

**Norcros plc**

**Results for the year ended 31 March 2022**

**Record underlying operating profit and strong financial position**

Norcros, a market leading supplier of high quality and innovative bathroom and kitchen products, today announces its results for the year ended 31 March 2022.

**Financial Summary**

	<b>2022</b>	2021	% change 2022 v 2021	2020	% change 2022 v 2020
Revenue	<b>£396.3m</b>	£324.2m	+22.2%	£342.0m	+15.9%
<i>Revenue constant currency LFL</i>			+20.6%		+20.9%
Underlying operating profit <sup>1</sup>	<b>£41.8m</b>	£33.8m	+23.7%	£32.3m	+29.4%
Underlying profit before taxation <sup>1</sup>	<b>£39.3m</b>	£30.6m	+28.4%	£28.8m	+36.5%
Diluted Underlying EPS <sup>1</sup>	<b>38.2p</b>	31.1p	+22.8%	28.2p	+35.5%
Underlying operating cash flow <sup>1</sup>	<b>£28.6m</b>	£65.8m	-56.5%	£38.4m	-25.5%
Operating profit	<b>£36.2m</b>	£24.9m	+45.4%	£17.8m	+103.4%
Underlying net cash/(debt) <sup>1</sup>	<b>£8.6m</b>	£10.5m		(£36.4m)	
Dividend per share	<b>10.0p</b>	8.2p	+21.9%	3.1p	+222.6%

<sup>1</sup> Definitions and reconciliations of alternative performance measures are provided in note 5

**Highlights**

- Robust trading and decisive action taken to counter unprecedented cost inflation and supply chain challenges
- Strong execution of strategy
- Full year revenue of £396.3m (2021: £324.2m), 20.6% higher than prior year on a constant currency basis and 20.9% higher than the pre-pandemic 2020 comparator on a constant currency like for like basis (after adjusting the 2020 comparator period from a 53 to a 52 week period pro-rating)
- Record underlying operating profit of £41.8m, 23.7% higher than prior year (2021: £33.8m)
- Underlying net cash of £8.6m (2021: net cash of £10.5m)
- Underlying ROCE above strategic target rate at 23.9% (2021: 18.2%)
- Diluted underlying EPS of 38.2p, 22.8% higher than prior year (2021: 31.1p)
- Progressive dividend at 10.0p for the year (2021: 8.2p)
- The acquisition of Grant Westfield completed after the year end, a compelling strategic fit with the Group

**Current trading**

- Group revenue in the two months to the end of May 2022 was marginally ahead of the strong prior year comparator by approximately 1% and significantly ahead of the pre-pandemic comparator of the two months ended May 2019 by approximately 25%. Whilst market conditions are likely to remain

uncertain, the Board believes that the Group's proven business model and leading customer service proposition will continue to drive outperformance leading to further progress and market share gains, in line with its expectations, for the year to 31 March 2023.

### **Gary Kennedy, Chair, commented:**

"I am pleased to report a record performance for the Group. Norcros has continued its recovery following the period of exceptional global disruption and uncertainty caused by the COVID-19 pandemic. Furthermore, the resilience of the Group's business model and strategy has proven once again to be highly effective through a period of unprecedented cost inflation and supply chain challenges."

There will be a presentation today at 9.30 am for analysts at the offices of Hudson Sandler, 25 Charterhouse Square, London, EC1M 6AE. The supporting slides will be available on the Norcros website at <http://www.norcros.com> later in the day.

### **Enquiries**

#### **Norcros plc**

Nick Kelsall, Chief Executive Officer  
James Eyre, Chief Financial Officer

Tel: 01625 547700

#### **Hudson Sandler**

Nick Lyon  
Sophie Miles

Tel: 0207 796 4133

### **Notes to Editors**

Norcros is a market leading supplier of high quality and innovative bathroom and kitchen products with operations primarily in the UK and South Africa.

- Based in the UK, Norcros operates under eight brands:
  - Triton - Market leader in the manufacture and marketing of showers in the UK
  - Merlyn - The UK and Ireland's No.1 supplier of shower enclosures and trays to the residential, commercial and hospitality sectors
  - Vado - A leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves
  - Croydex - A market leading, innovative designer, manufacturer and distributor of high quality bathroom furnishings and accessories
  - Abode - A leading niche designer and distributor of high quality kitchen taps, bathroom taps, and kitchen sinks
  - Johnson Tiles - The leading manufacturer and supplier of ceramic tiles in the UK
  - Norcros Adhesives - Manufacturer of tile and stone adhesives, grouts and related products
  - Multipanel - Grant Westfield is a leading manufacturer of high-end waterproof bathroom wall panels
- Based in South Africa, Norcros operates under four brands:
  - Tile Africa - Chain of retail stores focused on ceramic and porcelain tiles, and associated products such as sanitaryware, showers and adhesives
  - Johnson Tiles South Africa - Manufacturer of ceramic and porcelain tiles
  - TAL - The leading manufacturer of ceramic and building adhesives
  - House of Plumbing - Market leading supplier of specialist plumbing materials

- Norcros is headquartered in Wilmslow, Cheshire and employs around 2,400 people. The Company is listed on the London Stock Exchange. For further information please visit the Company website: <http://www.norcros.com>

## **Chair's Statement**

### **Overview**

In my first year as Chair, I am pleased to report a record performance for the Group. Norcros has continued its recovery following the period of exceptional global disruption and uncertainty caused by the COVID-19 pandemic. The resilience of the Group's business model and strategy has proven once again to be highly effective through a period of unprecedented cost inflation, supply chain challenges and more recently the Ukraine crisis.

Group revenue for the year was £396.3m (2021: £324.2m), 22.2% higher than the prior year on a reported basis and 20.6% higher on a constant currency basis. Against the pre-pandemic 2020 comparator, this represents a 15.9% increase on a reported basis, 18.6% on a constant currency basis and 20.9% on a constant currency like for like basis after adjusting the 2020 comparator period from a 53 to a 52 week period pro-rating.

Underlying operating profit was at a record level of £41.8m (2021: £33.8m), 23.7% ahead of the prior year reflecting the strong progress and market share gains in both the UK and South Africa.

The Group finished the year with net cash of £8.6m (2021: net cash of £10.5m), reflecting investment into inventory in the period to optimise our service and stock availability in the light of the exceptional supply chain challenges.

### **Acquisition of Grant Westfield**

On 31 May 2022, we completed the acquisition of 100% of the share capital of Granfit Holdings Limited and its subsidiaries including Grant Westfield Limited, trading as Multipanel. Grant Westfield is a leading manufacturer of high-end waterproof bathroom wall panels. The Company has a 140 year track record and operates under the leading UK bathroom wall panel brand Multipanel. Headquartered in Edinburgh, Scotland, customers are served from a nationwide UK distribution network of 8 locations, and a growing presence in Europe from a distribution hub in Germany. Customers include national and regional merchants, major buying groups, specification and online customers.

### **Strategy**

Notwithstanding the challenges of COVID-19, we have made strong strategic progress and our focused growth strategy continues to be valid and relevant. Our targets to grow Group revenue to £600m by 2025 whilst sustaining a pre-tax return on underlying capital employed of more than 15% over the economic cycle continue to govern how we evaluate opportunities and deploy capital. The Group's performance in the year demonstrates the resilience and effectiveness of our business model and strategy. Whilst there is still a significant degree of uncertainty around the post-COVID-19 economic recovery, supply chain challenges and the Ukraine crisis, we are convinced of the validity and effectiveness of the strategy and remain committed to these targets.

### **Dividend**

The Group responded swiftly to the impact of the COVID-19 pandemic and the need to preserve cash by not paying a final dividend in relation to the year ended 31 March 2020 nor an interim dividend in relation to the year ended 31 March 2021. Based on the improved trading performance in the second half of the prior year, the further strengthening of the balance sheet and the outlook, the Board reinstated the progressive dividend policy with a final (and total) dividend for 2021 of 8.2p per share. For the year ended 31 March 2022, the Board is recommending a final dividend of 6.9p (2021: 8.2p) per share. When combined with the interim dividend of 3.1p (2021: nil) per share, which was paid on 11 January 2022, this will make a total dividend for the year of 10.0p (2021: 8.2p) per share, a 21.9% increase on the previous year in line with the growth in earnings albeit maintaining a prudent level of cover.

## **Pension scheme**

The net position relating to our UK defined benefit pension scheme (as calculated under IAS 19R) has improved to a surplus position of £19.6m at 31 March 2022 from a deficit of £18.3m at 31 March 2021, primarily as a result of an increase in the discount rate driven by market factors.

The Group has reached agreement with the Trustee on the 2021 triennial actuarial valuation for the UK defined benefit scheme and on a new deficit recovery plan. Deficit repair contributions have been agreed at £3.8m per annum from 1 April 2022 to March 2027 (increasing with CPI, capped at 5%, each year). Both the Group and the Trustee regard this as an appropriate outcome.

We remain confident that our pension obligations continue to be appropriately funded and well managed. The Group recognises that the pension scheme is a key stakeholder and the Group and the Trustee continue to work constructively together.

## **Environmental, social and governance (ESG)**

The Board remains committed to embedding sustainability within our business strategy. We recognise that our stakeholders, including employees, investors and our customers have rising expectations about our environmental and social impacts and in the way that we operate our business. We are proud of our history of environmental and social leadership, our achievements in setting industry leading standards in our products and the support we provide our communities. This year, we have made enhancements to our emissions and energy data collection process and are pleased to include in our Annual Report and Accounts our first report aligned to the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), which outlines our approach to managing climate-related risks and opportunities across the Group. We also report on the enhanced structure of our ESG management internally which has helped us develop our framework and improve the management of our impact.

