	<p>The Board takes abiding by laws in every region very seriously and has various Steering Groups within the business to assist with relevant legislative compliance. This includes a Data Protection Steering Committee and an Anti-Bribery Group that engages with employees to ensure compliance with the Bribery Act 2010. The employee handbook also sets out a clear whistle-blowing procedure, which further supports the culture of encouraging high standards of business conduct. During 2020 and 2021 a Brexit Committee worked cross-functionally to ensure compliance and readiness for the legislative and procedural changes.</p> <p>In order to ensure high standards of business conduct both manufacturing subsidiaries (UK and Germany) and Autoglym have ISO accreditations, as follows:</p> <ul style="list-style-type: none"> - ISO 14001 (Environmental Management Systems) - ISO 9001 (Quality Management) <p>The Autoglym Division also has:</p> <ul style="list-style-type: none"> - ISO 45001 (Occupational Health and Safety) accreditation <p>A list of countries that employees are prohibited from dealing with is maintained, reviewed by the Board and updated on a regular basis.</p>	<p>Every Altro Limited member of staff attends 'Dignity at Work' training as part of their induction and there is a network of Dignity at Work coaches that staff can consult. The aim of this programme is to raise awareness of diversity in the workplace and ensure high standards of conduct by employees. This has continued throughout the pandemic with the training being delivered virtually. A decision was taken in the last quarter of 2021 to re-launch this programme as a refresher course for all existing global employees in addition to its usual inclusion in the induction programme.</p> <p>The Altro Limited Gender Pay Gap Report for April 2021 shows a median Gender Pay Gap of -2.08%, compared to a UK National Median Gender Pay Gap of 15.4% (Source: Office for National Statistics 2021).</p> <p>Health and Safety, including COVID-19 security, continued to be a particular focus within the Group during 2021 with IOSH Training being delivered to staff during the year and investment in a new online Health and Safety system that can be accessed by all international employees. The HSE paid an unannounced COVID-19 spot-check visit to our main manufacturing site in Letchworth Garden City during December 2021 and we were delighted that they did not recommend any changes.</p> <p>During 2021 the Board appointed a new Independent Chair of the Audit Committee and expanded the committee's scope to include a greater focus on risk review. The committee has been renamed the Audit and Risk Committee in line with this.</p>
f) The need to act fairly as between members of the Company	<p>The Board considers the impact of decisions on shareholders as a whole and is always mindful of the differing levels of access to information between shareholder groups (i.e. employee shareholders versus non-employee shareholders).</p> <p>The Board has maintained a desire to have only one class of shareholder to facilitate fairness between members.</p> <p>See also the Shareholder notes in the Stakeholder table below.</p>	<p>The Board ensures shareholders who are not employees have access to performance data, not only through the Annual Report, but also through an interim statement, which it voluntarily produces and was last distributed in October 2021.</p> <p>In April 2021, shareholders were sent a communication to keep them updated regarding the Group's continued response to the pandemic; they were also given the opportunity to submit questions to the directors via email for discussion at the AGM in June 2021.</p> <p>(See also 'Cost-Saving Measures' and 'Payment of dividends totalling 19p per share during the year' in the Principal Decisions section.)</p>

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

Section 172 of the Companies Act 2006 requires the directors to have regard to the prescribed factors listed above, along with 'other matters'. Therefore, in order to determine a full list of issues, factors and stakeholders that are relevant when making decisions, the Board examines the supply chain for each of its Divisions, as well as the reach of the business, its interactions with other businesses and partners and its physical locations. It also examines data from employee engagement processes (see the Directors' report), as well as customer and supplier feedback. Based on this, the Board maintains a list of stakeholders and other more intangible factors for consideration when making decisions. This enables them to assess the potential impact of decisions on relevant stakeholder groups, whilst ensuring the long-term success of the Company on behalf of the shareholders. The issues, factors and stakeholders are not exhaustive and for each decision taken there may be other factors considered.

Below we outline the stakeholder groups the Board deems to be most relevant to its decision making and for each discusses engagement strategies (how the Board has had regard to this stakeholder group) and the outcomes (the effect of the Board's regard for this stakeholder group).

EMPLOYEES	
Engagement Strategies	Outcomes
Please see the 'Statement of employee engagement' section of the Directors' report, which is incorporated into this Strategic report by reference and therefore forms an integral part of this report.	Please see the 'Statement of employee engagement' section of the Directors' report, which is incorporated into this Strategic report by reference and therefore forms an integral part of this report.

SUPPLIERS	
<i>Our suppliers are vital to our long-term success, as they enable us to continue to deliver high quality product to our customers. Ensuring our supply chain meets our high standards helps to ensure the integrity of our products and maintain our ethical business values.</i>	
Engagement Strategies	Outcomes
The Group carries out regular reviews of many of its suppliers and invites some to visit our sites. During such visits the Group's Zero Harm programme is discussed with suppliers as the Group believes mutual sharing of such information strengthens health and safety matters within the supply chain for everyone's benefit.	We have been able to continue production uninterrupted, even when the construction industry was experiencing supply interruptions owing to COVID-19 lockdowns, Brexit and raw material supply challenges. This is due to the strength of the relationships we have with our suppliers and the consistent dialogue we maintain with them.
Our new supplier questionnaire includes checks and questions on issues such national minimum wage, ethical behaviour and safe working practices.	Many of our suppliers have brought in price increases during the year and we have maintained open communication throughout these challenging times, adopting a realistic position in response to the unprecedented global price pressures.
The Group engages with those suppliers that we know are reliant on our business, in particular smaller suppliers, and talks to them well in advance of any anticipated changes in our supply requirements. The Group also supports some suppliers with improving their own supply chains and processes.	We have also been aware of the difficulties faced by our smaller suppliers and have kept them updated with forecasts so they can manage their own production and supply chains efficiently and, in some cases, we have been able to adapt our payment terms to support their cashflow during these particularly difficult trading times.
When selecting suppliers, their ethical values and welfare records are considered along with sustainability criteria. While international supplier site visits were not possible during 2021, we have maintained dialogue with our suppliers, in particular in relation to safety and welfare standards.	During the year we invested in a canopy at the main UK Altro Floors and Walls distribution and goods receipting point for the benefit of our suppliers and delivery drivers.

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

CUSTOMERS <i>Without customer engagement we would not be able to ascertain the direction in which to take our innovation programmes and ultimately would not be able to grow sales.</i>	
<p>We have a variety of routes to market and as such a variety of customer groups as follows:</p> <ul style="list-style-type: none"> • Business Partners (including Agents, Distributors, Franchisees and Researchers) • Product users (such as installers (Altro Floors and Walls), valeters and dealerships (Autoglym)) and specifiers (such as architects) • End consumers 	
Engagement Strategies	Outcomes
<p>Both Divisions have dedicated sales and marketing functions, as well as their own customer care centres, which have remained operational throughout the pandemic. The technical services teams generally make hundreds of customer visits each year to give advice and aftersales support. During 2021 there were a small number of on-site visits by customers and, where in-person visits were not possible due to COVID-19 restrictions, regular contact was maintained through videos, e-learning and webinars.</p> <p>Technical services support for customers remained consistent throughout the year, utilising tools such as photographs and video-calls to assist, but also resuming in-person visits where necessary. The Autoglym Technical Services Team carried out over 70 visits to assist customers during 2021. Where in-person visits were appropriate COVID-19 safety measures were taken to ensure both staff and customer safety.</p> <p>Autoglym re-opened its Training Academy in October 2021 after closing it in March 2020 and the Training School for Altro Floors and Walls re-opened in March 2021 and ran for the rest of the year.</p> <p>Both Divisions seek regular customer feedback on product design, quality and potential future innovations. Feedback is reported to the Board and senior managers and influences decisions made throughout the Group.</p> <p>The Autoglym Division works closely with its franchisees, with regular virtual meetings held throughout 2021 highlighting efficiencies, and safety within the business, and issuing bulletins on matters such as new product development, ongoing product training and new franchisee induction programmes. A new training and learning app was launched late in 2020, which provided an online training platform for franchisees to enhance product knowledge and hone product demonstration skills and this came into its own in 2021.</p> <p>Many free-of-charge training events were hosted by both Divisions to allow customers to continue to access learning, in particular during lockdown periods. The Altro Floors and Walls Division also hosted several joint customer webinars with other manufacturers.</p>	<p>In response to Brexit the procurement teams worked hard to ensure the robust continuity of key supply chains, allowing manufacturing and trading to continue as normal and meet customer demand. The Customer Care and Logistics teams also worked tirelessly to minimise disruption for customers during the complications caused by Brexit, supply chain and logistics challenges and COVID-19 staff absences.</p> <p>In 2021, the Autoglym Division launched 4 new products for retail customers and 5 new or improved professional products in 2021. These products included more sanitiser products in response to customer demand generated by the COVID-19 pandemic and four products were as a direct result of customer requests or feedback.</p> <p>During the year the Altro Floors and Walls Division launched updated colour choices for a number of flooring ranges, enhanced performance characteristics and surface finishes on some flooring products, a new wall cladding product which creates a tiled look and hand wash stations; the latter two being specifically requested by customers. There were also almost 100 actions taken during the year by the Altro Floors and Walls Division based on information and suggestions provided by customers.</p> <p>Both Divisions have seen a significant drop in customer complaints over recent years. Altro Floors and Walls have recorded a reducing level of complaints in all areas over the past ten years and in 2021 recorded complaints on just 0.6% of flooring orders processed and shipped from the UK. In Autoglym complaints also fell significantly in 2020 and again in 2021, despite all the challenges faced during these two years.</p> <p>The Autoglym Division engaged an external agency to carry out a customer survey between August and November 2021 to better understand and adapt to customer needs. This is the fourth such survey carried out since 2013 and is the most in-depth to date. The survey showed Autoglym's key strengths to be product, brand and reliable expertise. The attributes that customers most often associated with Autoglym were 'responsibility' & 'kindness'.</p> <p>(See also 'Price Increases' in the Principal Decisions section.)</p>

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

PENSIONERS <i>Our pensioners have often dedicated many years to serving the Group and we are mindful of our responsibility to them as well as how our current workforce plan for retirement in a society where retirement savings are often inadequate.</i>	
Engagement Strategies	Outcomes
<p>The Group sends a representative to each Defined Benefit Pension Trustee meeting and engages regularly with the Trustees and Scheme Actuary. The Board meets periodically with both the Independent Trustee and Scheme Actuary.</p> <p>There is a Defined Contribution Pension Scheme Group, who meet regularly with the administrators of the Scheme to review performance. An occasional newsletter is issued to DC members with updates on the Scheme and tips and hints for retirement.</p> <p>There are regular employee presentations outlining pension arrangements and these become more frequent as employees approach retirement. Employees are also given access to online information about how to plan for retirement and the potential worth of their pension savings in real terms.</p>	<p>To give an added layer of protection, the Company has in place a cross-guarantee for the Defined Benefit Pension Scheme and the Group has again put £2.8m into funding the deficit during 2021. Altro Limited also pays pension scheme costs for administration, investment advice and other pension fund fees.</p> <p>The Group has a 'Run down to Retirement' scheme in the UK, whereby employees are prepared for this significant life event through a series of seminars and then a gradual reduction in working days over the last four months of employment, whilst maintaining full pay and benefits. The scheme was quickly adapted to be delivered virtually during the pandemic.</p>

