Carclo plc

("Carclo" or the "Group")

Full Year Results for the year ended 31 March 2022

Carclo plc, the global provider of value-adding engineered solutions for the medical, optical and aerospace industries, announces its results for the financial year ended 31 March 2022 ("2021/22").

The key financial performance measures for the year are as follows:

	Year ended 31 March 2022	Year ended 31 March 2021
	£000	£000
Continuing operations		
Revenue	**128,576**	107,564
Underlying operating profit	**6,096**	4,840
Exceptional items	**721**	4,490
COVID related US government grant income	**2,087**	-
Operating profit	**8,904**	9,330
Discontinued operations		
Profit on discontinued operations, net of tax	**693**	1,198
Underlying earnings per share - basic - continuing operations	**3.1p**	2.4p
Basic earnings per share - continuing operations	**7.0p**	8.5p
Net debt excluding lease liabilities	**21,535**	20,541
Net debt	**32,405**	27,596
IAS 19 retirement benefit liability	**25,979**	37,275

Continuing operations

Revenue		
Technical Plastics ("CTP")	123,869	102,473
Aerospace	4,707	5,091
Total	**128,576**	**107,564**
Underlying operating profit		
Technical Plastics ("CTP")	8,393	9,217
Aerospace	677	550
Central	(2,974)	(4,927)
Total	**6,096**	**4,840**

Highlights
- Resilient revenue performance despite the continued challenging operating environment following COVID-19
  - Revenue from continuing operations increased by 19.5% to £128.6 million (2021: £107.6 million)
  - Underlying operating profit from continuing operations increased by 27.1% to £6.1 million (2021: £4.8 million)
- Cash generated from operations was £6.8 million (2021: £11.2 million)
- Statutory operating profit from continuing operations £8.9 million (2021: £9.3 million) included £2.1 million one-off credit arising from the forgiveness of US government COVID support loans
- Net exceptional gain in the year of £0.7 million (2021: £4.5 million), reflects a £0.9 million (2021: £6.5 million) pension credit, primarily from the introduction of flexible early retirement benefits, offset by £0.1 million (2021: £2.0 million) restructuring costs
- First full trading year for refreshed Board and management
- Further capital investment growth for longer-term returns in the Technical Plastics business

Commenting on the results, Nick Sanders, Executive Chair said:
"*I am pleased with the progress that Carclo has made again this year. Despite significant headwinds the business has delivered significant revenue and profit growth and at the same time continued to invest in growing capacity to meet the demands of growing markets.*

Although the direct impacts of the pandemic have reduced progressively during the year the secondary impacts of cost inflation, labour shortages and logistics delays impacted the second half of the year. We have countered these effects by improving operational efficiency, passing on cost increases wherever possible and holding more inventory.

Both divisions have continued to execute on the strategic plans developed in 2021 through targeting organic growth opportunities in their chosen markets and strengthening management teams. This has resulted in a number of new business wins which will contribute to our future revenue and profit growth.

The management team has continued to work closely with the pension trustees towards the objective of reducing the historic pension deficit and I am pleased to report that the IAS 19 deficit has reduced materially over the last year.

The Board expects market demand for both the CTP and Aerospace divisions to continue to grow in the next financial year but also that the headwinds that prevailed in the second half will continue during the first half."

Further Information

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Forward-looking statements

Certain statements made in this annual report and accounts are forward-looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events to differ materially from any expected future events or results referred to in these forward-looking statements.

Alternative performance measures

Alternative performance measures are defined in the glossary on page 42. A reconciliation to statutory numbers is included on page 41. The Directors believe that alternative performance measures provide a more useful comparison of business trends and performance. The term "underlying" is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

Executive Chair's Statement

I am pleased to report that the Group has delivered a strong performance for the year, with revenue growth ahead of previous expectations and a significant increase in underlying profit despite the challenging macroeconomic backdrop. The Group balance sheet also strengthened considerably throughout the course of the year, with the IAS 19 pension deficit being substantially reduced.

Customer demand in our CTP division remained strong throughout the year and we delivered significant growth in both product and tooling revenues. Whilst demand in the Aerospace division was subdued in the first half of the year, order intake increased significantly in the second half, largely as a result of increases in commercial air travel.