## **Board changes and senior management appointments**

As previously announced, I was appointed as a Non-executive Director and Non-executive Board Chair on 8 December 2021. I am delighted to join the Board and be part of the future growth of the Group. I would like to thank David McKeith who was acting chair for the Group from April 2021 until my appointment.

As previously reported, James Eyre was appointed to the Board as Chief Financial Officer with effect from 1 August 2021 following Shaun Smith's retirement at the end of December 2021. James was our Corporate Development and Strategy Director and has been a member of the Group's senior team since 2014, responsible for leading our acquisitions. He is a Chartered Accountant and held senior finance roles at AstraZeneca, Bank of Ireland and Rothschild & Co prior to joining Norcros.

The Board composition can be found in our Annual Report and Accounts.

As previously announced, Thomas Willcocks was appointed to the Group senior executive team as Group Business Director – UK, with effect from 1 August 2021. Thomas joined Norcros South Africa in 2006 and was promoted to Managing Director of Norcros South Africa in 2009. He has overseen the sustained and profitable growth of our South African business. Kevin Swan succeeded Thomas as Managing Director of Norcros South Africa, also from 1 August 2021, having joined Norcros in March 2021. He was previously Chief Executive of Bidvest Packaging.

The Group executive committee comprises our CEO (Nick Kelsall), CFO (James Eyre), Group Counsel/Company Secretary (Richard Collins) and Group Business Director – UK (Thomas Willcocks).

## **Governance**

As Chair, one of my primary responsibilities is to ensure that the Group continues to operate to the highest standards in all aspects of governance and risk management. Our aim at Norcros has always been to operate in line with our values and the "Norcros DNA" which sets us apart from our competitors, while ensuring that proper operating procedures and internal controls are maintained at all times. Transparency is central to this objective and you will find more detail about our approach and progress over the last year in the Corporate Governance section in our Annual Report and Accounts.

## **People**

The Board continues to regard our employees as our most valuable asset and in recognition of this the Group aims to create a safe and positive working environment within an open, transparent and entrepreneurial

culture and de-centralised operating model. On behalf of the Board, I would like to thank the Group's employees who have helped to deliver on the Group's strategic objectives and in particular for their dedication and contribution over the last twelve months. I would also like to warmly welcome the management team and employees of the Grant Westfield business to the Group.

### **Current trading**

Group revenue in the two months to the end of May 2022 was marginally ahead of the strong prior year comparator by approximately 1% and significantly ahead of the pre-pandemic comparator of the two months ended May 2019 by approximately 25%.

### **Summary**

The Group has delivered a robust performance and a record result despite challenging market conditions. This demonstrates the effectiveness and resilience of our Group with its highly experienced management teams, leading brands, proven business model, leading customer service proposition and strong financial position. In addition, through the acquisition of Grant Westfield, the Group has taken a further important step forward in its growth strategy.

Market conditions are likely to remain uncertain and challenging, albeit the Board is confident that the Group's resilient business model and strong execution of strategy will continue to deliver outperformance leading to further progress against our strategic objectives in the year ahead.

## **Chief Executive Officer's Statement**

### **Overview**

Norcros has ended the year reporting record levels of revenue and underlying operating profit and a net cash position.

We have continued to build on last year's strong recovery from the COVID-19 pandemic against a backdrop of unprecedented cost inflation and exceptional supply chain challenges. It is particularly pleasing to see how well our businesses in the UK and South Africa responded and adapted to these challenges and continued to make the strong progress in performance. It is a testament to our management teams, proven business model, supply chain infrastructure and our leading customer service proposition.

Group revenue at £396.3m (2021: £324.2m) increased by 22.2% on a reported basis and by 20.6% on a constant currency basis. Revenue was also 20.9% higher than the pre-pandemic comparator of 2020 on a constant currency like for like basis (after adjusting the 2020 comparator period from a 53 to a 52 week period pro-rating). The strong trading performance in the first half of the year continued into the second half with further revenue growth in South Africa and a robust performance in the UK.

Group underlying operating profit for the year increased by 23.7% to a record of £41.8m (2021: £33.8m) reflecting the increased revenue in the year and an operating margin slightly ahead of last year at 10.5% (2021: 10.4%). Management acted decisively to counter unprecedented cost inflation and supply chain challenges to protect margins through implementing selling price increases and ensuring superior levels of stock availability and service.

Revenue in the UK was £256.7m for the year (2021: £220.2m), 16.6% higher than the prior year on a reported basis and 16.1% higher than 2020 on a like for like basis. Buoyant demand in the RMI sector, market share gains (supported by excellent stock availability) and increased selling prices to recover higher input costs, were the key drivers. All businesses apart from Johnson Tiles (which was relatively more impacted by the slower recovery in the commercial sector) delivered revenue growth on the pre-pandemic levels in 2020 and all divisions outperformed the prior year.

UK underlying operating profit for the year was a record at £30.9m (2021: £26.9m) with an underlying operating margin of 12.0%, (2021: 12.2%). Underlying operating profit growth was driven by a strong performance across the UK businesses.

Operating cashflow was lower than prior year as a result of investment into working capital, primarily inventory.

Revenue in South Africa increased by 28.8% on prior year on a constant currency basis, and 34.2% higher on a Sterling reported basis, to £139.6m (2021: £104.0m). Revenue was also 30.7% higher than 2020 on a constant currency like for like basis. All divisions delivered revenue growth on both prior year and 2020.

Tile Africa, Johnson Tiles and TAL continued to benefit from higher demand and market share gains in the retail renovation market, while House of Plumbing's growth from new branch openings was partially offset by subdued activity in the large-scale commercial building segment.

South African underlying operating profit for the year was at a record level of £10.9m (2021: £6.9m), largely reflecting strong retail demand and a £0.2m foreign exchange translation gain from a stronger Rand. Underlying operating margin was 7.8% (2021: 6.6%).

As in the UK, operating cashflow was lower than prior year as a result of investment into working capital, primarily inventory.

### **Acquisition of Grant Westfield**

On 31 May 2022 we completed the acquisition of 100% of the share capital of Granfit Holdings Limited and its subsidiaries including Grant Westfield Limited, trading as Multipanel. The acquisition was funded through equity and utilisation of the Group's banking facilities. Grant Westfield is a quality business with a strong track record of profitability and cash generation run by an experienced and capable management team. We welcome all the employees to the Norcros Group and expect the business to make a strong contribution to the Group through its complementary range of waterproof bathroom wall panels.

### **Strong financial position**

The Group has a strong balance sheet with net cash of £8.6m (2021: net cash of £10.5m). This position reflects a planned investment into working capital in the year of £23.6m, particularly inventory, with a resultant underlying operating cash flow of £28.6m (2021: £65.8m) in the year.

The Group completed a refinancing of its banking facilities in the second half of the year. The new facility is a £130m multicurrency revolving credit facility for an initial three year and seven month term, with two further years as extension options. There is also an uncommitted accordion facility of £70m. The Group therefore remains well-positioned to progress its growth strategy.

Following the acquisition of Grant Westfield in May 2022, proforma leverage is approximately 1.0x EBITDA.

### **Strategy remains valid**

In April 2018 we launched a refreshed strategy for growth and a 2023 vision for the Group, including an updated set of strategic targets which were: to increase Group revenue to £600m by 2023; to maintain revenue derived outside of the UK at approximately 50% of Group revenue; and to sustain a pre-tax return on underlying capital employed of more than 15% over the economic cycle. The previous timescale of 2023 was extended to 2025 in the prior year reflecting the COVID-19 disruption. Notwithstanding the extended timeframe, the strategy remains valid and we have performed strongly against these targets as detailed below:

- Group revenue increased by 22.2% to £396.3m (2021: £324.2m; original 2023 target: £600m).
- On a Sterling reported basis, Group revenue derived outside of the UK was 43.9% (2021: 41.6%), and in constant currency terms, from when the targets were set, 47.0% (2021: 45.6%).
- Group underlying return on capital employed was 23.9% on a pre-IFRS 16 basis (2021: 18.2%) and significantly exceeded our strategic target of 15%.

The Group's very strong recovery from the COVID-19 pandemic and the decisive response to the inflationary and supply chain challenges continue to demonstrate the resilience of our business model and the effectiveness of our strategy.

The UK bathroom and kitchen product market remains highly fragmented with significant consolidation opportunities to either broaden our product portfolio or further consolidate our current offerings. The significant strength of the balance sheet means the business is well placed to take advantage of further acquisitions or organic growth opportunities as they arise.

Sustained investment in new product development will continue to drive organic growth alongside our market leading brands, customer service and best in class quality. Our product vitality rate (the percentage of revenue in the period derived from new products launched in the last three years) remained high at 29% (2021: 28%) but marginally short of our demanding target of 30% mainly due to the COVID-19 related

disruption to supply chains and the temporary closure of retail showrooms in recent years postponing projects. Our vitality rates are nonetheless market leading and are expected to increase again as our new product launches return to pre-COVID-19 levels.

### **Summary and outlook**

The Group has outperformed expectations, recovering very strongly from the pandemic and then successfully navigating a period of unprecedented cost inflation and supply chain challenges. Our performance on all fronts is a testament to our business model and our employees, particularly against the backdrop of challenging markets as demand continues to adjust to the impact of the pandemic. It is particularly pleasing to see how well our businesses both in the UK and South Africa have continued to make strong progress, gain market share and benefit from their leading brands, supply chain infrastructure and stock availability.