SHAREHOLDERS <i>As an unlisted company with several hundred shareholders, we are proud that shareholder engagement is an integral part of our annual calendar.</i>	
Engagement Strategies	Outcomes
<p>The Board understands the importance of shareholders and therefore, for many years, has engaged a professional registrar company to take care of shareholder enquiries and for registering changes to shareholdings. The company secretarial team alert the directors to any specific shareholder requests or concerns and this allows a close link between the Board and shareholders. In addition to our external Registrar, the Group understands that some shareholders prefer more personal interaction and therefore shareholders are also able to directly contact the company secretarial team.</p> <p>The Group holds an Annual General Meeting ("AGM"). As there was no reception held after the AGM in 2021 and although the majority of shareholders were not able to attend in person (due to the pandemic), interaction was encouraged by way of providing shareholders with an email address to which they could submit questions ahead of the AGM.</p>	<p>During the course of the pandemic, some difficult decisions had to be made in the long-term interests of the Company that were of a short-term disadvantage to certain stakeholder groups, including shareholders. In making these decisions the Board weighed up carefully the views of the shareholders and kept them informed through written communications. During 2021 the Board took decisions to relax some of these cost-saving measures with the shareholders and other stakeholders in mind.</p> <p>During the year the Board also recommended and approved the paying of two dividends. A final dividend of 12p for 2020 was paid in July 2021 and an interim dividend of 7p was paid in November 2021.</p> <p>New Articles of Association were proposed at the AGM in June 2021, which (amongst other things) allow electronic communication with shareholders. This was as a result of requests from shareholders and of the Company's desire to allow for more sustainable communication with its shareholders in the future. The shareholders approved and adopted these new Articles.</p> <p>(See also 'Cost-Saving Measures' and 'Payment of dividends totalling 19p per share during the year' in the Principal Decisions section.)</p>

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

ENVIRONMENT	
<i>As manufacturers of products that involve chemical processing, it is of utmost importance that we respect the environment and take the environmental effect of our products and operations into account.</i>	
Engagement Strategies	Outcomes
<p>As a responsible business, the Board constantly considers the impact of the Group, its locations and products on the environment. The Group aims to make sustainable flooring and for this reason the Group is able to offer up to 20 year guarantees with a number of its flooring products and also some wall cladding products. The Board has always felt this to be important because of the effect that the 'throw-away' culture has on the environment.</p> <p>Within the Group there are various relationships and memberships of industry environmental groups maintained, such as:</p> <ul style="list-style-type: none"> - VinylPlus (a voluntary commitment of the European PVC industry for sustainable development and recycling) and Vinylplus UK which is run by the British Plastics Federation and affiliated to VinylPlus; - Membership of the European Resilient Floor Covering Manufacturers Institute Circular Economy Committee; - British Plastics Federation Product Safety and Fire Safety committees; - Contact is maintained with the Construction Product Association's Sustainability Policy Group. <p>The main UK trading entity (Altro Limited) maintains ISO 14001 (Environmental Management Systems) accreditation across both Divisions to ensure compliance with environmental standards and to enhance environmental performance.</p> <p>The manufacturing subsidiary in Germany has ISO 14001 accreditation, as well as ISO 50001 (Energy Management) accreditation and has indoor air quality certifications.</p> <p>The Group always considers the environment and sustainability in its capital expenditure and investment decisions and during 2021 launched long-term Sustainability Strategy projects in both Divisions with dedicated Steering Groups. These Groups are working on plans for areas such as reducing carbon footprint, increasing recycled and bio-sourced content in our products and packaging and expansion of recycling schemes. As part of this, all the Executive Directors, Executive Committee members and a number of managers took part in Carbon Literacy training during the year. The Group also continues to invest and work closely with suppliers to develop more environmentally sustainable products.</p>	<p>The Group uses green electricity, including through carbon off-setting, throughout all operations and continually works to improve the sustainability and environmental impact of its products. For example, almost 99% of all floors produced by the Group contain a bio-plasticizer that comes from a renewable source and 99% of the plastic bottles used by Autoglym for its retail products are recyclable. The use of adhesive-free flooring products, introduced in recent years removes the need for adhesives, which has environmental benefits and these floors are easier to recycle at the end of their life. During 2020 we were proud to supply some of the Nightingale Hospital projects with this product and in 2021 we also supplied it to a number of the COVID-19 vaccination centres. Because the product is not bonded to the floor, as these temporary facilities are closed, the flooring can be uplifted and utilised elsewhere.</p> <p>The Group takes seriously the need to find ways to prevent redundant product from being sent to landfill. In 2009 Altro and Polyflor jointly formed Recofloor, a vinyl flooring take-back scheme that operates in the UK and Ireland to help others recycle product. Despite the pandemic, Recofloor recycled almost 600 tonnes of flooring during 2021. The Group has its other flooring manufacturing site in Germany and has a stake in AgpR, a similar recycling scheme there. During 2021 AgpR collected over 2,600 tonnes of flooring, the majority of which was able to be processed for reuse.</p> <p>In the Autoglym Division, water consumption and product waste continued to fall in 2021, despite increased production volumes. This, in turn, reduces forklift truck usage. These improvements are as a result of site upgrade works carried out during 2021 and the previous two years and in particular the installation of new tanks during the year.</p> <p>Both The Altro Group plc and Altro Limited maintain investments in DB Group (Holdings) Limited, who developed an ultra-low carbon concrete (Cemfree) to help reduce carbon emissions in the construction industry.</p> <p>(See also the Emissions and energy consumption section in the Directors' report.)</p>

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

COMMUNITY <i>The directors are aware that the Group is reliant on its local communities and owes them all a duty of care when carrying out its operations.</i>	
Engagement Strategies	Outcomes
<p>The Board is proud of the location of its manufacturing sites in Letchworth Garden City and considers carefully the impact they may have on the surrounding area and community. This is also true for all other locations.</p> <p>The Group supports several charitable causes both locally and internationally. Support strategies include monetary donations, staff time, partnerships and working with community groups, such as local schools. The Group also makes an annual donation of funds and staff time to The Altro Foundation Limited, which is a corporate Foundation with charitable status.</p> <p>The Group allows all staff, in every location worldwide, one day off per year to help out at any health charity of their choice. Staff are encouraged to choose local projects, so that the Group has a positive impact on the local community. The Group also supports staff involvement with other charity days and events, such as Macmillan coffee mornings and individual charitable fund-raising events.</p>	<p>Since 2008 the Autoglym Division has made an annual donation of car shampoo to The Fire Fighters Charity for use by every fire station taking part in their National Car Wash fundraising event. During 2021 the Autoglym Division also made a cash donation to a charity which uses motorsport and automotive activities to aid the recovery and rehabilitation of individuals injured or affected by military operation.</p> <p>The Altro Floors and Walls Division donated flooring and wall cladding to various good causes including local facilities and foodbanks and during 2021 also made some cash donations, both direct to local charities and via sponsorship of employees raising money for local causes.</p> <p>During 2021 a new partnership began with a charity local to our Letchworth Garden City sites which supports the long-term unemployed through mentoring, courses and providing a drop-in centre. It is hoped that this partnership will grow in 2022, giving opportunities to employees to become involved.</p> <p>Members of our UK HR Team act as Enterprise Advisors for a local Letchworth Garden City school, having regular meetings linking the curriculum to careers and supporting the school with various career-related activities.</p>

Other matters to which the Board has regard when decision making

- **Zero Harm**
Having a happy and healthy workforce is vital to our work and this is why the Board has asked that Zero Harm is the first item considered at every meeting.
- **Sustainability**
Considering the most sustainable ways to carry out our processes, procedures and actions will help to benefit us and others for many years to come.
- **The need to constantly innovate**
Bringing new products to the market benefits customers including distributors, installers and end users, as well as the Group itself.
- **The importance of efficiency**
Efficient production lines and processes benefit not only the Group, but also customers, employees and the environment.
- **Maintaining the highest levels of quality in everything we do**
Quality is one of our main principles in both Divisions and is what we believe sets us apart from others.
- **Ensuring the systems (mechanical, technological, manual and other) are in place to provide a stable business platform and support efficiency**
No business can function well without robust systems in place and this is especially true in manufacturing.

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

Principal Decisions

We define Principal Decisions as those that have a significant impact on the Company and/or Group and/or our stakeholders. Principal Decisions that are currently confidential to the Group are not included in the below list. Any such decision would be included in a future Annual Report if and when confidentiality is no longer a factor. The potential impact of Principal Decisions on stakeholders is assessed in detail by the Board.

During 2021 the Board has had to react to not only the evolving COVID-19 pandemic, but also the unprecedented raw material price increases and impacts of Brexit. The Board has therefore needed to make many decisions during 2021 and those that are deemed to be Principal Decisions are described below.

i) Cost-Saving Measures

As noted earlier in this report, the Board prioritises the long-term success of the Company for the benefit of its shareholders and other stakeholders and at the start of the pandemic the Board recognised that preserving cash was of paramount importance, in particular as the potential economic impact of COVID-19, the impact on sales and the length of the pandemic were all unknown. During 2021 the Board also had to consider the unprecedented rise in costs of raw materials and shipping. Therefore, during the year the Board has balanced the need to continue to have a reserve of cash with the need to grow the business for its future strength and take into account the needs of various stakeholder groups. In light of this, the Board took some action to maintain cash preservation (where reasonable to do so and at all times taking into account the impact on stakeholders), but many activities returned to normal after being suspended during 2020.

Key decisions taken in relation to cost-saving were:

- *to the extent possible, to continue to suspend discretionary expenditure;*
- *not to offer a Buyback of shares; and*
- *not to make a SIP Award to UK Qualifying Employees.*

Key decisions related to relaxation of cash preservation measures taken during the year were:

- *to reintroduce recruitment as deemed necessary;*
- *a gradual reintroduction of funding of the Employee Benefit Trust;*
- *to make a 4% pay increase award to employees at the start of 2022;*
- *to bring all remaining staff on furlough back to work by June 2021; and*
- *to pay dividends totalling 19p during the year (see below).*

In making these decisions, the Board considered and balanced the needs of the impacted stakeholder groups.

ii) Payment of dividends totalling 19p per share during the year

During 2020 dividends were paid at a lower rate than in the preceding few years. In recognition of this and based on the Group's proven ability to continue with strength during the pandemic, during 2021 the Board took the decision to pay dividends at a higher rate than have typically recently been paid. The Board recommended a final dividend in respect of the 2020 financial year of 12p which was approved by shareholders at the AGM in June 2021 and paid in July 2021. The Board also paid an interim dividend in November 2021 of 7p per share in respect of the 2021 financial year. In reaching these decisions the Board considered shareholder expectations and the fact that there is a large employee shareholder base (through its UK share schemes) that the dividends would reach, along with the external shareholders.

iii) Defined Benefit Pension Scheme (DB Scheme) Deficit Funding

The Board reviews the DB Scheme deficit on a regular basis and continued to fund the deficit as agreed in the 2017 and 2020 valuations, contributing £2.8m during the year to 31 December 2021. When continuing with the contribution in 2021, the Board considered the need to continue to preserve cash, as above, balanced with the needs of pensioners and other stakeholders.