The impact of the pandemic continued to be felt throughout the year, albeit this has manifested itself in different ways. Compared to the prior year, plant closures were less of an issue but occurred in some countries for short periods of time. Staff absenteeism declined in most countries but was still subject to sporadic increases that caused some short-term disruption. However, the secondary impacts of labour shortages, extended logistics lead times and significant cost inflation became more prevalent as the year progressed.

In the latter part of the year, the war in Ukraine has resulted in added uncertainty. Although the Group does not have direct customer or supplier contracts with either Ukraine or Russia, the impact of increases in oil and power prices further added to the inflationary environment.

These inflationary pressures reduced margins in the second half of the year in CTP. The majority of CTP customer contracts permit material cost increases to be passed through which contributed to some of the revenue growth. Wherever possible, additional price increases are being passed on to our customers to offset the impact of energy, labour and overhead cost increases, albeit there is inherently a time lag associated with this. Pricing negotiations with customers have been largely concluded for now and the benefit of the agreed increases are expected to accrue progressively in the first half of the FY23. In addition, the cost base has continued to be tightly managed.

Despite these challenges, the Group delivered a significant year-on-year growth in underlying operating profit and a robust operating profit performance.

In line with our divisional growth strategies, we continued to invest significantly in new capital equipment, mainly focused on increasing future business in the medical and diagnostic sectors with our existing global customer base. Our focus on business development also resulted in both divisions acquiring a number of new customers during the year.

As a result of uncertainties in global supply chains we have increased raw material stocks to ensure that we can continue to deliver to our customers and this, along with the later than planned introduction of a new customer product, resulted in increased inventory holding throughout the year. We expect to reduce these inventory levels to more normalised levels during the course of the next financial year. Given the growth opportunities that the market presents and the ongoing operational headwinds, the Board has asked Frank Doorenbosch to temporarily relinquish his Non-Executive position to work alongside the CTP management team.

The safety and wellbeing of the Carclo team worldwide has continued to be foremost in the minds of the Board and in addition to the measures introduced at the start of the pandemic, a range of further actions have been taken to support employees through these challenging times. As well as keeping our people and communities safe throughout the pandemic, we have introduced a range of additional measures to enhance the health and wellbeing of our workforce. The Board is grateful for the positivity, resilience and dedication shown by employees again this year.

The management team has continued to work proactively with the pension trustees to introduce a range of scheme initiatives aimed at both benefiting the scheme members and reducing the pension deficit. These measures, along with the payment of the contributions agreed as part of the August 2020 refinancing agreement referred to in previous reports, are intended to reduce the overall pension deficit in the coming years. A market increase in discount rates used to measure pension liabilities also contributed to a substantial reduction in the IAS 19 pension deficit.

Financial performance

Despite the significant global economic challenges, I am pleased to report financial improvement across our key performance measures.

Total revenue of £128.6 million increased by 19.5% (£21.0 million) with a large £10.9 million increase in tooling revenue to £25.1 million and a £10.1 million increase in product revenue. This drove a 21.3% improvement in underlying EBITDA to £13.1 million (2021: £10.8 million). Underlying EPS increased by 29.2% to 3.1 pence (2021: 2.4 pence).

Complementing our operational performance improvement, we have made further exceptional gains in the year of £1.4 million (2021: £5.7 million), driven equally by pension benefit gains and final proceeds of discontinued business, producing a statutory EPS result of 7.9 pence (2021: 10.1 pence).

The balance sheet has more than tripled in net asset value to £24.4 million (2021: £7.9 million) from retained profits and pension gains.

The pension deficit reduced 30.3% in the year to £26.0 million (2021: £37.3 million) from a combination of additional pension contributions and improved financial assumption projections and reduced mortality rates.

The Group has taken the opportunity to continue to invest significantly in capital expenditure to grow the business at £9.7 million (2021: £10.4 million).

Net debt excluding leases increased to £21.5 million (2021: £20.5 million). Net debt including lease liabilities was £32.4 million (2021: £27.6 million), reflecting continued strong capital investment while holding higher inventories to protect our operations from post-COVID supply chain uncertainties. After these investments, cash generated from operations was £6.8 million (2021: £11.2 million).

With underlying profit after tax increased by 33.3% to £2.3 million (2021: £1.7 million), the underlying EPS was 3.1p (2021: 2.4p), on underlying operating profit up 26.0% to £6.1 million (2021: £4.8 million).