Whilst the recovery has been strong, the normalisation of consumer spending patterns in addition to pressure on household disposable incomes will provide some uncertainty in our markets. In addition, the secondary impacts of the COVID-19 pandemic and the Ukraine crisis remains difficult to predict. Notwithstanding these uncertainties, we are confident that our supply chain infrastructure combined with our local inventory holdings will ensure our leading competitive position is maintained.

In summary, we have ended the year strongly, outperforming our expectations and our markets and delivered record levels of revenue and profit and growth on prior year and the pre-pandemic levels.

Whilst market conditions are likely to remain uncertain, the Board believes that the Group's proven business model and leading customer service proposition will continue to drive outperformance leading to further progress and market share gains, in line with its expectations, for the year to 31 March 2023.

## **Business performance**

	2022 £m	2021 £m
<b>Revenue</b>	<b>396.3</b>	<b>324.2</b>
<b>Operating profit</b>	<b>36.2</b>	<b>24.9</b>
IAS 19R administrative expenses	1.7	1.4
Acquisition related costs	4.8	3.7
Exceptional operating items	(0.9)	3.8
<b>Underlying operating profit</b>	<b>41.8</b>	<b>33.8</b>

	2022 £m	2021 £m
Revenue – UK	256.7	220.2
Revenue – South Africa	139.6	104.0
<b>Revenue – Group</b>	<b>396.3</b>	<b>324.2</b>
Underlying operating profit – UK	30.9	26.9
Underlying operating profit – South Africa	10.9	6.9
<b>Underlying operating profit – Group</b>	<b>41.8</b>	<b>33.8</b>
Underlying operating profit margin – UK	12.0%	12.2%
Underlying operating profit margin – South Africa	7.8%	6.6%
<b>Underlying operating profit margin – Group</b>	<b>10.5%</b>	<b>10.4%</b>

	2022 £m	2021 £m
<b>Underlying operating profit</b>	<b>41.8</b>	<b>33.8</b>
Depreciation of right of use assets	4.1	4.0
Lease costs	(5.7)	(5.3)
Depreciation and underlying amortisation (owned assets)	5.2	5.4
<b>Underlying EBITDA</b>	<b>45.4</b>	<b>37.9</b>
Net working capital movement	(23.6)	21.8
Share-based payments	1.1	1.0
Operating profit impact of IFRS 16	1.6	1.3
Depreciation of right of use assets	4.1	4.0
Cash settlement of share options	—	(0.2)
<b>Underlying operating cash flow</b>	<b>28.6</b>	<b>65.8</b>

	2022	2021
Basic underlying earnings per share	38.9p	31.2p
Diluted underlying earnings per share	38.2p	31.1p



## **Business review – UK**

In the UK, full year revenue was 16.6% higher than the prior year on a reported basis at £256.7m (2021: £220.2m). We have continued to build on last year's strong recovery from the COVID-19 pandemic, the impact of which appears to be reducing. Demand was driven by an increase in RMI activity and a robust private new housebuilding sector, where we enjoy market leading positions. Exports also performed well in the year. The commercial and local authority sectors have taken longer to recover but are showing early signs of improved demand in the year ahead.

Our businesses further capitalised on these market conditions by a planned reinvestment in inventory levels to help mitigate the significant supply chain challenges in the period, which benefited from our well-established supplier infrastructure in China. This targeted investment in inventory, combined with our experienced and dedicated staff, and a strong new product development pipeline helped deliver meaningful market share growth over the period in our chosen markets and segments. Whilst overheads were carefully managed as we emerged from the disruption of the previous year, we experienced unprecedented raw material, freight, and energy cost increases. These cost increases were largely recovered through price increases to our customers and margins continue to be closely monitored.

Further progress has been made on our ESG initiatives, with the businesses specifically focused on our Carbon Management Plans. We are particularly proud of the fact that Triton has achieved The Carbon Trust Standard with a 38% reduction in CO2 footprint over the assessment period and has now embarked on becoming net carbon zero as part of our 'cleaner conscience' campaign by 2025. Further detail is included in our Annual Report and Accounts.

The business and our teams continue to be mindful of the risks associated with the ongoing COVID-19 pandemic. Whilst the impact of the pandemic appears to be reducing, we continue to ensure that every reasonable action is being taken to provide a safe working environment for all our team members. We are proud of the resilience and agility demonstrated by our teams and partners and are confident that we are well positioned to continue to profitably grow market share in the year ahead.

Underlying operating profit for the year grew by £4.0m to a record level of £30.9m (2021: £26.9m) with an operating margin of 12.0% (2021 12.2%). This increase in profitability mainly reflected the benefits of the operational leverage resulting from the significant increase in revenue in the period.

### **Triton**

Revenue at Triton, the UK's market leader in showers, was £60.1m (2021: £54.5m), 10.3% higher than the prior year and 26.3% higher than the pre-COVID 2020 comparator on a like for like basis.

Triton has benefited from strong retail sales over the last two years by ensuring product availability and maintaining high customer service levels. As a result, as competitors struggled to react to the challenging situation, Triton was able to build on its market leading position taking an increasing market share in electric and mixer showers which has been retained. Retail sector revenue increased by 2.9% in the year and by 31.2% in comparison to 2020 on a like for like basis.

Following an initial delay in the recovery of contract, housing and local authority business, the trade sector revenue has returned strongly. Trade sector revenue in the year was 22.1% higher than prior year and 21.3% higher than 2020 on a like for like basis. Export revenue also performed strongly with 11.0% growth on the prior year and 31.5% growth against 2020 on a like for like basis.

Proud to be manufactured in Britain for over 45 years and a member of the "Made in Britain" scheme since 2014, Triton is known as a leader in electric shower innovation with a focus on its environmental credentials. Our 'cleaner conscience' TV and press campaigns highlighting the environmental and financial benefits of showering less have been well received. Further initiatives were introduced in the year such as 100% recycled bags for shipping, 30%+ recycled content plastic packaging, carbon neutral paper for all production (such as installation instructions) and electric vehicles within the fleet.

During the year Triton continued to work with The Carbon Trust with the target to be net carbon zero by the end of 2025, Triton's 50th anniversary year.

New products continue to be a key driver in maintaining Triton's long-term leading market position where ongoing investment and new product launches have proven successful. Notable revenue growth in the year was delivered from the Omnicare Ultra, a shower range for the care and adaptations segment. Triton's Enrich electric shower won an award in the year as the product of choice by installers and, overall Triton was awarded the Feefo Platinum Trusted Service award for demonstrating outstanding service to customers.

Triton again delivered a high level of underlying operating profit ahead of the prior year combined with good cash conversion.

## **Merlyn**

Merlyn, the UK and Ireland's no. 1 supplier of shower enclosures and trays to the residential, commercial and hospitality sectors, performed strongly and recorded revenue of £58.3m (2021: £43.3m), growth of 34.6% on the prior year and 39.8% against 2020 on a like for like basis. The business continued to grow its market share, leveraging its leading position in the UK through its quality product offering, stock availability and customer service.

UK revenue grew by 35.8% on prior year and 41.7% on 2020 on a like for like basis, with a particularly strong performance in the trade sector where revenue grew by 56.3% against prior year and 65.8% against 2020 on a like for like basis. This was driven by growth across a number of existing customers in addition to a number of new contracts including Sanctuary Housing and St Modwen Homes. The retail sector revenue increased by 21.3% against prior year and 25.2% against 2020 on a like for like basis representing an increased share of showroom spend. Exports increased by 26.0% in the year and 26.0% against 2020 on a like for like basis reflecting growth in Ireland and France.

New product development remains a core component of Merlyn's growth strategy with the launches of Arysto luxury shower enclosures and slip resistant trays during the year. The future pipeline includes an Arysto range extension, a next generation of shower trays, further storage options and products with improved glass cleaning properties. Our focus on our customers was reflected in Merlyn winning the Fortis Overall Supplier of the Year and the Wetroom Supplier of the Year and the Neville Lumb Overall Supplier of the Year and also attaining the Gold Standard in Excellence through People.

Merlyn has continued to progress its environmental credentials during the year and has launched an eco-packaging solution developed last year to eliminate the use of single-use plastics with fully recyclable alternatives. All new product launches will incorporate eco-packaging.

Notwithstanding substantial increases in input and sea freight costs, Merlyn recorded a strong underlying operating profit performance. Cash conversion remained strong in the period.

## **Vado**

Vado, our leading manufacturer of taps, mixer showers, bathroom accessories and valves, recorded revenue of £43.9m for the year (2021: £38.2m), 14.9% higher than the prior year and 5.8% higher than 2020 on a like for like basis.

In the UK, our retail sector revenue showed strong growth, up on prior year by 23.8% and 12.0% up on 2020 on a like for like basis on the back of a vibrant new product development programme and excellent stock availability.

The trade sector was more challenging, with revenue up 6.3% on prior year but 4.5% lower than 2020 on a like for like basis. This was in part driven by the lack of availability of building materials and labour which resulted in slower than planned build programmes at key customers.

Export revenue was 16.5% ahead of both prior year and 2020 on a like for like basis on the back of strong growth in Europe and the Middle East.

The business continued to invest in NPD with further market leading launches planned to follow the successful launches of the Knurled X Fusion and Omika Noir ranges this year. Our NPD programme has a

strong environmental and sustainability focus, with the launch of our EcoTurn range of cold start taps last year reinforcing Vado's position as an on-trend and sustainable brand.

Vado generated an underlying operating profit ahead of last year and a strong level of cash conversion in the period.