Strategic report (continued)

for the year ended 31 December 2021

Companies Act 2006 Section 172 Statement (continued)

Principal Decisions (continued)

iv) Approval of Group Budget

The budget for 2022 was approved during the latter part of 2021 by the Board and took into consideration the principal risks to the business, along with trading conditions during the pandemic and the longer-term plans for both Divisions. Although most discretionary spend was paused during 2020 and only reintroduced on a limited basis during 2021, the Board agreed to approve some additional discretionary spending in certain areas of the business for 2022. This included such things as marketing activities to support strategic initiatives and IT projects to support the growth of the business or to enhance security.

v) Appointment of two new Independent Non-Executive Directors

As noted in last year's report, after David Kahn informed the Board of his intention to retire his Chairmanship, the Board took time to consider the best approach to appointing a replacement. Later in the year, a similar discussion took place in regard to the replacement of James Park's Non-Executive Directorship. In both cases, the Board took into consideration the need to retain the Group's strong family values, whilst also being sufficiently challenged by independent members of the Board. This led to decisions to appoint Independent Non-Executive Directors from outside the Group, whilst ensuring those selected have strong values and understand the Board's commitment to all stakeholder groups. After rigorous selection processes, Tracy Lewis was appointed as Director and Chair in March 2021 and Andrew Nelson was appointed as a Director in November 2021.

vi) Approval of Price Increases

During 2021, decisions were made to increase prices for several products early in 2022. The Board felt it necessary to take this action in order to maintain our high-quality customer service and to continue our product innovation work against the back-drop of unprecedented raw material and shipping cost increases. Customer needs were at the forefront of the decision-making process. Customers were consulted and kept informed where possible and were given at least 3 months' notice of the increases in the vast majority of cases.

Current Position

At the time of signing, the global COVID-19 pandemic is ongoing and challenges with raw material and shipping pricing continue. More recently, energy prices have been adversely affected by world events. In light of this, the Group continues to review its operations, sales and expenditure on an ongoing and regular basis and some of the plans for 2022 and beyond which are outlined in this Strategic report, the Directors' report and other areas of these reports and financial statements may be altered or reversed. Any such changes will be made with the Group's long-term success in mind, taking into account stakeholders and factors as described above.

We again thank all of our stakeholders for their continued support during these turbulent times.

Approved by the Board of Directors and signed by order of the Board.



E P Boyle
Secretary
28 April 2022

Directors' report

for the year ended 31 December 2021

The directors present their report and the audited consolidated financial statements of The Altro Group plc ("the Company") - Company Registration Number: 01493087 - and its subsidiary undertakings (together, "the Group") for the year ended 31 December 2021. The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

D J Kahn*	<i>Chairman (stepped down as Chairman 15 March 2021, remains a director)</i>
R J Kahn	<i>Managing Director</i>
E P Boyle	
P L Caller	
M P Fincham*	
T Lewis*	<i>Chair (appointed as a director and Chair 15 March 2021)</i>
A Nelson*	<i>(Appointed as a director 2 November 2021)</i>
J F H Park*	<i>(Resigned as a director 29 October 2021)</i>
*Non-executive	

Financial risk management, principal activities, and the future developments of the business have been discussed in the Strategic report.

Dividends

The directors recommend a final dividend of 9.5p (2020: 12.0p) per share, resulting in a total dividend of 16.5p (2020: 21.0p) per share for the year. An interim dividend of 7.0p (2020: 9.0p) was paid in November 2021. Diluted earnings per share were 43.7p (2020: 55.5p). Assuming approval by shareholders at the Annual General Meeting, the final dividend will be paid on 22 July 2022 to all those on the share register at close of business on 1 July 2022.

Share capital

During 2021, the Company bought back and cancelled nil (2020: nil) ordinary shares of 10p each (representing 0.0% (2020: 0.0%) of the called up share capital). No shares (2020: none) were issued during the year. The Company will not seek the approval of shareholders at the Annual General Meeting for the purchase of any of its own shares.

Employee Benefit Trust (EBT)

Funding of the EBT was paused during 2020 and into 2021 as a result of the COVID-19 pandemic. The Board took the decision in early 2021 to re-start funding on a limited basis and this was increased back to pre-pandemic levels later in the year. During 2021, the Company purchased 51,794 (2020: 29,320) ordinary shares for total consideration of £361k (2020: £208k). The financial results of the EBT are incorporated into the consolidated financial statements of the Group and the financial statements of the Company. See note 25 for further information.

Statement of employee engagement

Inclusion:

The Group operates non-discriminatory employment policies which are designed to attract, retain and motivate the very best people, recognising that this can only be achieved through practising equal opportunities regardless of disability, life threatening disease, sexual orientation, gender reassignment, pregnancy and maternity, religion or belief, race (including ethnic origin, colour, citizenship, nationality and national origin), marital and civil partnership status, age and gender. For example, applications for employment by disabled persons are always fully considered, focusing on the applicants' aptitudes, experience and abilities for the role and in the event of recruiting a disabled member of staff or an existing member of staff becoming disabled, every effort is made to ensure that appropriate facilities are available, appropriate adjustments are made and training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Retention:

Staff are encouraged to plan their careers within the Group and to participate in appropriate ongoing training, consistent with the needs of the business. Employees are encouraged to attend internal Management Development Programmes and in late November 2021, a new 'Aspiring Managers' training course was launched, designed to develop new management potential, thereby retaining ambitious employees. At the balance sheet date 23.2% of UK employees have between 10 and

Directors' report (continued) for the year ended 31 December 2021

Statement of employee engagement (continued)

Retention: (continued)

20 years' continuous service and another 17% have more than 20 years' service. This is a reflection of the Group's culture and resulting high levels of employee engagement.

Directors' Engagement with and Regard to Employees:

This section of the report summarises how the directors have engaged with employees during the year and how they have had regard to employee interests.

The directors engage both directly and indirectly with Group employees, in particular via two Executive Committees. These Executive Committees have a team of international senior managers reporting to them. Together, the members of the Altro Floors and Walls Executive Committee and other senior managers form the Strategic Planning Team for the Altro Floors and Walls Division and meet at least twice a year to contribute to the strategies of the Division. Although held virtually, the frequency of these meetings has increased significantly during the COVID-19 pandemic. A further layer of management is then involved in Strategy Implementation meetings and these managers work together with their teams to disseminate information and provide employee feedback on strategy. Members of the Altro Floors and Walls Executive Committee meet with all staff within the Division twice a year through Team Briefings, where they share financial performance information and progress on key strategies. Cascade Briefings also take place within the Division on a monthly basis. For the Autoglym Division, the Executive Committee meets with the senior managers on a monthly basis and then cascades information through the various departments or via Town Hall meetings for all Autoglym employees. All of these activities have continued throughout 2021 albeit via electronic means. Other engagement strategies are outlined below.

Directors have regard to employees throughout all decision-making processes and the Group prides itself on the care it has for its staff. For example, employee well-being is always a priority and employees are made aware of this during their induction, where they attend training in 'Stress Management' and 'Dignity at Work'. To support well-being during and following the pandemic, employees were trained in 'Developing Individual and Team Resilience' during 2020 and 2021. In their induction, new employees are informed about the support network available to them (an Employee Assistance Programme, Dignity at Work Coaches, the HR team and Occupational Health). This is reinforced via displays on noticeboards and through promotions on the Well-being section of the staff SharePoint site. The Employee Hub was an additional tool created at the start of the pandemic to allow easier access, both on personal and work devices, to well-being information that continues in use to date.

i) Information

The Group has an open and honest culture and employees are informed of decisions that are relevant to them as soon as practical. The Group uses an intranet site for many of these communications, but also cascades information through the management structure ahead of intranet announcements. This is to ensure a personal touch in delivering information and allowing for questions to be answered.

The business operates as two primary Divisions and has several subsidiaries. Divisions and subsidiaries are able to develop the most appropriate internal communications for their area of the business, whilst operating within a communications framework for the entire Group that ensures all employees are systematically provided with relevant information on matters that may impact them as employees. Therefore, all employees receive regular updates on the Group's strategies, policies and results.

A Special Incident Response Team (SIRT) was put together at the beginning of the pandemic, consisting of senior members of staff from throughout the organisation. The SIRT has sent out regular communications to staff over the last two years, updating them, in conjunction with HR, on changes to policies (such as working from home, flexible working and other adaptations), as well as information about health and safety and changes to COVID-19 guidance. The SIRT continued contributing to the Coronavirus Support Hub on the Group Intranet site throughout 2021.

ii) Consultation

The Group has taken appropriate steps during the financial year to introduce, develop and maintain arrangements aimed at consulting employees or their representatives on a regular basis so that the views of employees can be taken into account when making decisions that are likely to affect their interests.

Directors' report (continued) for the year ended 31 December 2021

Statement of employee engagement (continued)

Directors' Engagement with and Regard to Employees: (continued)

ii) Consultation (continued)

The Autoglym Division carried out a detailed staff survey in the latter part of the year, which showed that an above average number of Autoglym employees are likely to recommend the Company as a good place to work and employee engagement had increased since 2019. The Board also took the decision during 2021 to carry out an international staff survey for the Altro Floors and Walls Divisional staff during 2022.

Specific staff surveys across both Divisions were also carried out in April 2021 to get feedback on the Group's response to COVID-19 and in August 2021 to understand employee views on returning to working on-site.

As part of our commitment to employee safety, the Zero Harm programme has continued to be a focus during 2021 and was one area for which expenditure was not suspended at any time during the pandemic. Work continued throughout the year, building on improvements to the programme started in 2020 based on employee feedback gleaned through a survey carried out in the prior year. Employee training in 'Zero Harm – looking out for each other' was delivered during 2021 along with 'IOSH Managing Safely and Working Safely' training.

More generally, consultation of employees has continued throughout the year with questions being answered by Board members at several of the meeting forums outlined above (under 'Directors' Engagement with and Regard to Employees'). Generally these questions can be submitted to a nominated member of staff either before or during meetings and updates so that they can be delivered to Board members anonymously. This is to encourage open and honest questions and feedback. The Autoglym Division also has an online feedback system that allows staff to submit questions or observations directly to the CEO of the Autoglym Division and its Executive Committee at any time.

iii) Direct Engagement

Although few in-person employee events took place during 2021 due to the pandemic, Altro Floors and Walls staff were able to spend time with Board members at an outdoor event as restrictions eased and the Board has continued to make use of virtual communication strategies throughout the year. In particular, the CEOs of both Divisions have continued to put out regular and detailed update videos to staff, shared via the intranet site and via links to mobile phones to ensure all staff are reached.

All of the Executive directors deliver either 'Cascade', 'Team' or 'Town Hall' briefings to their areas of the business and each of these includes a Q&A session at the end, where direct feedback can be given by employees. Richard Kahn, as Managing Director of the Group also engages directly with every global team, delivering an update on financial results and other performance KPIs in June and December of each year. This continued via electronic means throughout 2021.

iv) Employee Involvement in Company Performance

After a qualifying period, UK employees are invited to join a Share Incentive Plan (SIP). Free shares are generally distributed on an annual basis in recognition of the importance of encouraging employees to be involved in the Group's performance. No SIP Award was made during 2021 or the prior year (see Principal Decisions), however the majority of UK staff remain SIP members and therefore receive all the same financial information that is disseminated to shareholders. A decision was taken to give staff a 4% pay increase (effective January 2022) in recognition of their hard work and dedication throughout the pandemic and the resulting financial performance of the Group.

Financial results are shared with employees on a regular basis in both Divisions through a variety of meetings and reports.

(See also the 'Employee Benefit Trust (EBT)' section above).

v) Common Awareness

Information on financial performance is provided through a variety of means, as detailed above, and by giving a specific platform to employees to discuss information and to ask questions at the Cascade, Team and Town Hall briefings. This enables the directors to ensure there is a common awareness amongst employees of the financial and economic factors affecting the Group.