The Group, the bank and the pension scheme trustees are actively engaged in negotiations over the refinancing of the bank debt beyond the current expiry date of 31 July 2023 and over the updated schedule of contributions. The parties are committed to a plan to finalise these by 31 July 2022 and the Directors have an expectation that this will be achieved.

I am pleased to report meanwhile that the Group has delivered profit growth to expectations and is now streamlined and focused on growing its CTP and Aerospace divisions.

Our people

Once again, the Carclo team worldwide has shown great resilience, positivity and dedication in challenging times and I and my Board colleagues would like to convey our sincere thanks for their support throughout the year.

A number of initiatives were introduced this year to enhance the personal development planning process. I am also pleased to report that we resumed the recruitment of apprentices this year and intend to continue this in the coming years.

In recognition of the revenue growth that the business is currently achieving and targeting, the aim is to continue the strengthening of the divisional management teams focused on business development and operations.

The organisational structure of each division is also being developed to focus on global rather than country-specific growth opportunities.

Throughout the year, the Group continued to promote the health and wellbeing of its employees. The Group formally launched its Group Health and Wellbeing Programme 'Carclo cares' on 1 June 2021, with the introduction of an EAP helpline for all its employees globally from that date.

Board and governance

Peter Slabbert and David Toohey indicated their intention not to seek re-election as Non-Executive Directors after both serving the Group over the last six years, and they retired from the Board on 31 March 2021 and 30 April 2021 respectively. I would like to thank both Peter and David for their contribution to the business.

We were pleased to recruit Eric Hutchinson and Frank Doorenbosch to the Board, bringing a wealth of business and specific industry experience that is invaluable as we execute our strategies going forward. Eric was appointed in January 2021 and became Chair of the Audit Committee in March 2021, taking over from Peter Slabbert. Frank was appointed in February 2021, and took over as Chair of the Remuneration Committee in April 2021 following David's departure. Both Eric and Frank bring significant industrial experience to the Board.

Joe Oatley continued as the Senior Independent Director throughout the year. Joe has been instrumental in reviewing Board effectiveness.

In March 2021, Phil White joined the Board as the permanent CFO after a short period as interim CFO. Phil also brings a wealth of knowledge and experience to the business and he is working alongside me on driving improvements across the Group.

With effect from 6 June 2022, Frank Doorenbosch was appointed as a consultant to the Group for a period of up to twelve months, and accordingly became an Executive Director for that period. Frank will focus on assisting the Carclo Technical Plastics division to improve its operational effectiveness in the face of rapidly increasing demand coupled with current supply chain challenges.

It is intended that Frank will revert back to being a Non-Executive Director of the Company and resume his position on the Board Committees and as Chair of the Remuneration Committee as soon as the consultancy period has ended. Joe Oatley has been re-appointed Chair of the Remuneration Committee in the interim period.

As COVID-19 restrictions have eased, the Board has been able to make an increased number of site visits and so has been able to engage directly with employees in more parts of the business.

The Board has continued to be diligent on all governance issues and is regularly updated on new and updated requirements. In particular, the Board is fully supportive of the principles laid down in the UK Corporate Governance Code and continues to review its systems, policies and procedures that support the Group's sustainability and governance practices.

Health, safety and environment
The Board and management team have continued to focus on ensuring that Carclo is a safe place to work. Regular reviews at site, divisional and Group level are conducted to record any incidents that have occurred, to ensure that root cause analysis is completed and that appropriate corrective actions have been put in place.

I am pleased to report that as a result of our actions the accident rate (number of accidents/hours worked) was reduced from 4.5/100,000 hours in 2020/21 to 3.7/100,000 in 2021/22.

In addition to the disciplines already in place, management incentives for the new financial year will now include an element related to improving health and safety performance in line with agreed targets.

The Board is committed to tackling climate change and a range of environmental measures have been introduced, such as:

- the Head Office function has been moved to a significantly smaller, more energy efficient building;
- thermal insulation has been introduced to moulding machines in CTP China and this is being rolled out across the CTP division;
- LED lighting is being progressively introduced across manufacturing sites; and
- we have reduced compressed air usage within our operations.

We are also currently evaluating a system to monitor the energy usage of each machine in the CTP division in real time to facilitate a reduction in energy consumption.