## **Croydex**

Croydex, our market leading, innovative designer, manufacturer, and distributor of high-quality bathroom furnishings and accessories, recorded revenue of £27.0m (2021: £24.1m) for the period, 12.0% higher than the prior year and 15.9% higher than 2020 on a like for like basis.

Retail sector revenue was marginally ahead of prior year and 14.0% up on 2020 on a like for like basis. Retail and E-Commerce sales slowed in the second half of the year as customers returned to physical stores and activity returned to more normal levels. The business continues to develop its digital strategy and has secured further listings with Home Depot.com, Lowes, Walmart and Amazon, providing a sound base for both our export and online growth plans.

Trade sector revenue was up 28.4% on the prior year and up 16.9% against 2020 on a like for like basis, with the toilet seat category including Croydex's patented fixing system performing especially well.

Export sales were in line with prior year and 18.2% up on 2020 on a like for like basis, mainly driven by new business in Italy, offset by a slowdown in Germany.

Croydex's ongoing new product development programme has played a major role in driving new sales opportunities, particularly through new patented solutions within the shower rod, toilet seat and medicine cabinet categories. Hygiene-focused products with anti-bacterial and anti-viral surfaces and non-touch taps were also introduced. The packaging policy was developed further in the year to reduce the environmental impact and Eco-design was integrated into all products. Croydex has worked with the FSC on timber certification and BEIS, DEFRA, BMA and UWL regarding the proposed water efficiency labelling scheme.

Underlying operating profit was ahead of the prior year albeit cash conversion was significantly lower than prior year reflecting investment into inventory to support stock availability and service.

## **Abode**

Abode, our leading designer and distributor of high quality hot water taps, bathroom mixers, kitchen sinks and taps, recorded revenue of £18.9m for the year (2021: £15.0m), a 26.0% increase on prior year and a 30.3% increase against 2020 on a like for like basis.

The business continued to benefit from its strong market positions with key customers, a well planned and executed NPD programme and timely investment in additional inventory. The business has grown market share over the period and remains focused on developing sustainable products that provide customers with 'water the way you want it'.

Retail growth has been supported by an 'Approved Retailer' scheme and investment in point-of-sale display aids to drive market share growth in our premium Distinctly Abode ranges. Growth in the specification sector has benefited from the Pronteau and ProTrad hot water taps with further initiatives planned in the year ahead. Both taps have been awarded WRAS approval, a pre-requisite for new build markets.

Our focus on our products and customers will see further market leading product launches in the year ahead that will further benefit the growth of the business.

Underlying operating profit was higher than prior year with cash conversion lower than prior year reflecting the investment into inventory.

## **Johnson Tiles**

Johnson Tiles, our UK market leading ceramic tile manufacturer and a market leader in the supply of both own manufactured and imported tiles, recorded revenue of £34.2m (2021: £32.8m), 4.3% higher than the prior year but 16.4% lower than 2020 on a like for like basis. We have accelerated the process of repositioning Johnson Tiles and specifically exited a number of lower margin products as part of this plan resulting in a more focused business.

Trade sector revenue was up 17.6% on the prior year but 5.7% down on 2020 on a like for like basis, with the second half recording a 2.0% decrease on 2020 on a like for like basis. The house developer sector continued its strong performance during the year but commercial specifications, which are driven by the hospitality and retail sectors, continued to operate significantly below pre-COVID levels. The social housing refurbishment market continues to be impacted by the overhang from the Grenfell cladding issue. Johnson Tiles' strong relationships with the national house developers continued, including Barratt, David Wilson, Persimmon, Charles Church, Redrow and Countryside.

Retail sector revenue was down 9.9% on prior year and 28.9% down on 2020 on a like for like basis driven primarily by the planned exit of lower margin product categories. This has freed up resources for our growing focus on small format niche product ranges.

In 2021 Johnson Tiles celebrated both its 120th year as a UK manufacturer of tiles and its heritage as a designer and innovator in tiles, with the business winning a Product of the Year award for the South Bank range at the Mix Interiors 2022 Mixology Awards.

Export revenue was 11.1% below prior year and 22.6% below 2020 on a like for like basis due mainly to lower revenues to France.

Johnson Tiles has developed a market leading position on sustainability over many years focusing strongly on recycling energy, water and waste and will pursue further initiatives to progress the reduction in our carbon footprint in the year ahead.

In the past year, while the business made encouraging progress, the performance was impacted by the significant increase in input costs and in particular energy. These cost increases have now been passed through to our customers by a series of phased selling price increases, albeit with some lag effect. The underlying operating loss was lower than the previous year and the level of cash generation reflected an investment into inventory.

## **Norcros Adhesives**

Norcros Adhesives, our UK manufacturer and supplier of tile and stone adhesives and ancillary products recorded revenue of £14.3m (2021: £12.3m), 16.3% higher than prior year and 23.3% higher than 2020 on a like for like basis.

Retail sector revenue was 70.5% ahead of prior year and 73.3% above 2020 on a like for like basis, reflecting significant growth of our product lines into some of our larger customers combined with a displacement of competitor products.

Trade sector revenue was 29.1% below prior year and 4.9% below 2020 on a like for like basis reflecting a slower recovery in the larger private and public commercial specification projects and an increased focus on the retail sector.

The Middle Eastern operations were closed at the end of the previous financial year, and as a result, there were no revenues in the year.

Norcros Adhesives maintained the 'Gold Standard' from the Supply Chain Sustainability School and the business remains committed to making further progress, especially in the areas of packaging and recycling.

Raw material and transport costs both increased significantly in the year and impacted margins as the recovery through selling price increases lagged the increase in operating costs. Norcros Adhesives made a small underlying operating loss in line with the prior year.

### **Business review - South Africa**

Revenue for the year increased by 28.8% on prior year on a constant currency basis and increased by 34.2% on a Sterling reported basis to £139.6m (2021: £104.0m).

The prior year's performance was materially impacted by the COVID-19 related nationwide lockdown, which saw revenue decline sharply caused by the temporary suspension of manufacturing and closure of retail operations in the first quarter. Market activity returned in the year with Tile Africa, Johnson Tiles and TAL continuing to benefit from the higher demand and market share gains in the retail renovation market. House of Plumbing revenues benefited from the opening of new branches but were held back by the lack of large-scale commercial building activity.

The business continued to prioritise staff wellness during the year and proactively supported all employees with full access to our Wellness Centre that extended to all aspects of wellbeing, including independent psychological support. The third and fourth COVID-19 waves were safely navigated by focusing on the well-practised protocols and continuing to shield our vulnerable staff. Staff are encouraged but not forced to vaccinate against COVID-19 and the business has provided four internal free vaccination drives in addition to the private sector and government offerings. During the year, 828 employees undertook a COVID-19 test, many at the onsite Wellness Centre at Olifantsfontein, with 259 positive cases reported. There were no cases of work transmission and thankfully, only a small number of employees required hospitalisation in the year.

Underlying operating profit for the year was at a record level at £10.9m (2021: £6.9m) and a substantial increase over 2021, reflecting the strong retail demand for our products and a £0.2m translation exchange gain from a stronger Rand. Cash generation was good, reflecting investment in capital expenditure and the planned increase in our stock holding mitigating the supply chain challenges and delays in imported raw material and finished goods. The business finished the year in a very strong financial and competitive position, well placed to continue to gain market share and grow in its respective markets.

### **Johnson Tiles South Africa**

Johnson Tiles South Africa, our tile manufacturing business, recorded revenue of £16.5m (2021: £12.5m), a 32.0% increase on a reported basis and 26.9% higher on a constant currency basis. Revenue was 27.9% higher than 2020 on a constant currency like for like basis.

Record levels of manufacturing output were achieved during the year as productivity and efficiency initiatives were successfully delivered. Together with targeted plant investments during the period, this focus helped to drive improved throughput and product quality, enabling the business to meet the increased demand from housing renovations, commercial housebuilders and in the latter part of the year from the recovering commercial sector, particularly the corporate renovation segment. A lack of big build construction activity remains.

Products were specified and installed in leading developments across the country, in quality, entry-level residential developments such as Thaba Village, The Reeds and Greenpark in Johannesburg, The Blyde and Greencreek in Pretoria, The Huntsman, Fynbos and Greenbay in Cape Town and Ballito Hills in Durban.

During the year, the manufactured tile range was consolidated, reducing the complexity of the portfolio to further improve in-stock and customer service levels whilst increasing the depth of some ranges.

Underlying operating profit was ahead of the prior year.

### **Tile Africa**

Tile Africa, our leading retailer of wall and floor tiles, sanitaryware and bathroom fittings, recorded revenue of £75.5m (2021: £54.9m), a 37.5% increase on a reported basis and 32.0% higher on a constant currency basis. Revenue was 45.5% higher than 2020 on a constant currency like for like basis.

The substantial growth on prior year was driven by buoyant retail demand from increased renovation activity, significantly improved operating disciplines, and superior stock availability.

The successful, exclusive Evox range of bathroomware and sanitaryware was expanded with several new bath and tap ranges, and an exclusive upmarket range, Nuvo, was launched in the second half of the year. An appealing range of bathroom furniture was also added.

The commercial contracts sector however remains subdued with lower overall new build activity. Despite this, several retail floor covering installations for Pick n Pay, Boxer and Spar were completed.

Tile Africa currently operates from thirty-three owned stores and two franchise stores. The temporary Wynberg pop-up clearance store was closed during the year, and a new store opened in Thohoyandou. The dual Tile Africa HOMEXPRESS value-for-money brand is being trialled in this store.