Directors' report (continued) for the year ended 31 December 2021

Statement of employee engagement (continued)

Decisions Affecting Employees:

Some of the decisions taken during the year that have taken employee interests into consideration are outlined above and are also as follows:

- Managers and employees were consulted about hybrid working during 2021, a new policy formulated and approved for introduction in early 2022.
- The Board took the decision to roll out Dignity at Work Coaching to all existing employees as a refresher course, in addition to this being included in the induction programme.
- Investment was made in a new HR System.
- The Board has continued to pay for an external Employee Assistance Programme for all employees globally to access advice on a range of welfare and financial topics free of charge. During 2021, the Employee Assistance Programme also launched 'My Healthy Advantage' a new well-being app which is accessible to all UK employees.
- An Employee Support Hub was set up at the start of the pandemic and through 2021 continued to provide regular updates on well-being related subjects, to ensure that employees felt connected and supported, whether working or on furlough leave, and to remind them of the support network available.
- The Group supported initiatives in the UK such as Time to Talk day, Nutrition and Hydration Week, World Mental Health day, World Sleep Day and the Healthy Working programme.
- Funding for the Employee Benefit Trust reverted to pre-pandemic levels during the year.

In particular the Board has been very aware of the different experiences of all employees during the pandemic, both on a personal level, and in a work capacity. With this in mind and with mental health being an increasingly important consideration for all businesses, during the latter part of the year the Board decided to roll out a Mental Health Awareness course for all managers within the business. In December 2021, the HR team attended 'Mental Health Awareness for Managers' training, which has been rolled out to managers in both Divisions during January 2022. This is in recognition of the increased stresses and pressures on everyday lives brought about by the pandemic and macro-economic climate.

For more detail and other examples of how employee interests have been taken into account when making decisions, please see the Principal Decisions outlined in the Section 172 Statement in the Strategic report, which is incorporated into this Directors' report by reference and forms an integral part of this report.

Thanks

Our success is due to the teamwork and co-operation of the people within the Group. The directors thank all those who have worked so hard and contributed so much to achieve these results during a particularly demanding and unsettling time. The Group continues to develop and maintain a culture which encourages long service and we are proud that so many employees choose to remain with us over many years.

Stakeholder Engagement (Suppliers, Customers and Others)

For information regarding how the directors have engaged with stakeholders, such as suppliers, customers and others during the financial year, including the effect of that regard on Principal Decisions taken during the year, please see the Section 172 Statement in the Strategic report, which is incorporated into this Directors' report by reference and forms an integral part of this report.

Research and development

Research and development remains at the forefront of our vision for the future and our strength and depth in this area are essential parts of our business. All research and development expenditure is charged to the profit and loss account as incurred.

Directors' liability insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The Group also purchased and maintained throughout the financial year, Directors' and Officers' liability insurance in respect of The Altro Group plc and its directors.

Directors' report (continued)

for the year ended 31 December 2021

Emissions and energy consumption

In line with current UK reporting guidelines, the following table details the Group's UK emissions and energy consumed in the year ended 31 December. The information has been prepared using the reporting guidance and rules set out by SECR (Streamlined Energy and Carbon reporting).

Total UK energy consumption (kWh):			Total UK emissions (Tonnes of CO₂e):			
	Year ended 31 December 2021	Year ended 31 December 2020	Location based 2021	Market Based 2021	Location based 2020	Market Based 2020
Scope 1: Gas and other fuels	10,063,040	8,879,880	1,878	1,878	1,663	1,663
Scope 1: Transportation	745,379	535,440	175	175	127	127
Scope 2: Grid-supplied electricity	6,623,816	6,189,542	1,406	16	1,443	16
Total	17,432,235	15,604,862	3,459	2,069	3,233	1,806
Intensity metric: (Tonnes of CO₂e/£m UK Turnover)			31.5	18.8	31.2	17.4

Energy efficiency action

The Group is committed to year on year improvements in its operational energy efficiency. In recent years a number of projects have been identified and undertaken in which energy efficiency has been a contributing objective. These included the continued modernisation of our Autoglym production lines and the conversion to digital plant control of a manufacturing facility within the Altro Floors and Walls Division.

Report Methodology

Scope 1 and 2 consumption and CO₂e emission data has been calculated in line with the 2019 UK Government environmental reporting guidance. The following emission factor databases have been used to provide the kWh gross calorific value (CV) and kgCO₂e relevant for the reporting year: Database 2020, Version 1.01.

Estimations undertaken to cover missing billing periods for UK properties directly invoiced to Group companies were calculated on a kWh/day pro-rata basis at meter level. These estimations equated to 1% of reported consumption.

For properties where the Group is indirectly responsible for utilities (i.e. via a landlord or service charge) an average kWh/m² consumption was calculated at meter level and was applied to the properties with similar operations but no available data. Intensity metrics have been calculated utilising the 2021 reportable figures.

Group pension schemes

The future of our pension schemes is underpinned by the knowledge that a strong and successful Group should ensure that pension obligations can be met today and in the future.

The Defined Benefit Pension Scheme (the "DB Scheme") was closed to future accrual on 31 March 2014. All members became deferred and the link to final salary was broken. Employees who were previously members of the DB Scheme have chosen to become members of a Defined Contribution Pension Scheme.

During the year the Group made a special contribution of £2.8m (2020: £2.8m) to the DB Scheme in line with the triennial funding plan agreed with the Pension Trustees.

See the Strategic report for more detail on how the Board considers its pensioners.

Charitable and political donations

The Group contributed £156k (2020: £184k) for charitable purposes. There were no political contributions (2020: nil).

Going concern

In arriving at their decision to prepare these financial statements on the going concern basis, the directors have reviewed the Group's budget, forecasts and cashflow projections for 2022 and 2023, including proposed capital expenditure, and compared these with the Group's cash holdings, its committed borrowing facilities and projected gearing ratios.

Directors' report (continued)

for the year ended 31 December 2021

Going concern (continued)

Overall, the Group benefits from a strong financial position, with no external borrowing and significant liquidity. As at 31 December 2021 the Group had liquid resources of £21.1m (2020: £24.7m) comprising cash and cash equivalents. In addition, there is an agreed overdraft facility of £6.0m (2020: £6.0m).

The directors believe that the Group has adequate resources to continue in operational existence for at least, but not limited to, twelve months from the date of approving these financial statements and so continue to adopt the going concern basis.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"), and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors of the ultimate parent Company are responsible for the maintenance and integrity of the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

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

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

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board



E P Boyle
Secretary
28 April 2022

Independent auditors' report to the members of The Altro Group plc for the year ended 31 December 2021

Report on the audit of the financial statements

Opinion

In our opinion, The Altro Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the annual report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated balance sheet and the company balance sheet as at 31 December 2021; the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the company statement of changes in equity, and the consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 and the 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of The Altro Group plc

for the year ended 31 December 2021

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate

Independent auditors' report to the members of The Altro Group plc for the year ended 31 December 2021

financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management and those charged with governance, including known or suspected instances of non-compliance with laws and regulation and fraud;
- evaluation of management's controls designed to prevent and detect irregularities;
- identifying and testing journal entries meeting specified criteria considered to be unusual or indicative of potential fraud;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- reviewing meeting minutes, including those of the board of directors; and
- testing the appropriateness of key accounting estimates made by management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Claire Lake (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cambridge

28 April 2022

Consolidated profit and loss account

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	146,262	138,221
Cost of sales		(70,141)	(60,900)
Gross profit		76,121	77,321
Distribution costs		(38,306)	(37,928)
Administrative expenses		(30,264)	(31,239)
Other operating income		427	2,327
Operating profit		7,978	10,481
Interest receivable and similar income	8	129	73
Interest payable and similar expenses	8	(2)	(15)
Profit before taxation	6	8,105	10,539
Tax on profit	9	(1,150)	(1,697)
Profit for the financial year		6,955	8,842

All the above results derive from continuing operations.

Consolidated statement of comprehensive income

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Profit for the financial year		6,955	8,842
Other comprehensive income:			
Currency translation differences arising on consolidation		(774)	623
Remeasurements of net Defined Benefit Pension Scheme balance	22	14,806	2,245
Total tax on components of Other comprehensive income	9	(4,600)	(918)
Other comprehensive income for the year, net of tax		9,432	1,950
Total comprehensive income for the year		16,387	10,792
Earnings per share	11		
Basic		43.7p	55.5p
Diluted		43.7p	55.5p

Consolidated balance sheet

as at 31 December

	Note	2021 £'000	2020 £'000
Fixed assets			
Intangible assets	12	1,763	1,969
Investment property	13	689	594
Tangible assets	14	37,300	39,733
		39,752	42,296
Current assets			
Inventories	16	30,600	24,578
Defined Benefit Pension Scheme asset	22	20,728	3,060
Debtors: amounts falling due within one year	18	21,224	21,378
Cash at bank and in hand		23,800	27,066
		96,352	76,082
Creditors: amounts falling due within one year	19	(21,317)	(21,018)
Net current assets		75,035	55,064
Total assets less current liabilities		114,787	97,360
Provisions for liabilities	20	(513)	(568)
Deferred tax liability	20	(4,474)	(197)
Net assets		109,800	96,595
Capital and reserves			
Called up share capital	26	1,657	1,657
Share premium account	26	7,218	7,218
Other reserves		(3,727)	(3,371)
Retained earnings		104,652	91,091
Total equity		109,800	96,595

The notes on pages 31 to 60 are an integral part of these financial statements.

The financial statements on pages 25 to 60 were approved by the Board on 28 April 2022 and signed on its behalf by



R J Kahn

Managing Director

Company balance sheet

as at 31 December

	Note	2021 £'000	2020 £'000
Fixed assets			
Tangible assets	14	23,475	24,279
Investments	15	13,725	13,511
		37,200	37,790
Current assets			
Debtors: amounts falling due after more than one year	17	357	211
Cash at bank and in hand		9,167	7,940
		9,524	8,151
Creditors: amounts falling due within one year	19	(3,674)	(3,282)
Net current assets		5,850	4,869
Total assets less current liabilities		43,050	42,659
Net assets		43,050	42,659
Capital and reserves			
Called up share capital	26	1,657	1,657
Share premium account		7,218	7,218
Other reserves		(3,727)	(3,371)
Retained earnings			
- At 1 January		37,155	35,740
- Profit for the financial year		3,573	2,542
- Other changes in retained earnings		(2,826)	(1,127)
Total retained earnings		37,902	37,155
Total equity		43,050	42,659

The notes on pages 31 to 60 are an integral part of these financial statements.