Dividend
In accordance with the provisions of the refinancing agreement signed in August 2020, the business is not currently permitted to pay dividends. The Board is therefore not recommending the payment of a dividend for 2021/22 (2020/21: £nil).

Pensions
The management team has worked closely with the pension trustees to develop a number of initiatives that enhance the members' benefits and are also aimed at reducing the scheme's liabilities going forward. Following on from introducing Bridging Pension Options ("BPO") last year, offering more member choice on early retirement pension commutation and reducing the IAS 19 liability by £6.7 million, we have introduced Pension Increase Exchange ("PIE")

options to members, allowing increased pensions earlier in exchange for pension inflation indexing, which has reduced the IAS 19 liability projections by £0.9 million.

Following the 2018 valuation, the Group agreed that it would aim to eliminate the deficit over a period of 19 years and nine months from 1 February 2021 to 31 October 2040. The annual contributions would increase to £3.9 million for the year to 31 March 2022, £3.8 million for the year to March 2023, and £3.5 million annually thereafter.

Coupled with other improvements in pension scheme assumptions, most notably the increased market discount rate used for valuing retirement obligations, the IAS19 pension deficit has reduced by £11.3 million in the year to £26.0 million (£37.3 million).

Further initiatives include a change of investment management completed by the pension trustees in the year, providing a fresh insight and full reset of the pension scheme asset management strategy.

Divisional review

Carclo Technical Plastics ("CTP")

The CTP division performed strongly in the first half of the year, with demand continuing to grow for medical and diagnostic products. However, second half trading was more challenging due initially to difficulties recruiting labour in the US and then cost escalations across raw materials, energy, packaging, freight and other overheads. Whilst the impact of raw material cost increases can largely be passed on to customers (albeit with some time lag), the overall impact of these increases reduced margins in the second half, particularly in the US and UK operations. Price increases have also been negotiated with customers to offset the impact of the non-material cost increases.

The new large customer contract reported in previous trading updates has now entered production in the UK, albeit after a longer period of prove out; the US production line is still in the prove out stage but is expected to commence production in the first half of the 2022/23 financial year.

Material shortages and the later than planned introduction of the new production lines resulted in increased inventory holdings of raw materials which are expected to reduce during the 2022/23 financial year.

Despite these challenges the division has been awarded significant new tooling contracts by an existing large customer and it is anticipated that, as a result, new production lines will be installed in CTP businesses around the globe in line with our long-term strategy. This will, in turn, lead to continuing long-term revenue growth. As a result, it is anticipated that capital investment in the division will remain significant in the 2022/23 financial year.

In addition to this large tooling order, the division continued to deliver on its longer-term growth strategy, initiating the installation of 17 additional new product lines across four of our global sites which will commence production in the next two years. We have also seen five new accounts of significance added in target sectors including pharmaceutical accounts in the Czech Republic and US, a medical account in India, and China accounts added in the diabetes and diagnostics sectors.

The division also benefited from a US government loan related to COVID-19 disruption being forgiven in the year; the resulting profit has been disclosed separately in the income statement.

Demand for the division's products remains strong, particularly in the medical and diagnostic sectors, and the new tooling orders won are expected to lead to further revenue growth in the new year. The pricing actions already implemented are expected to feed into improved margins progressively through the year.

Aerospace

The Aerospace division performed well in the aftermath of the pandemic.

Air travel started to recover, particularly in the second half of the year with the utilisation of short haul, narrow body aircraft increasing as travel restrictions eased. Long haul travel, which predominantly utilises wide body aircraft, also increased but at a slower rate. This resulted in aircraft manufacturers starting to increase their build rates although it will be some time before they recover to pre-pandemic levels.

As a result of this increase in market activity and an increased focus on business development within the division, order intake grew steadily through the year and was particularly strong in the final quarter.

Sales were lower than the prior year as a result of the low order intake in the first half of the year but increased in the second half and in the final quarter particularly. Despite input cost inflation, margins have been well managed and increased year on year. Cost management has been maintained and as a result the division delivered increased profit and cash in the year. Recruitment has now resumed as activity levels increase and we expect to start recruiting apprentices again this year.

The division starts the new financial year with a healthy order book and expects to see good revenue and profit growth in the 2022/23 financial year.