Ongoing capital investment continues, mirroring the successful flagship Greenstone store and Ballito store concepts, incorporating a bathroom store-within-a-store format and a bespoke alternative floorcoverings offer.

Tile Africa's underlying operating profit was significantly ahead of prior year, with strong cashflow partially offset by the investment into inventory. This investment enabled the business to both support the revenue growth and ensure our customer service and stock availability was maintained notwithstanding the supply chain challenges and extended import lead times.

## **TAL**

TAL, our market leading adhesives business, recorded revenue of £22.5m (2021: £19.1m), a 17.8% increase on a reported basis and a 13.1% increase on a constant currency. Revenue was 11.4% higher than 2020 on a constant currency like for like basis.

Large commercial new build projects remained limited, which impacted demand for the business's high specification rapid setting adhesives and system-driven construction products. Export retail demand remained solid despite competitors re-opening plants in neighbouring countries.

Notwithstanding market conditions, TAL remains the leading supplier, with the business supplying market-leading products and technical expertise to several construction projects during the year, including The Blyde Residential Development, Babylonstoren Spa, Ford Motor Company's new manufacturing facility, Dr Pixley Kaseme Hospital, The Hilton Hotel, Hilton Towers and The Arch.

Investment in new product development continued during the period with the launch of products in the waterproofing category as well as barrier and keying compounds. Ongoing development of novel fixing systems for coverings outside our traditional tile market continues.

TAL's underlying operating profit and cash generation were ahead of the prior year.

## **House of Plumbing**

House of Plumbing, our market leading supplier of specialist plumbing materials into the specification and commercial segments, recorded full year revenue of £25.1m (2021: £17.5m), 43.4% higher than the prior year on a reported basis and 37.2% higher on a constant currency basis. Revenue was 15.1% higher than 2020 on a constant currency like for like basis.

The large commercial projects traditionally supplied by House of Plumbing are yet to recover post-COVID-19. However, additions to the branch network contributed to increased revenues compared to the prior year. During the period, four new branches were added, in Nelspruit, Secunda, City Deep and Durban South, focused on the civils product ranges used in infrastructure, mining, engineering, and irrigation projects in addition to the traditional commercial plumbing offering.

House of Plumbing now operates eight branches. The focus is on providing expert technical advice and consistent stock availability with the business planning to continue to extend its geographical expansion and further establish a national footprint.

During the year, House of Plumbing supplied several landmark projects, including Redhill School, Ford Silverton, Coca Cola Midrand, SAB Alrode, Rand Airport, N2 Woodhill shopping mall and Netcare Hospital Alberton.

House of Plumbing's underlying operating profit was marginally higher than prior year, with cashflow reflecting the investment into inventory and new branches.

## Financial overview

	2022 £m	2021 £m
<b>Revenue</b>	<b>396.3</b>	324.2
<b>Underlying operating profit</b>	<b>41.8</b>	33.8
IAS 19R administrative expenses	(1.7)	(1.4)
Acquisition related costs	(4.8)	(3.7)
Exceptional operating items	0.9	(3.8)
<b>Operating profit</b>	<b>36.2</b>	24.9
Net finance costs	(3.2)	(6.4)
<b>Profit before taxation</b>	<b>33.0</b>	18.5
Taxation	(7.3)	(3.5)
<b>Profit for the year</b>	<b>25.7</b>	15.0

### Revenue

Group revenue at £396.3m (2021: £324.2m) increased by 22.2% on a reported basis and by 20.6% on a constant currency basis. Group revenue was 20.9% higher than 2020 on a constant currency like for like basis, after adjusting the 2020 comparator period from a 53 to a 52 week period pro-rating.

### Underlying operating profit

Underlying operating profit increased by 23.7% to £41.8m (2021: £33.8m). Our UK businesses recorded an underlying operating profit of £30.9m (2021: £26.9m), and our South African businesses an underlying operating profit of £10.9m (2021: £6.9m). Group underlying operating profit margin was 10.5% (2021: 10.4%).

### IAS 19R administrative costs

These costs represent the costs incurred by the Trustee of administering the UK defined benefit pension scheme and are reflected in the Income Statement under IAS 19R. Costs of £1.7m are higher than prior year largely as a result of the fees relating to the triennial actuarial valuation (2021: £1.4m).

### Acquisition related costs

A cost of £4.8m (2021: £3.7m) has been recognised in the year and is analysed as follows:

	2022 £m	2021 £m
Intangible asset amortisation	3.7	3.7
Advisory fees	1.1	—
	<b>4.8</b>	3.7

The advisory fees relate to the costs incurred in relation to acquisition activity.

### Exceptional operating items

A net exceptional operating credit of £0.9m (2021: charge of £3.8m) has been recognised in the year.

	2022 £m	2021 £m
Release of UK property provision	(0.9)	—
COVID-19 related restructuring	—	3.8
	<b>(0.9)</b>	3.8

The UK property provision related to the only remaining surplus and legacy onerous property lease at Groundwell, Swindon. In the year, the Group reached agreement with the landlord to exit the lease early. A cash settlement payment of £1.3m including dilapidation obligations was made in the period. The remaining £0.9m of the related provision has been released as an exceptional operating item.



During the prior year an exceptional charge of £3.8m was incurred in relation to restructuring programmes implemented by the Group as a result of COVID-19.

## Finance costs

	2022 £m	2021 £m
Interest payable on bank borrowings	0.8	1.5
Interest on lease liabilities	1.7	1.7
Movement on fair value of derivative financial instruments	—	2.0
Discounting of property lease provisions	0.1	—
Amortisation of costs of raising debt finance	0.2	0.2
<b>Finance costs</b>	<b>2.8</b>	<b>5.4</b>
<b>IAS 19R finance cost</b>	<b>0.4</b>	<b>1.0</b>
<b>Total finance costs</b>	<b>3.2</b>	<b>6.4</b>

Net finance costs for the year of £3.2m compares to £6.4m in 2021. This decrease is mainly due to the movement in the fair value of foreign exchange contracts which was a £2.0m cost in the prior year in relation to expired forward foreign exchange contracts. Forward foreign exchange contracts are now accounted for under IFRS 9 hedge accounting, with the movement in fair value recognised in the Consolidated Statement of Comprehensive Income.

The Group has recognised a £0.4m interest cost in respect of the UK defined benefit pension scheme liability (2021: £1.0m) which decreased by £0.6m principally reflecting the lower deficit throughout the year.

## Underlying profit before tax

Underlying profit before tax was £39.3m (2021: £30.6m), mainly reflecting the increase in underlying operating profit noted above.

## Taxation

The tax charge for the year of £7.3m (2021: £3.5m) represents an effective tax rate for the year of 22.1% (2021: 18.9%). The increase in the effective tax rate mainly relates to a higher proportion of the Group's taxable profits being generated in South Africa and the non-deductible acquisition related costs in 2022.

The standard rates of corporation tax in the UK, South Africa and Ireland in the period were 19% (2021: 19%), 28% (2021: 28%) and 12.5% (2021: 12.5%) respectively.

## Dividends

The Group responded swiftly to the impact of the COVID-19 pandemic and the need to preserve cash by not paying a final dividend in relation to the year ended 31 March 2020 or an interim dividend in relation to the year ended 31 March 2021. The Group's dividend policy, which takes into account the Group's growth strategy, the interests of other key stakeholders, the Group's cash-generative characteristics and its earnings growth, was reinstated in the second half of the prior year. The Board recommends a final dividend of 6.9p per share (2021: 8.2p). This, combined with the interim dividend of 3.1p per share (2021: nil) results in a total dividend of 10.0p per share (2021: 8.2p). The total dividend is equivalent to a dividend cover of 3.8 times, consistent with the year ended 31 March 2021. The cash cost of the total dividend is £8.7m.

This final dividend, if approved at the Annual General Meeting, will be payable on 29 July 2022 to shareholders on the register on 24 June 2022. The shares will be quoted ex-dividend on 23 June 2022. Norcros plc operates a Dividend Reinvestment Plan (DRIP). If a shareholder wishes to use the DRIP the latest date to elect for this in respect of this final dividend is 8 July 2022.

## Balance sheet

The Group's balance sheet is summarised below.

	2022 £m	2021 £m
Property, plant and equipment	29.0	28.0
Right of use assets	19.9	19.6
Goodwill and intangible assets	90.3	93.6
Deferred tax	(9.4)	(0.5)
Net current assets excluding cash and borrowings	68.2	44.0
Pension scheme surplus/(liability)	19.6	(18.3)
Lease liabilities	(24.0)	(24.2)
Other non-current assets and liabilities	(1.9)	(4.3)
Net cash	8.6	10.5
<b>Net assets</b>	<b>200.3</b>	<b>148.4</b>

Total net assets increased by £51.9m to £200.3m (2021: £148.4m). Net current assets increased by £24.2m reflecting the significant cash investment into working capital, particularly inventory.

Property, plant and equipment increased by £1.0m to £29.0m and included additions of £5.3m (2021: £2.5m). The depreciation charge was £5.1m (2021: £5.2m) and foreign exchange gains were £0.8m (2021: gain of £1.7m).

Right of use assets increased by £0.3m to £19.9m (2021: £19.6m), reflecting the small difference between additions or renewals and right of use asset depreciation in the year. Lease liabilities of £24.0m (2021: £24.2m) decreased by £0.2m.

The deferred tax liability increased by £8.9m to a liability of £9.4m (2021: liability of £0.5m). The increase is mainly the result of a movement in the pension scheme position from a deficit at 31 March 2021 to a surplus at 31 March 2022.