The financial statements on pages 25 to 60 were approved by the Board on 28 April 2022 and signed on its behalf by



R J Kahn

Managing Director

Consolidated statement of changes in equity for the year ended 31 December 2021

	Called up	Share	Other reserves		Retained	Total
	share	premium	Capital	Own	earnings	equity
	capital	account	redemption	shares		
	£'000	£'000	£'000	£'000	£'000	£'000
The Group						
Balance as at 1 January 2020	1,657	7,218	1,071	(4,235)	81,426	87,137
Profit for the financial year	-	-	-	-	8,842	8,842
Other comprehensive income for the year	-	-	-	-	1,950	1,950
Total comprehensive income for the year	-	-	-	-	10,792	10,792
Dividends paid	-	-	-	-	(1,433)	(1,433)
Purchase of own shares	-	-	-	-	-	-
Purchase of own shares for the SIP	-	-	-	-	-	-
Purchase of own shares by the EBT	-	-	-	(208)	-	(208)
Disposal of own shares by the EBT	-	-	-	1	-	1
Increase in reserves arising from share-based payments	-	-	-	-	306	306
Total transactions with owners, recognised directly in equity	-	-	-	(207)	(1,127)	(1,334)
Balance as at 31 December 2020	1,657	7,218	1,071	(4,442)	91,091	96,595
Balance as at 1 January 2021	1,657	7,218	1,071	(4,442)	91,091	96,595
Profit for the financial year	-	-	-	-	6,955	6,955
Other comprehensive income for the year	-	-	-	-	9,432	9,432
Total comprehensive income for the year	-	-	-	-	16,387	16,387
Dividends paid	-	-	-	-	(3,023)	(3,023)
Purchase of own shares	-	-	-	-	-	-
Purchase of own shares for the SIP	-	-	-	-	-	-
Purchase of own shares by the EBT	-	-	-	(361)	-	(361)
Disposal of own shares by the EBT	-	-	-	5	1	6
Increase in reserves arising from share-based payments	-	-	-	-	196	196
Total transactions with owners, recognised directly in equity	-	-	-	(356)	(2,826)	(3,182)
Balance as at 31 December 2021	1,657	7,218	1,071	(4,798)	104,652	109,800

Company statement of changes in equity

for the year ended 31 December 2021

	Called up	Share	Other reserves			
	share	premium	Capital	Own	Retained	Total
	capital	account	redemption	shares	earnings	equity
	£'000	£'000	reserve	£'000	£'000	£'000
The Company						
Balance as at 1 January 2020	1,657	7,218	1,071	(4,235)	35,740	41,451
Profit for the financial year	-	-	-	-	2,542	2,542
Total comprehensive income for the year	-	-	-	-	2,542	2,542
Dividends paid	-	-	-	-	(1,433)	(1,433)
Purchase of own shares	-	-	-	-	-	-
Purchase of own shares for the SIP	-	-	-	-	-	-
Purchase of own shares by the EBT	-	-	-	(208)	-	(208)
Disposal of own shares by the EBT	-	-	-	1	-	1
Capital contribution arising from share-based payments	-	-	-	-	306	306
Total transactions with owners, recognised directly in equity	-	-	-	(207)	(1,127)	(1,334)
Balance as at 31 December 2020	1,657	7,218	1,071	(4,442)	37,155	42,659
Balance as at 1 January 2021	1,657	7,218	1,071	(4,442)	37,155	42,659
Profit for the financial year	-	-	-	-	3,573	3,573
Total comprehensive income for the year	-	-	-	-	3,573	3,573
Dividends paid	-	-	-	-	(3,023)	(3,023)
Purchase of own shares	-	-	-	-	-	-
Purchase of own shares for the SIP	-	-	-	-	-	-
Purchase of own shares by the EBT	-	-	-	(361)	-	(361)
Disposal of own shares by the EBT	-	-	-	5	1	6
Capital contribution arising from share-based payments	-	-	-	-	196	196
Total transactions with owners, recognised directly in equity	-	-	-	(356)	(2,826)	(3,182)
Balance as at 31 December 2021	1,657	7,218	1,071	(4,798)	37,902	43,050

Consolidated statement of cash flows

for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Net cash from operating activities	27	4,177	16,149
Taxation paid		(1,985)	(1,854)
Net cash generated from operating activities		2,192	14,295
Cash flow from investing activities			
Purchase of intangible assets	12	(318)	(17)
Purchase of tangible assets	14	(2,021)	(2,389)
Interest received		67	73
Net cash used in investing activities		(2,272)	(2,333)
Cash flow from financing activities			
Dividends paid to owners of the parent	10	(3,023)	(1,433)
Interest paid		(2)	(4)
Sale of own shares by the EBT (net of costs of issue)		6	1
Purchase of own shares by the EBT and for the SIP		(361)	(208)
Net cash used in financing activities		(3,380)	(1,644)
Net (decrease) / increase in cash and cash equivalents		(3,460)	10,318
Cash and cash equivalents at the beginning of the year		24,745	14,189
Exchange (loss) / gain on cash and cash equivalents		(164)	238
Cash and cash equivalents at the end of the year		21,121	24,745
Cash and cash equivalents consist of:			
Cash at bank and in hand		23,800	27,066
Overdrafts and short-term borrowings	19	(2,679)	(2,321)
Cash and cash equivalents		21,121	24,745

Notes to the consolidated financial statements

for the year ended 31 December 2021

1 General information

The Altro Group plc ("the Company") and its subsidiaries (together "the Group") manufacture and sell safety and other flooring, wall systems, resin systems and vehicle care and car wash products. The Group trades internationally and operates with a number of recognised brand names.

The Company is a public unlisted company limited by shares and is incorporated in England. The address of the registered office is Works Road, Letchworth Garden City, Hertfordshire, SG6 1NW.

2 Statement of compliance

The Group and individual financial statements of The Altro Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The principal accounting policies, which have been applied consistently to all periods, are set out below.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The amendments to SI 2008/410 made by SI 2015/980 (applicable for accounting periods beginning on or after 1 January 2016) permit an entity to adapt the formats of detailed company law profit and loss account and balance sheet formats set out in SI 2008/410 and accordingly the Group has adopted these amendments.

The Company has also taken advantage of the exemption in Section 408 of the Companies Act 2006 from disclosing its individual profit and loss account.

(b) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A as the information is provided in the consolidated financial statements disclosures;
- (iii) from disclosing share-based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;
- (iv) from disclosing transactions with other wholly owned Group companies as stated in paragraph 33.1A of FRS 102: Related party disclosures.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 December.

A subsidiary is an entity controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

The Company has an established Employee Benefit Trust ("EBT") to which it is the sponsoring entity. Notwithstanding the legal duties of the trustees, the Company considers that it has 'de facto' control. The EBT is accounted for as assets and liabilities of the Company and is included in the consolidated financial statements. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(d) Foreign currency

(i) Functional and presentational currency

The Group's financial statements are presented in pound sterling and rounded to the nearest thousand. The Company's functional and presentational currency is pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of each transaction.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in the profit and loss account.

(iii) Translation

The trading results of Group undertakings are translated into pound sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in Other comprehensive income as currency translation differences on consolidation.

(e) Capital contributions

In accordance with FRS 102 section 26: Share-based payment, as the Company has granted rights over its equity instruments to the employees of Altro Limited, there is a corresponding increase recognised in the investment in the subsidiary.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(f) Goodwill and intangible assets

Goodwill, being the difference between the fair value and the directly attributable costs of the purchase consideration over the fair value of the Group's investment in the identifiable net assets, liabilities and contingent liabilities acquired, is included in the balance sheet in accordance with FRS 102 section 19: Business combinations and goodwill. Purchases of intangible assets are included in the balance sheet at cost less accumulated amortisation. Goodwill and intangible assets are amortised in equal instalments over their estimated useful economic lives.

The annual rates used for intangible assets are:

- Goodwill - 5%
- Franchise - 5%
- Computer Software - 10% to 33%

The useful economic lives are reviewed annually and revised if necessary. Provision is made for any impairment. Amortisation and impairment losses are recognised in the profit and loss account under administration expenses.

(g) Investments - Company

Investments in subsidiaries are held at cost less accumulated impairment losses.

(h) Tangible assets and depreciation

The cost of tangible assets is their purchase cost or deemed purchase cost, together with any related incidental costs of acquisition. Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible assets to write them down to their estimated residual values over their expected useful economic lives. No depreciation is provided on freehold and long leasehold land and assets under construction.

The annual rates used for other assets are:

- freehold and long leasehold buildings - 2.5%;
- short leasehold buildings - 5% or term if under twenty years; and
- plant, equipment (including computer hardware) and vehicles - 10% to 50% according to type of asset.

An impairment review is completed at least annually and, where there is evidence of impairment, fixed assets are written down to their recoverable amount. Impairment losses are recognised in the profit and loss account under administration expenses. Any reversal of impairment is recognised as a credit to the profit and loss account.

Assets in the course of construction are stated at cost. These assets are not depreciated until available for use.

(i) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(j) Inventories

Stocks are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out (FIFO) method. Cost represents all direct costs incurred in bringing stocks to their present state and location, including an appropriate proportion of manufacturing overheads. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

(k) Financial instruments

The Group has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including foreign currency swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account.

Financial liabilities are derecognised when the liability is extinguished, i.e. when the contractual obligation is discharged, cancelled or expires.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(k) Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and where the amount of the obligation can be reliably estimated.

(m) Turnover

The Group manufactures, markets, and sells a range of different products as detailed within the Principal activities section of the Strategic report. Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; and (d) it is probable that future economic benefits will flow to the Group.

(n) Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

(o) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements, share based payment plans and pension schemes.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined Benefit Pension Scheme

The Group operates a Defined Benefit Pension Scheme ("DB Scheme") in the UK, closed to new members in 2005 and to future accrual in 2014, the costs of which are assessed in accordance with the advice of an independent qualified actuary.

Pension costs for the DB Scheme have been accounted for in accordance with FRS 102 section 28: Employee benefits. The assets of the DB Scheme are measured at current bid price, and the liabilities using a projected unit method and discounted at a high quality corporate bond rate.

The DB Scheme asset or liability is recognised in full on the balance sheet, with the associated deferred tax liability or asset recognised separately. The cost charged to operating profit is the service cost of the DB Scheme. The interest costs are included in the net finance charge or income in the profit and loss account. Actuarial gains or losses are recognised in Other comprehensive income.

(iii) Defined Contribution Pension Schemes

The Group also operates a number of Defined Contribution Pension Schemes ("DC Schemes"). The pension costs for the DC Schemes represent contributions payable by the Group in the year.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(o) Employee benefits (continued)

(iv) Share-based payment

The Group issues share options to certain employees. The fair value of equity-settled share-based payments is measured at the date of the grant. The fair value of cash-settled share-based payments is remeasured at the end of each year. The charge, based on fair value and the Group's estimation of shares that will eventually vest, is expensed on a straight line basis over the vesting period.

The calculation of the fair value of the share options issued by the Group has been based on the Black-Scholes valuation model, using a number of subjective assumptions, the most significant of which is that the expected volatility of the Group's share valuation will be 30%.

The Group operates a Share Incentive Plan on which it is also required to recognise a compensation charge under FRS 102 section 26: Share-based payment, calculated as detailed above.

Employer's National Insurance contributions arise on the exercise of certain share options. A provision for National Insurance contributions on share option gains is made based on the difference between the market price of the Company's shares at the balance sheet date and the option exercise price, spread pro-rata over the vesting period of the options.

(p) Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(q) Dividends

In accordance with FRS 102 section 32: Events after the end of the reporting period, dividends proposed after the balance sheet date are not charged to the profit and loss account in the year.

Dividend income will be recognised when the Company's right to receive payment has been established. The Company's right to an interim dividend is established when it is paid, and the right to a final dividend is established when it is declared in a general meeting. If the right to the dividend cannot be established until the income is received, recognition will be delayed until then.

(r) EPS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has one class of dilutive potential ordinary shares, namely share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

(s) Investment Property

Investment property, principally office buildings, is property held to earn rentals and/or for capital appreciation. It is initially recognised at cost, which includes the purchase costs and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The fair value estimate has been determined by our advisers using discounted cashflow projections based on reliable estimates of future cashflows. An independent valuation has not been obtained in 2021. The surplus or deficit on revaluation is recognised in the Income Statement.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

3 Accounting policies (continued)

(t) Other operating income

Government grants

Government grants are recognised by the Group when there is reasonable assurance that the conditions attaching to them will be met, and that the grants will be received. The Group has adopted the accruals model, which requires the grant income to be matched against the related costs for which the grant is intended to compensate. Grant income is presented gross in the Income Statement within Other operating income.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4 Critical accounting judgements and estimation uncertainty

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a substantial risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

Defined Benefit Pension Scheme

Although the Defined Benefit Pension Scheme ("DB Scheme") is closed to future accrual, the Group has an obligation to fund the Scheme. The present value of the asset/obligation depends on a number of factors, including: life expectancy, asset valuations, inflation rates and the discount rates for DB Scheme liabilities. Management estimates these factors, with recommendations from an independent actuary, in determining the net pension asset/obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Impairment of investments and goodwill

The Company considers whether investments and goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Inventory provisioning

The Group manufactures, markets, and sells a range of different products as detailed within the Principal activities section of the Strategic report. These are subject to changing consumer demands, and as a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

5 Turnover

Turnover by geographical area was:

	2021		2020	
	£'000	%	£'000	%
Territory				
United Kingdom	74,173	51	64,581	47
Continental Europe	22,257	15	23,264	17
The Americas	36,233	25	37,177	27
Australia and Asia Pacific	10,770	7	10,323	7
Rest of world	2,829	2	2,876	2
	146,262	100	138,221	100

Turnover is comprised of revenue from the sale of goods.