Strategy
The primary objectives of the Group's strategy are to grow revenues, profits and cash generation in each of its operating divisions whilst working with the pension trustees to reduce the pension deficit over time.

Each division is increasingly becoming "standalone" and will progressively have the resources to operate independently of central functions.

In the short-term, the focus remains to grow organically in each of its existing markets, but in the medium to long-term this may be supplemented by accretive and synergistic acquisitions.

It is anticipated that capital investment will remain high in the short and medium-term to enable our ambitious growth plans to be achieved.

The central team will continue to focus on Group strategy, capital allocation, IT and governance as well as continuing to work with the pension trustees to reduce the deficit.

Outlook
I am pleased with the progress that Carclo has made again this year. Despite significant headwinds the business has delivered significant revenue and profit growth and at the same time continued to invest in growing capacity to meet the demands of growing markets.

Although the direct impacts of the pandemic have reduced progressively during the year the secondary impacts of cost inflation, labour shortages and logistics delays impacted the second half of the year. We have countered these effects by improving operational efficiency, passing on cost increases wherever possible and holding more inventory.

Both divisions have continued to execute on the strategic plans developed in 2021 through targeting organic growth opportunities in their chosen markets and strengthening management teams. This has resulted in a number of new business wins which will contribute to our future revenue and profit growth.

The management team has continued to work closely with the pension trustees towards the objective of reducing the historic pension deficit and I am pleased to report that the IAS 19 deficit has reduced materially over the last year.

The Board expects market demand for both the CTP and Aerospace divisions to continue to grow in the next financial year but also that the headwinds that prevailed in the second half will continue during the first half.

Nick Sanders
Executive Chair

30 June 2022

Finance Review

Across the board, financial improvement despite global economic headwinds:

- **Group revenue up 19.5% to £128.6 million (2021: £107.6 million)**
- **Underlying EBITDA up 21.3% to £13.1 million (2021: £10.8 million)**
- **Underlying operating profit up 26.0% to £6.1 million (2021: £4.8 million)**
- **Underlying EPS up 29.2% to 3.1 pence (2021: 2.4 pence)**
- **Statutory EPS 7.9 pence (2021: 10.1 pence)**
- **Exceptional, non-recurring gains £1.4 million (2021: £5.7 million)**
- **Pension deficit reduced 30.3% to £26.0 million (2021: £37.3 million)**
- **Net assets more than tripled to £24.4 million (2021: £7.9 million) from profit and pension gains**
- **Cash generated from operations of £6.8 million (2021: £11.2 million)**
- **Continued capital investment maintained at £9.7 million (2021: £10.4 million)**

Against a range of global economic challenges in the financial year, the Group has delivered 19.5% revenue growth to £128.6 million (2021: £107.6 million), and higher underlying EBITDA growth of 21.3% to £13.1 million (2021: £10.8 million).

Underlying operating profit of £6.1 million (2021: £4.8 million) produced a return on sales of 4.7% (2021: 4.5%), despite the impact of rising cost inflation, particularly in the second half.

Underlying EBITDA growth of 21.3% to £13.1 million (2021: £10.8 million) included CTP EBITDA of £15.0 million (2021: £14.8 million), Aerospace EBITDA of £0.9 million (2021: £0.8 million), while Central underlying EBITDA costs improved by £2.0 million to £2.8 million (2021: £4.8 million), largely driven by the full year benefit of the cost reductions commenced in the prior year.

Net cash generated from operations was £6.8 million (2021: £11.2 million).

The Group gained substantial net exceptional and non-recurring income for the second successive year totalling £3.5 million (2021: £5.7 million). This included £2.1 million grant income from a US government post COVID-19 loan forgiven in the year, £0.9 million from new pension benefit initiatives, £0.7 million in discontinued operations from the final exit gains of the LED technology business, and £0.2 million costs for restructuring and rationalisation.

As a result, statutory operating profit remained high for a second successive year at £8.9 million (2021: £9.3 million).

Finance costs were £3.0 million (2021: £2.7 million), including notional pension deficit interest charged of £0.7 million (2021: £0.8 million), and taxation charges stayed low at £0.8 million (2021: £0.5 million), benefiting from a deferred tax credit of £0.7 million on resumed recognition of taxable profitability in the UK entities (the 2021 taxation charge included the release of some taxation provisions related to uncertainty).