## Pension schemes

On an IAS 19R accounting basis, the gross defined benefit pension scheme valuation of the UK scheme showed a surplus of £19.6m compared to a deficit of £18.3m last year. The present value of scheme liabilities decreased by £47.8m primarily due to an increase in the discount rate to 2.75% (31 March 2021: 2.05%) and benefit payments made in the period. The value of scheme assets decreased by £9.9m largely due to benefit payments made in the period partially offset by asset returns.

During the year, the Group reached agreement with the Trustee on the 2021 triennial actuarial valuation for the UK defined benefit scheme and on a new deficit recovery plan. The actuarial deficit at 31 March 2021 was £35.8m (2018: £49.3m). Deficit repair contributions have been agreed at £3.8m per annum from 1 April 2022 to March 2027 (increasing with CPI, capped at 5%, each year).

The Group's contributions to its defined contribution pension schemes were £3.7m (2021: £3.0m).

## Cash flow and net debt

Underlying operating cash flow was £37.2m lower than in the prior year at £28.6m (2021: £65.8m).

	2022 £m	2021 £m
<b>Underlying operating profit</b>	<b>41.8</b>	<b>33.8</b>
Depreciation and amortisation	5.2	5.4
Net working capital movement	(23.6)	21.8
IFRS 2 charge add-back	1.1	1.0
Depreciation of right of use assets	4.1	4.0
Cash settlement of share options	—	(0.2)
<b>Underlying operating cash flow</b>	<b>28.6</b>	<b>65.8</b>

The main driver of the reduction in the underlying operating cash flow was a significant cash investment into working capital, particularly inventory, to optimise our service and stock availability proposition in the

light of exceptional supply chain challenges. Underlying operating cash conversion in the year was 63% of underlying EBITDA (2021: 174%).

	2022 £m	2021 £m
<b>Underlying operating cash flow</b>	<b>28.6</b>	65.8
Cash flows from exceptional items and acquisition related costs	(1.7)	(2.5)
Pension fund deficit recovery contributions	(3.3)	(3.3)
<b>Cash flow generated from operations</b>	<b>23.6</b>	60.0
Net interest paid	(2.5)	(3.2)
Taxation	(6.5)	(3.5)
<b>Net cash generated from operating activities</b>	<b>14.6</b>	53.3
Capital expenditure	(5.4)	(2.8)
Dividends	(9.1)	—
Share transactions	0.1	0.3
Principal element of lease payments	(4.7)	(4.3)
Exchange movement	1.6	0.6
Movement in costs of raising finance	1.0	(0.2)
<b>Net cash (spent)/generated</b>	<b>(1.9)</b>	46.9
Opening net cash/(debt)	10.5	(36.4)
<b>Closing net cash</b>	<b>8.6</b>	10.5

Cash generated from operating activities was £38.7m lower than the prior year at £14.6m, largely due to the £37.2m reduction in underlying operating cash flows.

Cash flows from exceptional items and acquisition related costs in the current year primarily relate to the settlement of the surplus legacy lease at Groundwell of £1.3m.

Capital expenditure at £5.4m (2021: £2.8m) represents an increase against COVID-19 levels and includes investment in new product programmes, new stores and upgrades, IT systems and manufacturing facilities.

The Group ended the year with net cash of £8.6m (2021: net cash of £10.5m) on a pre-IFRS 16 basis after a net cash outflow of £1.9m. Net debt inclusive of IFRS 16 lease liabilities was £15.4m (2021: £13.7m).

### Funding and liquidity

The Group agreed a new multicurrency revolving credit facility with four lenders in the second half of the year. The Group now has committed banking facilities of £130m (plus a £70m uncommitted accordion) with a maturity date of the facility of October 2025 with two further years as extension options.

## **Principal Risks and Uncertainties**

Risk management remains a priority for the Group to help sustain the success of the business in the future. There is a range of potential risks and uncertainties which could have a material impact on the Group's performance. The objective of our risk management framework is to support the business in meeting its strategic and operational objectives through the identification, monitoring and mitigation of risks within clearly defined risk appetite levels for each risk category.

The Board has carried out a robust assessment of the principal risks and taken them into consideration when assessing the long-term viability of the Company. The principal risks are listed below and they do not comprise all the risks that the Group may face, and are not listed in any order of priority.

- Strategic risks, include the risks associated with the Coronavirus (COVID-19) pandemic, future acquisitions, and the Environmental, Social and Governance (ESG) agenda.
- People risks, include the risks associated with staff retention and recruitment.
- Commercial risks, include risks associated with market conditions, the loss of key customers and competition.
- Operational risks include the risks associated with the reliance on production facilities, the loss of a key supplier and cyber security.
- Financial risks, include the risks associated with maintaining a suitable level of funding and liquidity and those associated with managing the defined benefit pension scheme.

Further details on the principal risks including detailed descriptions and mitigating actions are presented in the Annual Report and Accounts.

## **Responsibility Statement**

Each of the directors, whose names and functions are listed below, confirms that, to the best of their knowledge:

- The consolidated financial statements, prepared in accordance with the applicable United Kingdom law and in conformity with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and
- The business review includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole; and
- There have been no significant individual related party transactions during the year.

**Directors:** Gary Kennedy (Chair), Nick Kelsall (Chief Executive Officer), James Eyre (Chief Financial Officer), David McKeith (Non-Executive Director) and Alison Littlely (Non-Executive Director).

**Nick Kelsall**  
***Chief Executive Officer***

**James Eyre**  
***Chief Financial Officer***

# Consolidated income statement

Year ended 31 March 2022

	Notes	2022 £m	2021 £m
<b>Continuing operations</b>			
Revenue	2	<b>396.3</b>	324.2
Underlying operating profit		<b>41.8</b>	33.8
IAS 19R administrative expenses		<b>(1.7)</b>	(1.4)
Acquisition related costs	3	<b>(4.8)</b>	(3.7)
Exceptional operating items	3	<b>0.9</b>	(3.8)
<b>Operating profit</b>		<b>36.2</b>	24.9
Finance costs	4	<b>(2.8)</b>	(5.4)
IAS 19R finance cost		<b>(0.4)</b>	(1.0)
<b>Profit before taxation</b>		<b>33.0</b>	18.5
Taxation		<b>(7.3)</b>	(3.5)
Profit for the year to equity holders of the Company		<b>25.7</b>	15.0
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic earnings per share:			
From profit for the year	6	<b>31.8p</b>	18.6p
Diluted earnings per share:			
From profit for the year	6	<b>31.2p</b>	18.6p
Weighted average number of shares for basic earnings per share (millions)		<b>80.9</b>	80.6
<b>Alternative performance measures</b>			
Underlying profit before taxation (£m)	5	<b>39.3</b>	30.6
Underlying earnings (£m)	5	<b>31.5</b>	25.1
Basic underlying earnings per share	6	<b>38.9p</b>	31.2p
Diluted underlying earnings per share	6	<b>38.2p</b>	31.1p

# Consolidated statement of comprehensive income

Year ended 31 March 2022

	2022 £m	2021 £m
Profit for the year	25.7	15.0
Other comprehensive income and expense:		
<b>Items that will not subsequently be reclassified to the Income Statement</b>		
Actuarial gains on retirement benefit obligations	27.5	24.1
<b>Items that may be subsequently reclassified to the Income Statement</b>		
Cash flow hedges – fair value gain/(loss) in year	3.0	(1.5)
Foreign currency translation of foreign operations	3.6	5.3
Other comprehensive income for the year	34.1	27.9
<b>Total comprehensive income for the year attributable to equity holders of the Company</b>	<b>59.8</b>	<b>42.9</b>

Items in the statement are disclosed net of tax.

# Consolidated balance sheet

At 31 March 2022

	2022 £m	2021 £m
<b>Non-current assets</b>		
Goodwill	61.2	60.8
Intangible assets	29.1	32.8
Property, plant and equipment	29.0	28.0
Pension scheme asset	19.6	—
Right of use assets	19.9	19.6
	<b>158.8</b>	<b>141.2</b>
<b>Current assets</b>		
Inventories	100.6	78.1
Trade and other receivables	71.1	64.6
Derivative financial instruments	1.6	—
Cash and cash equivalents	27.4	28.3
	<b>200.7</b>	<b>171.0</b>
<b>Current liabilities</b>		
Trade and other payables	(102.4)	(95.4)
Lease liabilities	(5.7)	(5.4)
Current tax liabilities	(2.7)	(1.0)
Derivative financial instruments	—	(2.3)
	<b>(110.8)</b>	<b>(104.1)</b>
<b>Net current assets</b>	<b>89.9</b>	<b>66.9</b>
<b>Total assets less current liabilities</b>	<b>248.7</b>	<b>208.1</b>
<b>Non-current liabilities</b>		
Financial liabilities – borrowings	(18.8)	(17.8)
Pension scheme liability	—	(18.3)
Lease liabilities	(18.3)	(18.8)
Deferred tax liabilities	(9.4)	(0.5)
Other non-current liabilities	(0.3)	(0.3)
Provisions	(1.6)	(4.0)
	<b>(48.4)</b>	<b>(59.7)</b>
<b>Net assets</b>	<b>200.3</b>	<b>148.4</b>
<b>Financed by:</b>		
Share capital	8.1	8.1
Share premium	30.3	30.2
Retained earnings and other reserves	161.9	110.1
<b>Total equity</b>	<b>200.3</b>	<b>148.4</b>