6 Profit before taxation

The profit before taxation is arrived at after charging / (crediting):

	2021	2020
	£'000	£'000
Amortisation of intangible assets	431	468
Depreciation of tangible assets	4,121	4,377
Loss on disposal of tangible fixed assets	23	-
Inventory obsolescence (reversals) and charges	(831)	2,312
Bad debt reversals	(282)	(112)
Research and development	1,959	1,791
Operating lease charges	1,718	1,871
Government grants (included within Other operating income)	(166)	(2,052)
Foreign exchange loss / (gain)	94	(362)
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	79	68
Fees payable to the Company's auditors and their associates for other services:		
- the audit of the Company's subsidiaries	61	46
- tax compliance services	65	17
- tax advisory services	34	20
- corporate finance services	-	2
- other non-audit services	18	17
Total amount payable to the Company's auditors and their associates	257	170

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

7 Employees and directors

Group employees

The average monthly number of Group employees, including directors, during the year was:

	2021 Number	2020 Number
Manufacturing	194	196
Sales and marketing	294	302
Warehouse and distribution	92	97
Administration and management	221	216
	801	811

Employee costs, including directors, during the year were:

	2021 £'000	2020 £'000
Wages and salaries	37,283	36,622
Social security costs	3,992	3,823
Other pension costs	1,620	1,623
Employee share schemes (note 24)	214	316
	43,109	42,384

All staff are employed by subsidiaries within the Group. The Company has no employees (2020: nil).

Directors

The directors' emoluments were as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	1,621	1,549
Defined Contribution Pension Scheme contributions	186	186
	1,807	1,735

Contributions were made to a Defined Contribution Pension Scheme on behalf of one director (2020: one) in the year.

During the year 56,119 (2020: 51,709) phantom options were awarded to the directors and 32,973 (2020: 64,761) were exercised.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

7 Employees and directors (continued)

Highest paid director

	2021	2020
	£'000	£'000
Highest paid director:		
Aggregate emoluments	776	770
Defined Contribution Pension Scheme contributions	186	186
	962	956

The amount of the accrued pension in the DB Scheme of the highest paid director at 31 December 2021 is £175k (2020: £171k). No approved share options (2020: none) and 32,973 phantom share options (2020: 28,695) were exercised by the highest paid director in the year.

Key management

The directors are considered to be the key management. The compensation paid or payable to key management has been included in the schedule for directors.

8 Net interest expense

	2021	2020
	£'000	£'000
Interest receivable and similar income:		
short term deposits	4	10
other	63	63
finance income on DB Scheme assets (note 22)	62	-
Interest receivable and similar income	129	73
Interest payable and similar expenses:		
Other interest payable	(2)	(4)
finance charge on DB Scheme liabilities (note 22)	-	(11)
Interest payable and similar expenses	(2)	(15)
Net interest income	127	58

Other interest payable comprises interest charged by banks in some European jurisdictions for holding positive cash balances. These accounts carried negative interest rates of 0.3-0.5% (2020: 0.3-0.5%).

The Company holds an agreed overdraft facility of £6.0m (2020: £6.0m). This is a composite account facility, with interest charged on net indebtedness across the included accounts. Where applicable, interest is charged at 2% above the Bank of England base rate, on a quarterly basis in arrears. In 2021, nil interest was payable on the overdraft balance (2020: nil) (note 19).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

9 Tax on profit

(a) Tax expense included in profit or loss

	2021 £'000	2020 £'000
Current tax:		
UK corporation and income tax:		
current tax on income for the year	492	1,622
adjustments in respect of prior years	(124)	(244)
	368	1,378
Foreign tax:		
current tax on income for the year	803	232
adjustments in respect of prior years	296	120
	1,099	352
Current tax charge	1,467	1,730
Deferred tax:		
timing differences - origination and reversal	(317)	(33)
Deferred tax credit	(317)	(33)
Tax on profit	1,150	1,697

(b) Tax expense included in Other comprehensive income

	2021 £'000	2020 £'000
Deferred tax:		
timing differences - origination and reversal (note 20)	4,600	918
Tax expense included in Other comprehensive income	4,600	918

The deferred tax expense charged to Other comprehensive income comprises the movement on the deferred tax liability for timing differences in respect of the DB scheme asset.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

9 Tax on profit (continued)

(c) Reconciliation of tax charge

The total tax charge for the year is lower (2020: lower) than the applicable rate of corporation tax in the UK of 19% (2020: 19%).

A reconciliation of the total tax charge for the year is presented below:

	2021 £'000	2020 £'000
Profit before taxation	8,105	10,539
Tax charge on profit before taxation of 19% (2020: 19%)	1,540	2,002
Income not subject to tax	(104)	-
Expenses not deductible for tax purposes	114	266
Research and development enhanced allowances	(148)	(159)
Pension contributions in excess of charge	(544)	(530)
Depreciation in excess of capital allowances	77	163
Movement in short-term timing differences	(291)	(4)
Differences in UK income tax and overseas tax rates	387	38
Adjustments in respect of prior years	172	(124)
Deferred tax on share schemes	(26)	(29)
Other	(27)	74
Tax charge for the year	1,150	1,697

(d) Tax rate changes

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. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

10 Dividends per share

	2021 £'000	2020 £'000
Final dividend for prior year of 12.0p per share (2020: nil)	1,910	-
Interim dividend for current year of 7.0p per share (2020: 9.0p)	1,113	1,433
Total dividends paid	3,023	1,433

A final dividend of 9.5p (2020: 12p) per share for the year ended 31 December 2021 will be proposed at the Annual General Meeting in June 2022. The dividend has not been accounted for within the current year financial statements as it has yet to be approved. Based on the number of shares in issue at the date of this report, this would equate to a dividend of £1,508k (2020: £1,989k). Dividends payable on shares held by the Employee Benefit Trust have been waived.

11 Earnings per share

	2021 £'000	2020 £'000
Profit for the financial year attributable to owners of the parent	6,955	8,842

	2021 Number of shares	2020 Number of shares
Weighted average number of shares in issue	16,573,931	16,573,931
Weighted average number of shares held by the Employee Benefit Trust	(655,948)	(640,970)
Basic weighted average number of shares in issue	15,917,983	15,932,961
Dilutive effect of share option schemes	2,039	-
Diluted weighted average number of shares	15,920,022	15,932,961

Earnings per share

Basic	43.7p	55.5p
Diluted	43.7p	55.5p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares, namely share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

12 Intangible assets

The Group

	Franchise £'000	Goodwill £'000	Computer Software £'000	Total £'000
Cost				
At 1 January 2021	141	5,100	2,185	7,426
Additions	-	-	318	318
Currency translation differences	-	(117)	66	(51)
Disposals	-	-	(335)	(335)
At 31 December 2021	141	4,983	2,234	7,358
Accumulated amortisation				
At 1 January 2021	129	3,537	1,791	5,457
Currency translation differences	-	(31)	73	42
Charge for the year	7	187	237	431
Disposals	-	-	(335)	(335)
At 31 December 2021	136	3,693	1,766	5,595
Net book value				
At 31 December 2021	5	1,290	468	1,763
At 31 December 2020	12	1,563	394	1,969

Company

The Company does not hold any intangible assets (2020: none).

13 Investment property

The Group

	Freehold Buildings £'000
At fair value	
At 1 January 2021	594
Net gain from fair value adjustments on investment property	133
Currency translation differences	(38)
At 31 December 2021	689
Provisions	
At 1 January 2021	-
At 31 December 2021	-
Net book value	
At 31 December 2021	689
At 31 December 2020	594

The comparable amounts determined according to the historical cost convention are cost: £244k (2020: £244k) and net book value: £173k (2020: £186k).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

14 Tangible assets

The Group	Land and buildings			Plant equipment and vehicles	Assets under construction	Total
	Freehold	Long	Short			
		leasehold	leasehold			
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 January 2021	4,190	36,149	630	49,733	590	91,292
Currency translation differences	(313)	-	2	(798)	-	(1,109)
Additions	-	12	81	1,236	692	2,021
Disposals	-	(12)	(2)	(2,560)	-	(2,574)
Transfers	-	-	-	144	(144)	-
At 31 December 2021	3,877	36,149	711	47,755	1,138	89,630
At valuation	256	4,394	-	-	-	4,650
At cost	3,621	31,755	711	47,755	1,138	84,980
At 31 December 2021	3,877	36,149	711	47,755	1,138	89,630
Accumulated depreciation						
At 1 January 2021	1,455	12,612	443	37,049	-	51,559
Currency translation differences	(184)	-	2	(617)	-	(799)
Charge for the year	65	793	77	3,186	-	4,121
Disposals	-	(5)	(2)	(2,544)	-	(2,551)
At 31 December 2021	1,336	13,400	520	37,074	-	52,330
Net book value						
At 31 December 2021	2,541	22,749	191	10,681	1,138	37,300
At 31 December 2020	2,735	23,537	187	12,684	590	39,733
Comparable amounts determined according to the historical cost convention:						
cost (at 31 December 2021)	1,959	34,443	711	47,755	-	84,868
accumulated depreciation	(1,324)	(13,155)	(521)	(36,980)	-	(51,980)
Net book value						
At 31 December 2021	635	21,288	190	10,775	-	32,888
At 31 December 2020	830	22,077	186	12,778	-	35,871

Land and buildings were revalued in 1989 which resulted in an increase to the carrying value of property, plant and equipment in both the Group and the Company. The valuation was carried out by an independent valuer who took into account market values of land and buildings at that time. This was taken to be deemed cost on transition.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

14 Tangible assets (continued)

The Company	Land and buildings		Assets under construction	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 2021	1,095	36,148	-	37,243
Additions	-	12	-	12
Disposals	-	(12)	-	(12)
At 31 December 2021	1,095	36,148	-	37,243
At valuation	256	4,394	-	4,650
At cost	839	31,754	-	32,593
At 31 December 2021	1,095	36,148	-	37,243
Accumulated depreciation				
At 1 January 2021	351	12,613	-	12,964
Charge for the year	16	793	-	809
Disposals	-	(5)	-	(5)
At 31 December 2021	367	13,401	-	13,768
Net book value				
At 31 December 2021	728	22,747	-	23,475
At 31 December 2020	744	23,535	-	24,279
Comparable amounts determined according to the historical cost convention:				
cost (at 31 December 2021)	969	34,443	-	35,412
accumulated depreciation	(342)	(12,373)	-	(12,715)
Net book value				
At 31 December 2021	627	22,070	-	22,697
At 31 December 2020	627	22,066	-	22,693

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

15 Investments

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
At 1 January	-	-	13,511	13,195
Capital contribution arising from share-based payment charge	-	-	214	316
At 31 December	-	-	13,725	13,511

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The capital contributions arising from the FRS 102 section 26: Share-based payment charge are due to the Company granting share options to employees of Altro Limited. This results in a corresponding increase in investment in Altro Limited.