Statutory profit after tax was £5.8 million (2021: £7.4 million) on all operations, and £5.1 million (2021: £6.2 million) on continuing operations, giving a statutory EPS on all operations of 7.9 pence (2021: 10.1 pence), and 7.0 pence on continuing operations (2021: 8.5 pence).

Underlying profit after tax increased by 33.3% to £2.3 million (2021: £1.7 million), giving an underlying EPS of 3.1 pence (2021: 2.4 pence), on underlying operating profit up 26.0% to £6.1 million (2021: £4.8 million).

The balance sheet has substantially strengthened as a result, with net assets growing by £16.5 million to £24.4 million (2021: £7.9 million). £11.3 million of the net asset growth came from the reduction in the pension deficit from £37.3 million to £26.0 million, aided particularly by committed additional pension contributions and improved discount rates applied to the pension scheme liabilities.

Net debt
All available net cash has been reinvested in targeted capital expenditure to drive forward business growth, with tangible additions of £9.7 million (2021: £10.4 million). £6.8 million of this investment has been achieved in leasing. Net debt including IFRS16 lease liabilities increased in the year by £4.8 million to £32.4 million (31 March 2021: £27.6 million), with the increase driven by a combination of significant investment in new plant and equipment to support future growth and an increase in inventory. Net debt excluding leases remaining broadly similar at £21.5 million (2021: £20.5 million).

Trading performance
Overall Group revenue (wholly from continuing operations) increased by 19.5% to £128.6 million (2021: £107.6 million) with CTP revenue of £123.9 million, up 20.9% (2021: £102.5 million) and Aerospace revenue of £4.7 million, down 7.8% (2021: £5.1 million).

Underlying EBITDA from continuing operations increased 21.3% to £13.1 million (2021: £10.8 million).

Underlying operating profit from continuing operations increased by £1.3 million to £6.1 million (2021: £4.8 million), with the total rising to £8.2 million including the separately disclosed income from the forgiveness of a US government loan provided to support the impact of COVID-19 on US businesses.

Of this, Aerospace operating profit was £0.7 million (2021: £0.6 million). CTP operating profit was £10.5 million including £2.1 million post COVID-19 grant income (2021: £9.2 million). Other Group and central costs were cut by £1.9 million to £3.0 million (2021: £4.9 million). We significantly rationalised central costs while giving divisions more accountability.

A reconciliation of statutory to underlying non-GAAP financial measures is provided on page 41.

The CTP division performed strongly in the first half of the year with demand continuing to grow for medical and diagnostic products. However, second half trading was more challenging due initially to difficulties recruiting labour in the US and then cost escalations across raw materials, energy, packaging, freight and other overheads. Whilst the impact of raw material cost increases can largely be passed on to customers (albeit with some time lag) the overall impact of these increases reduced margins in the second half, particularly in the US operations.

The Aerospace division has managed to maintain operating profitability at £0.7 million for the year (2021: £0.6 million) and continued to generate cash throughout the year. Order intake improved significantly in the second half of the year. Margins have been maintained despite significant cost increases in the second half and made up for a small reduction in turnover to £4.7 million (2021: £5.1 million).

The Group has received its final proceeds from the exit of its LED Technologies business, and has simplified its structure and focus purely on CTP and Aerospace growth. The Group has completed this re-focus while making net exceptional gains for a second successive year, mainly from the LED business exit and pension scheme initiatives. As a result, net exceptional gains from discontinued business were £0.7 million (2021: £1.2 million).

Further net exceptional gains from pension scheme initiatives were £0.9 million (2021: £6.5 million). Other net exceptional costs primarily deal with the restructuring and rationalisation of the Group £0.2 million (2021: £2.0 million). These were undertaken largely in conjunction with mutually agreed plans and actions between the Group, the pension trustees and the principal bank as established in the re-financing agreement of August 2020.

After exceptional and separately disclosed items, operating profits for continuing operations were £8.9 million (2021: £9.3 million).

Finance costs were £3.0 million (2021: £2.7 million), comprising net bank interest of £1.7 million (2021: £1.6 million), pension non-cash notional finance charges of £0.7 million (2021: £0.8 million) and leasing and other interest charges of £0.5 million (2021: £0.3 million).