# Consolidated cash flow statement

Year ended 31 March 2022

	Note	2022 £m	2021 £m
<b>Cash generated from operations</b>	7	<b>23.6</b>	60.0
Income taxes paid		(6.5)	(3.5)
Interest paid		(2.5)	(3.2)
<b>Net cash generated from operating activities</b>		<b>14.6</b>	53.3
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(5.4)	(2.8)
<b>Net cash used in investing activities</b>		<b>(5.4)</b>	(2.8)
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary share capital		0.1	0.3
Principal element of lease payments		(4.7)	(4.3)
Drawdown of borrowings		25.0	—
Repayment of borrowings		(23.0)	(66.0)
Dividends paid to the Company's shareholders		(9.1)	—
<b>Net cash used in financing activities</b>		<b>(11.7)</b>	(70.0)
<b>Net decrease in cash at bank and in hand and bank overdrafts</b>		<b>(2.5)</b>	(19.5)
Cash at bank and in hand and bank overdrafts at the beginning of the year		28.3	47.2
Exchange movements on cash and bank overdrafts		1.6	0.6
<b>Cash at bank and in hand and bank overdrafts at the end of the year</b>		<b>27.4</b>	28.3



# Consolidated statement of changes in equity

Year ended 31 March 2022

	Ordinary share capital £m	Share premium £m	Treasury reserve £m	Hedging reserve £m	Translation reserve £m	Retained earnings £m	Total equity £m
At 1 April 2020	8.1	29.9	(0.4)	—	(21.7)	88.5	104.4
Comprehensive income:							
Profit for the year	—	—	—	—	—	15.0	15.0
Other comprehensive (expense)/income:							
Actuarial gain on retirement benefit obligations	—	—	—	—	—	24.1	24.1
Fair value loss on cash flow hedges	—	—	—	(1.5)	—	—	(1.5)
Foreign currency translation adjustments	—	—	—	—	5.3	—	5.3
<b>Total other comprehensive (expense)/income for the year</b>	—	—	—	(1.5)	5.3	24.1	27.9
Transactions with owners:							
Shares issued	—	0.3	—	—	—	—	0.3
Dividends paid	—	—	—	—	—	—	—
Settlement of share option schemes	—	—	0.3	—	—	(0.5)	(0.2)
Value of employee services	—	—	—	—	—	1.0	1.0
At 31 March 2021	8.1	30.2	(0.1)	(1.5)	(16.4)	128.1	148.4
Comprehensive income:							
Profit for the year	—	—	—	—	—	25.7	25.7
Other comprehensive income:							
Actuarial gain on retirement benefit obligations	—	—	—	—	—	27.5	27.5
Fair value gain on cash flow hedges	—	—	—	3.0	—	—	3.0
Foreign currency translation adjustments	—	—	—	—	3.6	—	3.6
<b>Total other comprehensive income for the year</b>	—	—	—	3.0	3.6	27.5	34.1
Transactions with owners:							
Shares issued	—	0.1	—	—	—	—	0.1
Dividends paid	—	—	—	—	—	(9.1)	(9.1)
Value of employee services	—	—	—	—	—	1.1	1.1
<b>At 31 March 2022</b>	<b>8.1</b>	<b>30.3</b>	<b>(0.1)</b>	<b>1.5</b>	<b>(12.8)</b>	<b>173.3</b>	<b>200.3</b>

# Notes to the preliminary statement

Year ended 31 March 2022

## 1. Basis of preparation

The principal activities of Norcros plc ("the Company") and its subsidiaries (together "the Group") are the design, manufacture and distribution of a range of high quality and innovative bathroom and kitchen products mainly in the UK and South Africa. The Company is a public limited company which is listed on the premium segment of the London Stock Exchange market of listed securities and is incorporated and domiciled in the UK. The address of its registered office is Ladyfield House, Station Road, Wilmslow, SK9 1BU.

The financial information presented in this preliminary statement is extracted from, and is consistent with, the Group's audited financial statements for the year ended 31 March 2022. The financial information set out above does not constitute the Company's statutory financial statements for the periods ended 31 March 2022 or 31 March 2021 but is derived from those financial statements. Statutory financial statements for 2022 will be delivered following the Company's annual general meeting. The auditors have reported on those financial statements; their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Group's results have been prepared in accordance UK-adopted International Accounting Standards.

## Going concern

In adopting the going concern basis for preparing the financial statements, the Directors have considered the Group's business activities and the principal risks and uncertainties including current macroeconomic factors in the context of the current operating environment. The Group, in acknowledging its TCFD requirements, has also considered climate risks in the financial statements.

A going concern financial assessment was developed on a bottom-up basis by taking the output of the annual budgeting process built up by individual businesses and then subjected to review and challenge by the Board. The acquisition of Grant Westfield was also reflected in the assessment. The financial model was then stress tested by modelling the most extreme but plausible scenario, that being further national lockdowns as a result of a resurgent COVID-19 pandemic. This has been based on the actual impact of the COVID-19 pandemic on the Group, which at its peak saw a revenue reduction of 25% on the prior year over a 6 month period. The scenario also incorporates management actions the Group has at its disposal including a number of cash conservation and cost reduction measures including capital expenditure reductions, dividend decreases and restructuring activities.

The Group continues to exhibit sufficient and prudent levels of liquidity headroom against our key banking financial covenants during the 12-month period under assessment. Reverse stress testing has also been applied to the financial model, which represents a further decline in sales compared with the reasonable worst case. Such a scenario, and the sequence of events which could lead to it, is considered to be implausible and remote.

As a result of this detailed assessment, the Board has concluded that the Company is able to meet its obligations when they fall due for a period of at least 12 months from the date of this report. For this reason, the Company continues to adopt the going concern basis for preparing the Group financial statements. In forming this view, the Board has also concluded that no material uncertainty exists in its use of the going concern basis of preparation.

## 2. Segmental reporting

Year ended 31 March 2022

	UK £m	South Africa £m	Group £m
<b>Revenue</b>	<b>256.7</b>	<b>139.6</b>	<b>396.3</b>
Underlying operating profit	30.9	10.9	41.8
IAS 19R administrative expenses	(1.7)	—	(1.7)
Acquisition related costs	(4.6)	(0.2)	(4.8)
Exceptional operating items	0.9	—	0.9
Operating profit	25.5	10.7	36.2
Finance costs			(3.2)
Profit before taxation			33.0
Taxation			(7.3)
Profit for the year			25.7
Net cash			8.6
Segmental assets	252.9	106.6	359.5
Segmental liabilities	(116.9)	(42.3)	(159.2)
Additions to property, plant and equipment	2.9	2.4	5.3
Depreciation and amortisation	8.0	5.0	13.0

**Year ended 31 March 2021**

	UK £m	South Africa £m	Group £m
<b>Revenue</b>	<b>220.2</b>	<b>104.0</b>	<b>324.2</b>
Underlying operating profit	26.9	6.9	33.8
IAS 19R administrative expenses	(1.4)	—	(1.4)
Acquisition related costs	(3.5)	(0.2)	(3.7)
Exceptional operating items	(3.6)	(0.2)	(3.8)
Operating profit	18.4	6.5	24.9
Finance costs			(6.4)
Profit before taxation			18.5
Taxation			(3.5)
Profit for the year			15.0
Net cash			10.5
Segmental assets	221.4	90.8	312.2
Segmental liabilities	(125.6)	(38.2)	(163.8)
Additions to property, plant and equipment	1.6	0.9	2.5
Depreciation and amortisation	8.5	4.6	13.1

The split of revenue by geographical destination of the customer is below:

	2022 £m	2021 £m
UK	<b>222.4</b>	189.4
Africa	<b>141.9</b>	105.8
Rest of World	<b>32.0</b>	29.0
	<b>396.3</b>	324.2

No one customer had revenue over 10% of total Group revenue (2021: none).

### 3. Acquisition related costs and exceptional operating items

An analysis of acquisition related costs and exceptional operating items is shown below:

	2022 £m	2021 £m
Acquisition related costs		
Intangible asset amortisation <sup>1</sup>	<b>3.7</b>	3.7
Advisory fees <sup>2</sup>	<b>1.1</b>	—
	<b>4.8</b>	3.7

1 Non-cash amortisation charges in respect of acquired intangible assets.

2 Professional advisory fees incurred in connection with the Group's business combination activities

	2022 £m	2021 £m
Exceptional operating items		
COVID-19 related restructuring <sup>1</sup>	—	3.8
Release of UK Property Provision <sup>2</sup>	<b>(0.9)</b>	—
	<b>(0.9)</b>	3.8

1 Exceptional costs of £3.8m were incurred in the prior year in relation to COVID-19 related restructuring programmes across the Group as a result of the impact of COVID-19 on the economies we trade in.

2 The UK property provision related to the only remaining surplus and legacy onerous property lease at Groundwell, Swindon. In the year, the Group reached agreement with the landlord to exit the lease early. A cash settlement payment of £1.3m including dilapidation obligations was made in the period. The remaining £0.9m of the related provision has been released as an exceptional operating item.

### 4. Finance costs

	2022 £m	2021 £m
Interest payable on bank borrowings	<b>0.8</b>	1.5
Interest on lease liabilities	<b>1.7</b>	1.7
Movement on fair value of derivative financial instruments	—	2.0
Property lease discount	<b>0.1</b>	—
Amortisation of costs of raising debt finance	<b>0.2</b>	0.2
<b>Finance costs</b>	<b>2.8</b>	5.4

## 5. Alternative performance measures

The Group makes use of a number of alternative performance measures to assess business performance and provide additional useful information to shareholders. Such alternative performance measures should not be viewed as a replacement of, or superior to, those defined by Generally Accepted Accounting Principles (GAAP). Definitions of alternative performance measures used by the Group and, where relevant, reconciliations from GAAP-defined reporting measures to the Group's alternative performance measures are provided below.