Principal trading subsidiaries

The principal trading subsidiaries at 31 December 2021 were:

Company	Address of registered office	Class of shares	% of shares held	Activity
Altro Limited	Works Road, Letchworth Garden City, Hertfordshire, SG6 1NW, UK	Ordinary	100	Manufacturing & marketing
Altro APAC Pty Ltd	3 St Andrews Court, Rowville, VIC 3178, Australia	Ordinary	100	Distribution
Altro GmbH	Ebertallee 209, 06846 Dessau-Roßlau, Germany	-	100	Distribution
Altro Nordic AB	Flintywegatan 4, 213 76 Malmö Sweden	Ordinary	100	Distribution
Altro Scandess SA	Urbana OFIC. 2-C y Gje. 32-1 sto, Playa De Riazor, N22 of 28042- Madrid, Spain	Ordinary	100	Distribution
Altro Canada Inc.	6221 Kennedy Road, Unit 1, Mississauga, ON L5T 2S8, Canada	Common	100	Distribution
Altro USA, Inc.	80 Industrial Way, Suite 1, Wilmington, MA 01887, USA	-	100	Distribution
Altro Middle East DMCC	Jumeirah Lake Towers, P.O. Box 340505, Dubai, United Arab Emirates	-	100	Distribution
Altro Trading (Shanghai) Company Limited	Suite 402, Jiuxing Hongqiao Business Center, No.25 Shenbin Rd, Shanghai 201107, China	-	100	Distribution
Altro Japan K.K.	C/O Mazars Japan K.K., ATT New Tower 11F, 2-11-7, Akasaka, Minato-ku, Tokyo	-	100	Distribution
Altro Debolon Holding GmbH	Ebertallee 209, 06846 Dessau-Roßlau, Germany	Ordinary	100	Holding Company
Altro Debolon GmbH	Ebertallee 209, 06846 Dessau-Roßlau, Germany	Ordinary	100	Holding Company
Debolon Dessauer Bodenbeläge GmbH & Co. KG	Ebertallee 209, 06846 Dessau-Roßlau, Germany	Ordinary	100	Manufacturing & distribution
Altro Debolon Beteiligungen Verwaltungs GmbH	Ebertallee 209, 06846 Dessau-Roßlau, Germany	Ordinary	100	Holding Company

All the above subsidiaries are included in the consolidation. The Company's investment in Altro Limited and Altro APAC Pty Ltd are direct ownership, all other investments are indirect ownership.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

15 Investments (continued)

Dormant entities

The following companies, all registered at the same address as The Altro Group plc, are wholly owned by the Group but are dormant at the year end:

Altro Whiterock Limited	The Altro Group Trustees Limited	Kanor Chemicals Limited
Altrofix Limited	Autoglym Products Limited	Terrazzolite Limited
Altrosport Surfaces Limited	The Altro Group SIP Trustees Limited	Valet-Glym Limited
Autoglym Limited	Altro Floors Limited	Zolatone Polomyx Limited

Australian Safety Flooring Pty Ltd (registered at the address of Altro APAC Pty Ltd) is also wholly owned by the Group but dormant at the year end. Recofloor Limited (registered at Unit 2 Tudor House, Meadway, Bramhall, Stockport, SK7 2DG), also dormant at the year end, is 50% owned by the Group.

16 Inventories

Group

	2021	2020
	£'000	£'000
Raw materials and consumables	6,966	6,128
Work in progress	1,005	958
Finished goods and goods held for resale	22,629	17,492
	30,600	24,578

There is no significant difference between the replacement cost of the inventory and its carrying amount.

Inventories are stated after provisions for impairment of £6,448k (2020: £7,279k).

Company

The Company has no inventories at 31 December 2021 (2020: nil).

17 Debtors: amounts falling due after more than one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Loans	-	-	-	-
Deferred tax asset (note 20)	-	-	357	211
	-	-	357	211

The loan balance is stated after provisions for impairment of £700k (2020: £700k).

Company

The Company has no loans at 31 December 2021 (2020: nil).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

18 Debtors: amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	17,075	17,433	-	-
Other debtors	814	1,069	-	-
Corporation tax	951	474	-	-
Prepayments and accrued income	2,384	2,402	-	-
	21,224	21,378	-	-

Trade debtors and other debtors are stated after provisions for impairment of £287k (2020: £569k).

19 Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,679	2,321	2,679	2,321
Trade creditors	6,144	4,932	-	-
Amounts owed to group undertakings	-	-	634	449
Corporation tax	211	251	-	-
Other taxation and social security	1,523	3,894	-	-
Other creditors	612	386	-	-
Accruals and deferred income	10,148	9,234	361	512
	21,317	21,018	3,674	3,282

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand.

20 Provisions for liabilities

The Group

	Deferred tax	Other	Total
	£'000	£'000	£'000
At 1 January 2021	197	568	765
(Credited) / charged to Consolidated profit and loss account	(317)	99	(218)
Charged to Other comprehensive income	4,600	-	4,600
Utilised in the year	-	(92)	(92)
Released in the year	-	(47)	(47)
Currency translation movements	(6)	(15)	(21)
At 31 December 2021	4,474	513	4,987

Other provisions represent estimated amounts in respect of worldwide dilapidations, reparations and other matters as advised by our legal advisers. These provisions are expected to be used over the next five years. In determining these amounts, management utilises guidance provided to it by its legal advisers, and other experts, as appropriate.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

20 Provisions for liabilities (continued)

The Company

	Deferred tax £'000
At 1 January 2021	(211)
Credited to Profit and loss account	(146)
At 31 December 2021	(357)

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities / (assets)

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Accelerated capital allowances	166	118	(357)	(211)
Other short-term timing differences	(423)	(362)	-	-
Defined Benefit Pension Scheme	5,182	582	-	-
Overseas deferred tax	(451)	(141)	-	-
Deferred tax liability / (asset)	4,474	197	(357)	(211)

21 Operating lease commitments

The commitments at 31 December under non-cancellable operating leases are:

The Group	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases expiring:				
within one year	669	559	1,171	681
between one and five years	978	477	1,382	756
after five years	2,784	-	2,866	-
	4,431	1,036	5,419	1,437

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

22 Retirement benefits

(a) Defined Benefit Pension Scheme

The Group operates a funded DB Scheme in the UK which offers pensions in retirement to members. A full actuarial valuation was carried out as at 30 April 2020; the results have been updated to 31 December 2021 by a qualified independent actuary and showed a surplus at that date of £20,728k (2020: £3,060k) gross of deferred tax, measured in accordance with FRS 102 section 28: Employee benefits.

The DB Scheme was closed to future accrual on 31 March 2014. All members became deferred and the link to final salary was broken.

The Company plans to reduce the DB Scheme obligation through an agreed contribution of £2,800k (2020: £2,800k) per year going forward.

(i) Pension asset

The pension asset at 31 December was as follows:

	2021 £'000	2020 £'000
Fair value of DB Scheme assets	163,211	159,968
Present value of DB Scheme liabilities	(142,483)	(156,908)
Group pension asset	20,728	3,060

The present value of unfunded DB Scheme liabilities is nil (2020: nil). The irrecoverable surplus in the DB Scheme is nil (2020: nil).

(ii) Analysis of assets and expected rates of return

The fair value of plan assets at 31 December were:

	2021 £'000	2020 £'000
LDI funds and cash	143,592	119,152
Diversified Growth Funds	19,619	40,816
Fair value of DB Scheme assets	163,211	159,968

The DB Scheme assets do not include any of the Company's own financial instruments, nor any property occupied by, or other assets used by the Company.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

22 Retirement benefits (continued)

(a) Defined Benefit Pension Scheme (continued)

(iii) Financial and demographic assumptions

The principal financial assumptions used by the actuary at the balance sheet date were:

	2021	2020
	%	%
Rate of increase in pensions in payment (post 2006)	2.2	2.0
Rate of increase in pensions in payment (post 1997, pre 2006)	3.6	3.4
Rate of increase in pensions in payment (pre 1997)	3.0	3.0
Discount rate	2.0	1.4
RPI Inflation	3.2	2.8
CPI Inflation	2.8	2.4

The assumed life expectancies on retirement at age 65 were:

		2021	2020
		Years	Years
Retiring today	males	21.7	21.7
	females	24.1	24.0
Retiring in 20 years' time	males	23.0	23.0
	females	25.6	25.5

The assumptions used in determining the overall expected return of the DB Scheme have been set with reference to yields available on government bonds and appropriate risk margins.

(iv) Changes in fair value of DB Scheme assets

	2021	2020
	£'000	£'000
Fair value of DB Scheme assets at 1 January	159,968	146,712
Interest income on DB Scheme assets	2,229	2,915
Actuarial gain	2,477	12,313
Contributions by employer	2,800	2,800
Benefits paid	(4,263)	(4,772)
Fair value of DB Scheme assets at 31 December	163,211	159,968

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

22 Retirement benefits (continued)

(a) Defined Benefit Pension Scheme (continued)

(v) Changes in present value of DB Scheme liabilities

	2021 £'000	2020 £'000
Present value of DB Scheme liabilities at 1 January	156,908	148,686
Interest cost	2,167	2,926
Remeasurement (gain) / loss	(12,329)	10,068
Benefits paid	(4,263)	(4,772)
Present value of DB Scheme liabilities at 31 December	142,483	156,908

(vi) Analysis of amounts recognised in the profit and loss account

	2021 £'000	2020 £'000
Administration expenses	388	362
Total operating charge	388	362
Interest (income) / expense on DB Scheme net asset / liability	(62)	11
Total finance (income) / expense (note 8)	(62)	11

(vii) Amounts recognised in Other comprehensive income / (expense)

	2021 £'000	2020 £'000
Actual return on DB Scheme assets less interest income	2,477	12,313
Remeasurement gain / (loss) on DB Scheme liabilities	12,329	(10,068)
	14,806	2,245

(b) Defined Contribution Pension Schemes (DC Schemes)

The Group makes contributions into a number of Defined Contribution Pension Schemes, whose assets are held in separate funds. The total contributions payable by the Group in the year in respect of these schemes were £1,620k (2020: £1,623k). There were no accrued contributions at the year end (2020: nil). Contributions of £791k were prepaid at the year end (2020: £977k).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

23 Financial instruments

Group

The Group has the following financial instruments:

	2021 £'000	2020 £'000
Financial assets at fair value through profit or loss		
Foreign exchange forward contracts	-	355
Financial assets that are debt instruments measured at amortised cost		
- Trade debtors	17,075	17,433
- Other debtors	814	714
- Loans	-	-
	17,889	18,147
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contracts	111	-
Financial liabilities measured at amortised cost		
- Trade creditors	6,144	4,932
- Accruals	9,890	9,234
- Other creditors	501	386
- Bank overdrafts and other borrowings	2,679	2,321
	19,214	16,873

Derivative financial instruments - forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for purchases and sales. As at 31 December 2021, the outstanding contracts all mature within 12 months (2020: 12 months) of the year end. The Group committed to buy €5,000k for a fixed sterling amount (2020: €1,500k). At 31 December 2021 the Group had also committed to sell AUD\$2,250k, CAD\$4,750k, SEK14,000k and US\$9,000k for fixed sterling amounts (2020: AUD\$2,000k, CAD\$4,000k, SEK14,000k and US\$8,500k).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for each of the currencies against sterling. The fair value of the forward foreign currency contracts is £111k loss (2020: £355k gain). This balance is included within Other creditors (note 19) (2020: Other debtors (note 18)). The loss on forward foreign currency contracts charged to the profit and loss account in the year was £466k (2020: £462k gain).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

24 Share-based payment

During the year ended 31 December 2021, the Group operated three share-based payment arrangements, as follows:

Company Share Option Plans (CSOP)

The Altro Group plc 2007 United Kingdom Approved Share Option Scheme (the '2007 CSOP') was introduced in 2007. However no further grants can be made under this Plan. In 2018 a new Plan was therefore introduced, known as The Altro Group plc Company Share Option Plan (the '2018 CSOP'). Under the 2018 CSOP the Board can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market value of the shares under option at the date of grant. The contractual life of an option is ten years. Awards are generally reserved for employees at senior and director level. There are three participants remaining in the 2007 CSOP (2020: four), and one participant in the 2018 CSOP at the balance sheet date (2020: one). As appropriate, the Company has made annual grants since the inception of these Plans. Options granted under these Plans will become exercisable on the third anniversary of the date of grant and exercise is generally conditional on there having been real growth in the published earnings per share of the Group in any three years between the date the option was granted and the date of exercise. Real growth means an increase above the General Index of Retail Prices of not less than 2% and earnings per share are as published in the Group's audited financial statements. Exercise of an option is typically subject to continued employment and is settled by equity.