Group underlying profit before tax from continuing operations was £3.1 million (2021: £2.2 million), rising to £5.2 million including the COVID-related US loan forgiven in the year. Group statutory profit from continuing operations before tax including exceptional and non-recurring items was £5.9 million (2021: £6.7 million).

Group taxation of £0.8 million (2021: £0.5 million) includes a deferred tax credit of £0.7 million as the UK businesses return to sufficient projected profits in total to recognise a deferred tax asset. The 2021 tax charge was lower than the UK effective tax rate after taking account of provisions for tax uncertainties no longer required and timing differences. Underlying Group tax charges tend to be higher than the UK effective tax rate due to the weighting of taxable profits generated in higher tax jurisdictions as well as occasional withholding tax charges charged on some overseas dividends declared.

Profit after tax before discontinued operations was £5.1 million (2021: £6.2 million) and Group statutory profit after tax, which includes discontinued operations, was £5.8 million (2021: £7.4 million).

Basic underlying earnings per share from continuing operations were 3.1 pence (2021: 2.4 pence) which excludes separately disclosed and exceptional items and discontinued operations.

Statutory basic and underlying earnings per share from continuing operations were 7.0 pence (2021: 8.5 pence) and including discontinued operations was 7.9 pence (2021: 10.1 pence).

Capital expenditure
In the year, the Group invested £9.7 million in property, plant and equipment (2021: £10.4 million), with the majority in CTP's UK and US operations to support growth with both existing and new customers, largely from the medical sector. This represents 142.2% of the Group depreciation charge of £6.8 million for the year for property, plant and equipment (2021: 179.7% on £5.8 million charge).

Bank facilities
At 31 March 2022, total UK bank facilities were £33.8 million, of which £3.5 million related to a revolving credit facility and £30.3 million in term loan facilities, which include £1.4 million scheduled for repayment by September 2022.

The Group, the bank and the pension scheme trustees are actively engaged in negotiations over the refinancing of the bank debt beyond the current expiry date of 31 July 2023 and over the updated schedule of contributions. The parties are committed to a plan to finalise these by 31 July 2022 and the Directors have an expectation that this will be achieved.

Defined benefit pension scheme actuarial valuation
The last triennial actuarial valuation of the Group pension scheme was carried out as at 31 March 2018, reporting an actuarial technical provisions deficit of £90.4 million. The next triennial actuarial valuation results as at 31 March 2021 are not expected to be finalised until the end of July 2022. The actuary released a draft 2021 valuation report on 23 November 2021 based on early assumptions which recorded an actuarial deficit of £82.8 million (2021: £90.4 million from the 2018 triennial valuation) representing a 67% funding level.

By way of comparison, the statutory accounting method of valuing the Group pension scheme deficit under IAS 19 resulted in a reduction in the net liability to £26.0 million (2021: £37.3 million).

Treasury
The Group faces currency exposure on its overseas subsidiaries and on its foreign currency transactions.

Each business hedges significant transactional exposure using forward foreign exchange contracts for any exposure over £20,000. The Group reports trading results of overseas subsidiaries based on average rates of exchange compared with sterling over the year. This income statement translation exposure is not hedged as this is an accounting rather than cash exposure and as a result the income statement is exposed to movements in the US dollar, euro, Czech koruna and Indian rupee. In terms of sensitivity, based on the 2021/22 results, a 10% increase in the value of sterling against these currencies would have decreased reported profit before tax by £0.8 million (2021: £0.7 million).

Dividend
Given the financial performance and position of the Group, coupled with restrictions on the payment of dividends contained within the refinancing agreement and the lack of distributable reserves, the Board is not recommending the payment of a dividend for 2021/22 (2021: £nil). The Board intends to recommence dividend payments only when it becomes confident that a sustainable and regular dividend can be re-introduced. Under the terms of the restructuring agreement, the Group is not permitted to make a dividend payment to shareholders up to the period ending in July 2023.

Alternative performance measures

In the analysis of the Group's financial performance, position, operating results and cash flows, alternative performance measures are presented to provide readers with additional information. The principal measures presented are underlying measures of earnings including underlying operating profit, underlying profit before tax, underlying profit after tax, underlying EBITDA and underlying earnings per share.