The alternative performance measures used by the Group are:

Measure	Definition
Underlying operating profit	Operating profit before IAS 19R administrative expenses, acquisition related costs and exceptional operating items.
Underlying profit before taxation	Profit before taxation before IAS 19R administrative expenses, acquisition related costs, exceptional operating items, amortisation of costs of raising finance, net movement on fair value of derivative financial instruments, discounting of property lease provisions and finance costs relating to pension schemes.
Underlying taxation	Taxation on underlying profit before tax.
Underlying earnings	Underlying profit before tax less underlying taxation.
Underlying capital employed	Capital employed on a pre-IFRS 16 basis adjusted for business combinations where relevant and the average impact of exchange rate movements.
Underlying operating margin	Underlying operating profit expressed as a percentage of revenue.
Underlying return on capital employed (ROCE)	Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed.
Basic underlying earnings per share	Underlying earnings divided by the weighted average number of shares for basic earnings per share.
Diluted underlying earnings per share	Underlying earnings divided by the weighted average number of shares for diluted earnings per share.
Underlying EBITDA	Underlying EBITDA is derived from underlying operating profit before depreciation and amortisation excluding the impact of IFRS 16 in line with our banking covenants.
Underlying operating cash flow	Cash generated from continuing operations before cash outflows from exceptional items and acquisition related costs and pension fund deficit recovery contributions.
Underlying net debt/cash	Underlying net debt/cash is the net of cash, capitalised costs of raising finance and total borrowings. IFRS 16 lease commitments are not included in line with our banking covenants.
Pro-forma underlying EBITDA	An annualised underlying EBITDA figure used for the purpose of calculating banking covenant ratios.
Pro-forma leverage	Net debt expressed as a ratio of pro-forma underlying EBITDA.

Underlying profit and underlying earnings per share measures provide shareholders with additional useful information on the underlying performance of the Group. This is because these measures are those principally used by the Directors to assess the performance of the Group and are used as the basis for calculating the level of the annual bonus and long-term incentives earned by the Directors. Underlying ROCE is one of the Group's strategic key performance indicators and is therefore provided so that shareholders can assess the Group's performance in relation to its strategic targets. Underlying EBITDA and underlying operating cash flow are also used internally by the Directors in order to assess the Group's cash generation. The term 'underlying' is not recognised under IFRS and consequently the Group's definition of underlying may differ from that used by other companies.

### Reconciliations from GAAP-defined reporting measures to the Group's alternative performance measures

#### Consolidated Income Statement

##### (a) Underlying profit before taxation and underlying earnings

	2022 £m	2021 £m
Profit before taxation	33.0	18.5
Adjusted for:		
– IAS 19R administrative expenses	1.7	1.4
– acquisition related costs (see note 3)	4.8	3.7
– exceptional operating items (see note 3)	(0.9)	3.8
– amortisation of costs of raising finance	0.2	0.2
– net movement on fair value of derivative financial instruments	—	2.0
– property lease discount	0.1	—
– IAS 19R finance cost	0.4	1.0
<b>Underlying profit before taxation</b>	<b>39.3</b>	<b>30.6</b>
Taxation attributable to underlying profit before taxation	(7.8)	(5.5)
<b>Underlying earnings</b>	<b>31.5</b>	<b>25.1</b>

**(b) Underlying EBITDA**

	2022 £m	2021 £m
Operating profit	36.2	24.9
Adjusted for:		
– depreciation and amortisation (owned assets)	5.2	5.4
– depreciation of leased assets	4.1	4.0
– lease costs	(5.7)	(5.3)
– IAS 19R administrative expenses	1.7	1.4
– acquisition related costs	4.8	3.7
– exceptional operating items (see note 3)	(0.9)	3.8
<b>Underlying EBITDA (pre-IFRS 16)</b>	<b>45.4</b>	<b>37.9</b>

**Consolidated Cash Flow Statement****(a) Underlying operating cash flow**

	2022 £m	2021 £m
Cash generated from operations (see note 7)	23.6	60.0
Adjusted for:		
– cash flows from exceptional items and acquisition related costs (see note 7)	1.7	2.5
– pension fund deficit recovery contributions	3.3	3.3
<b>Underlying operating cash flow</b>	<b>28.6</b>	<b>65.8</b>

**Consolidated Balance Sheet****(a) Underlying capital employed and underlying return on capital employed**

	2022 £m	2021 £m
Net assets	200.3	148.4
Adjusted for:		
– pension scheme (asset)/liability (net of associated tax)	(14.7)	14.8
– right of use assets (IFRS 16)	(19.9)	(19.6)
– lease liabilities (IFRS 16)	24.0	24.2
– Onerous lease provision (IFRS 16)	—	(0.8)
– cash and cash equivalents	(27.4)	(28.3)
– financial liabilities – borrowings	18.8	17.8
	181.1	156.5
Foreign exchange adjustment	(1.7)	0.8
<b>Underlying capital employed</b>	<b>179.4</b>	<b>157.3</b>
<b>Average underlying capital employed</b>	<b>168.3</b>	<b>178.9</b>
<b>Underlying operating profit (pre-IFRS 16)</b>	<b>40.2</b>	<b>32.5</b>
<b>Underlying return on capital employed</b>	<b>23.9%</b>	<b>18.2%</b>

**6. Earnings per share**

Basic EPS is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year, excluding those held in the Norcros Employee Benefit Trust.

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. At 31 March 2022 the potential dilutive ordinary shares amounted to 1,504,604 (2021: 201,781) as calculated in accordance with IAS 33.

The calculation of EPS is based on the following profits and numbers of shares:

	2022 £m	2021 £m
<b>Profit for the year</b>	<b>25.7</b>	<b>15.0</b>

	2022 Number	2021 Number
Weighted average number of shares for basic earnings per share	80,887,240	80,575,242
Share options	1,504,604	201,781
Weighted average number of shares for diluted earnings per share	82,391,844	80,777,023

	2022	2021
Basic earnings per share:		
From profit for the year	31.8p	18.6p
Diluted earnings per share:		
From profit for the year	31.2p	18.6p

### Basic and diluted underlying earnings per share

Basic and diluted underlying earnings per share has also been provided which reflects underlying earnings from continuing operations divided by the weighted average number of shares set out above.

	2022 £m	2021 £m
<b>Underlying earnings (see note 5)</b>	<b>31.5</b>	<b>25.1</b>

	2022	2021
Basic underlying earnings per share	<b>38.9p</b>	31.2p
Diluted underlying earnings per share	<b>38.2p</b>	31.1p

## 7. Consolidated cash flow statement

### (a) Cash generated from operations

The analysis of cash generated from operations is given below:

#### Continuing operations

	2022 £m	2021 £m
Profit before taxation	<b>33.0</b>	18.5
Adjustments for:		
– IAS 19R administrative expenses included in the Income Statement	<b>1.7</b>	1.4
– acquisition related costs included in the Income Statement	<b>4.8</b>	3.7
– exceptional items included in the Income Statement	<b>(0.9)</b>	3.8
– finance costs included in the Income Statement	<b>2.8</b>	5.4
– IAS 19R finance cost included in the Income Statement	<b>0.4</b>	1.0
– cash flows from exceptional items	<b>(1.7)</b>	(2.5)
– settlement of share options	<b>—</b>	(0.2)
– depreciation of property, plant and equipment	<b>5.1</b>	5.2
– underlying amortisation	<b>0.1</b>	0.2
– depreciation of right of use asset	<b>4.1</b>	4.0
– pension fund deficit recovery contributions	<b>(3.3)</b>	(3.3)
– IFRS 2 charges	<b>1.1</b>	1.0
<b>Operating cash flows before movement in working capital</b>	<b>47.2</b>	38.2
Changes in working capital:		
– (increase)/decrease in inventories	<b>(22.7)</b>	3.8
– increase in trade and other receivables	<b>(5.1)</b>	(5.0)
– increase in trade and other payables	<b>4.2</b>	23.0
<b>Cash generated from operations</b>	<b>23.6</b>	60.0

### (b) Analysis of underlying net cash/(debt)

	Cash £m	Current borrowings £m	Non-current borrowings £m	Underlying net cash/(debt) £m
At 1 April 2020	47.3	(0.1)	(83.6)	(36.4)
Cash flow	(19.6)	0.1	66.0	46.5
Non-cash finance costs	—	—	(0.2)	(0.2)
Other non-cash movements	—	—	—	—
Exchange movement	0.6	—	—	0.6
At 31 March 2021	28.3	—	(17.8)	10.5
Cash flow	(2.5)	—	(2.0)	(4.5)
Non-cash finance costs	—	—	1.0	1.0
Other non-cash movements	—	—	—	—
Exchange movement	1.6	—	—	1.6
<b>At 31 March 2022</b>	<b>27.4</b>	<b>—</b>	<b>(18.8)</b>	<b>8.6</b>

Non-cash finance costs relate to the movement in the costs of raising debt finance in the year.

## 8. Post balance sheet event

On 31 May 2022 the Group acquired Granfit Holdings Limited and subsidiaries, a market leading designer, manufacturer and supplier of waterproof bathroom panels in the UK. As part of the acquisition of 100% of the share capital of Granfit Holdings Limited, provisional net assets of £10m were acquired for consideration of £80m with an additional potential earnout of up to £12m based on certain performance criteria. The acquisition was funded through an equity placing and utilisation of the Group's banking facilities. At the date of approval of these financial statements, due to the proximity of the acquisition to the reporting date, a fair value exercise has not yet been completed, and so these values remain provisional.