Phantom Share Option Plans

The Phantom Share Option Plan 2018 was introduced in 2018 (the 'Phantom Plan 2018') to replace The Altro Group plc Phantom Share Option Scheme 2005 (the 'Phantom Plan 2005'). No further Phantom Options will be granted under the Phantom Plan 2005. Under the Phantom Plan 2018 the Board can grant options over notional shares in the Company to employees of the Group. The contractual life of a Phantom Option is seven years and options are granted with a fixed exercise price set by the Board and usually equal to the market price of the shares under option at the date of grant. Awards are generally reserved for employees at senior and director level. There are four participants remaining in the Phantom Plan 2005 (2020: five) and five participants in the Phantom Plan 2018 at the balance sheet date (2020: six). As appropriate, the Company has made annual grants under one of the Phantom Plans since 2006. Phantom Options granted under either Phantom Plan will become exercisable on the third anniversary of the date of grant. There are no performance conditions attached to the exercise of Phantom Options that have been granted to date under either Phantom Plan. A Phantom Option is usually satisfied in cash and therefore does not normally result in the issuing of shares in the Company.

The Altro Group plc Share Incentive Plan (SIP)

The SIP was introduced in 2003 and the Board can award free shares in the Company to UK-based employees of Altro Limited. Under current legislation free shares must be kept in trust for a minimum of three years and for five years to take advantage of full tax benefits. There is an upper statutory limit of £3,600 worth of shares per tax year. Awards are granted with a fixed price equal to the market price of the shares at the date of award. Awards under the SIP are reserved for employees who have been in continuous employment for a period of seven months prior to the grant date. There are 412 participating employees at the balance sheet date (2020: 454). The Company has made annual awards since 2003, with the exception of 2020 and 2021, and there are no performance conditions attached to an award. An award is satisfied by the issue of equity shares. The exercise price is nil and dividends are paid as they fall due.

The charge in respect of share-based payment transactions included in the Group's consolidated profit and loss account for the year is as follows:

	2021	2020
	£'000	£'000
Expense arising from share-based payment arrangements	214	316

A reconciliation of option and SIP movements over the year to 31 December 2021 is shown on page 56. Shares issued under the SIP do not have an exercise price and therefore only a reconciliation of the number of awards has been shown and not of their weighted average exercise price.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

24 Share-based payment (continued)

	2021 Weighted average		2020 Weighted average	
	Number of options	exercise price pence	Number of options	exercise price pence
Outstanding at 1 January	787,732	629	832,299	593
Granted during the year	85,021	730	78,340	738
Exercised during the year	(129,214)	525	(122,907)	507
Cancelled during the year	(25,581)	764	-	-
Outstanding at 31 December	717,958	660	787,732	629
Exercisable at 31 December	449,164	669	446,192	644

During the year two directors exercised share options (2020: two).

The weighted average fair value of the share options granted during the year was calculated using the Black-Scholes option valuation model, with the following assumptions and inputs:

Phantom plan:	2021	2020
Risk-free interest rate	0.6% - 0.8%	0.5% - 0.7%
Expected volatility	30%	30%
Expected option life	3-7 years	3-7 years
Expected dividend yield	2.0%	2.0%

The expiry dates and exercise prices of the share options outstanding at 31 December are as follows:

Share option schemes	Settlement method	Number of options		Exercise price pence	Exercisable between
		2021	2020		
CSOP	Equity	10,506	10,506	571	11.04.2018 and 11.04.2025
		3,562	7,124	842	30.09.2019 and 30.09.2026
		4,065	4,065	738	30.01.2023 and 30.01.2030
Total CSOP		18,133	21,695		
Phantom	Cash	-	45,047	467	11.04.2017 and 11.04.2021
		43,686	53,857	571	11.04.2018 and 11.04.2022
		44,688	48,196	842	30.09.2019 and 30.09.2023
		62,245	71,365	669	26.05.2020 and 26.05.2024
		68,178	78,168	623	26.10.2021 and 26.10.2025
		85,282	97,778	511	06.09.2022 and 06.09.2026
		65,398	74,275	738	01.04.2023 and 01.04.2027
		75,387	-	730	18.06.2024 and 18.06.2028
Total Phantom		444,864	468,686		
Share Incentive Plan	Equity	254,961	297,351		
Total Share Incentive Plan		254,961	297,351		
Total share options outstanding		717,958	787,732		

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

25 Investment in own shares

The Group accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds as required by FRS 102 section 22.16. The costs of running the EBT are charged to the Company's profit and loss account as they occur.

	At 31 December 2021	At 31 December 2020
Number of shares in the Company owned by the EBT	702,012	651,176
Nominal value of shares held	£70,201	£65,118
Cost price of shares held	£4,798,848	£4,443,161
Prevailing valuation of the shares (pence)	631	680
Total market value of shares	£4,429,696	£4,427,997
Maximum number of shares in the Company owned by the EBT during the year	702,012	651,176
Minimum number of shares in the Company owned by the EBT during the year	651,176	621,991

The EBT does not award shares to employees. When awards are made to eligible employees for the SIP grant, the shares are transferred from the EBT to the SIP Trust to be held on trust for those individuals. The EBT sells shares it holds both to employees and to The Altro Group plc. The shares held by the EBT are therefore not under option to employees.

Dividends payable on these shares are waived.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

26 Share capital and other reserves

Authorised, called up, allotted and fully paid share capital

	2021	2020
	£'000	£'000
Authorised:		
50,000,000 ordinary shares of 10p each (2020: 50,000,000 ordinary shares of 10p each)	5,000	5,000
Called up, allotted and fully paid:		
16,573,931 ordinary shares of 10p each (2020: 16,573,931 ordinary shares of 10p each)	1,657	1,657

Movements in share capital in the year

	2021	2020
	Number of shares	Number of shares
At 1 January	16,573,931	16,573,931
Shares issued	-	-
Own shares purchased	-	-
At 31 December	16,573,931	16,573,931

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Allotment of shares

During the year zero (2020: zero) options were exercised to acquire ordinary shares. 86,824 (2020: 75,268) options were exercised under The Altro Group plc Phantom Share Option Scheme 2005, which did not result in the issue of shares.

Purchase of own shares

During the year the Company purchased and subsequently cancelled none (2020: none) of its own shares. The nominal value of the shares was £nil (2020: £nil) and the amount paid was £nil (2020: £nil).

Shareholder analysis

Shares	2021			2020		
	Number	(millions)	%	Number	(millions)	%
Directors and their families	19	10.5	64	18	10.5	64
Employees, ex-employees and their families	475	4.7	28	447	4.7	28
The Share Incentive Plan and the EBT	16	1.0	6	16	1.0	6
Other	17	0.4	2	15	0.4	2
	527	16.6	100	496	16.6	100

Other reserves

The capital redemption reserve consists of shares purchased and subsequently cancelled by the Company.

The own shares reserve is described in note 25.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

27 Notes to the consolidated statement of cash flows

	2021 £'000	2020 £'000
Profit for the financial year	6,955	8,842
Adjustments for:		
Tax on profit	1,150	1,697
Net interest income	(127)	(58)
Operating profit	7,978	10,481
Amortisation of intangible assets	431	468
Depreciation of tangible assets	4,121	4,377
Loss on disposal of tangible assets	23	-
Post employment benefits less payments	(2,800)	(2,800)
Share based payment charge	214	316
Currency translation differences and other non-cash movements	(265)	107
Decrease in net provisions	(44)	(226)
Working capital movements:		
- (Increase) / decrease in inventories	(6,082)	446
- Decrease in debtors and prepayments	543	639
- Increase in payables	58	2,341
Net cash inflow from operating activities	4,177	16,149

28 Capital commitments

Group	2021 £'000	2020 £'000
Contracted but not provided for	678	752

Company

The Company does not have any capital commitments at 31 December 2021 (2020: nil).

29 Contingent Liabilities

The Company has provided a formal guarantee to the trustees of the Altro Pension Scheme in respect of the present and future obligations of Altro Limited to the DB Scheme (see note 22).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2021

30 Related party transactions

The Company has taken advantage of the exemption available in paragraph 33.1A of FRS 102: Related party disclosures and has not disclosed transactions with other wholly owned Group companies. Transactions between Group companies that eliminate in the consolidated financial statements are not disclosed. There are no other related party transactions.

31 Events after the reporting period

Raw materials and energy prices have been impacted by world events including the economic sanctions introduced by the international community in response to the war in Ukraine. Whilst supply and operations remain largely unaffected, the Board is closely monitoring developments and their potential impacts.

32 Ultimate parent company

The ultimate parent undertaking and controlling party is The Altro Group plc, a company registered in England and Wales. For the year ended 31 December 2021, The Altro Group plc is the parent undertaking of the largest and smallest group of undertakings whose results are consolidated in these financial statements at 31 December 2021.

Five year financial summary (Unaudited)

This summary does not form part of the audited financial statements.

The Group

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Balance sheet					
Fixed assets	39,752	42,296	44,343	45,021	44,202
Current assets	96,352	76,082	64,112	62,185	63,370
Total assets	136,104	118,378	108,455	107,206	107,572
Ordinary shareholders' funds	109,800	96,595	87,137	92,776	84,701
Other creditors	26,304	21,783	19,344	20,123	22,928
Defined Benefit Pension Scheme liability	-	-	1,974	(5,693)	(57)
Total funds employed	136,104	118,378	108,455	107,206	107,572
Turnover and profits					
Turnover	146,262	138,221	151,338	145,240	143,301
Operating profit	7,978	10,481	10,240	9,891	11,014
Profit for the financial year	6,955	8,842	8,078	8,526	8,098
Ordinary dividends	3,023	1,433	2,235	2,248	2,259
	Pence	Pence	Pence	Pence	Pence
Diluted earnings per share	43.7	55.5	50.3	53.1	52.0
Adjusted earnings per share	43.7	55.5	50.3	53.1	52.0
Dividends per share	19.0	9.0	14.0	14.0	14.0
Net assets per share	662.5	582.8	525.7	558.2	505.2
Gearing ratio %	0.0	0.0	0.0	0.0	2.0
Average number of employees	801	811	821	817	811

Note: Other creditors in the above table comprises 'Creditors: amounts falling due within one year' in addition to non current liabilities.