This results statement includes both statutory and adjusted non-GAAP financial measures, the latter of which the Directors believe better reflect the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis. The Group's alternative performance measures and KPIs are aligned to the Group's strategy and together are used to measure the performance of the business and form the basis of the performance measures for remuneration. Underlying results exclude certain items because, if included, these items could distort the understanding of the performance for the year and the comparability between the periods. A reconciliation of the Group's non-GAAP financial measures is shown on page 41.

We provide comparatives alongside all current year figures. The term "underlying" is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

All profit and earnings per share figures relate to underlying business performance (as defined above) unless otherwise stated. A reconciliation of underlying measures to statutory measures for 2021/22 is provided below:

£'000	Statutory	Exceptional items	Before exceptional	COVID-related US grant	Underlying
CTP operating profit	10,480	-	10,480	2,087	8,393
Aerospace operating profit	677	-	677	-	677
Central costs	(2,253)	721	(2,974)	-	(2,974)
Group operating profit from continuing operations	8,904	721	8,183	2,087	6,096
Net finance expense	(2,989)	-	(2,989)	-	(2,989)
Group profit before taxation from continuing operations	5,915	721	5,194	2,087	3,107
Taxation expense	(809)	-	(809)	-	(809)
Group profit for the period from continuing operations	5,106	721	4,385	2,087	2,298
Profit on discontinued operations, net of tax	693	693	-	-	-
Group profit for the period	5,799	1,414	4,385	2,087	2,298
Basic earnings per share (pence)	7.9p	1.9p	6.0p	2.8p	3.1p

The exceptional items comprise:

£'000	Continuing operations	Discontinued operations	Group
Restructuring and rationalisation costs	(133)	-	(133)
Gain in respect of retirement benefits	854	-	854
Profit on sale of LED Technologies business	-	693	693
Total exceptional items	721	693	1,414

Post balance sheet events and going concern

Post balance sheet events

On 29 April 2022, subsequent to the balance sheet date, the Group entered into a sale and leaseback agreement for a Technical Plastics manufacturing site at Tucson, Arizona, USA. The transaction is expected to complete in July 2022 for a purchase price of $2.95 million less costs of $0.2 million. A lease term of nine years has been agreed and grants the Group the right to cancel any time after three years, provided twelve months' notice is given. At 31 March 2022 there is no reasonable certainty that the Group will exercise the break clause. The Group expects to recognise a profit on disposal in respect of the site of £0.6 million in the year ending 31 March 2023.

Going concern

The financial statements are prepared on the going concern basis.

Group performance during the year has enabled capital and working capital investment to be made whilst retaining a stable financial position with net debt excluding lease liabilities as of 31 March 2022 increasing to £21.5 million (2021: £20.5 million).

The debt facilities available to the Group comprise a term loan of £30.3 million, of which £1.4 million will be amortised by 30 September 2022 and a £3.5 million revolving credit facility which was fully utilised as of 31 March 2022. Both of these facilities mature on 31 July 2023.

A schedule of contributions with the pension trustees is in place through to July 2023; beyond this a schedule of contributions for £3.5 million annually is in place until 31 October 2040. This schedule is reviewed and reconsidered between the Company and the trustees at each triennial actuarial valuation, the next being after the results of the 31 March 2021 triennial valuation are known. This valuation, and accordingly an updated schedule of contributions which has been provisionally agreed, is expected to be concluded by 31 July 2022. For the purposes of this going concern review the extant schedule of contributions has been considered in the base case.

An intercreditor deed between Carclo plc, certain other Group companies, the bank and the pension scheme trustees requires the Group to have refinanced its bank debt with a maturity date not earlier than 31 March 2026 and to have agreed an updated schedule of contributions for the actuarial valuation of the scheme as at 31 March 2021 by 31 July 2022 (this date having been recently extended by one month).

The Group, the bank and the pension scheme trustees are actively engaged in negotiations over the refinancing of the bank debt beyond the current expiry date of 31 July 2023 and over the updated schedule of contributions. The parties are committed to a plan to finalise these by 31 July 2022 and the Directors have an expectation that this will be achieved.

As such the Directors' going concern assessment period is twelve months from the date of signing these financial statements.

The bank facilities are subject to four covenants to be tested on a quarterly basis:

1. underlying interest cover;
2. net debt to underlying EBITDA;
3. core subsidiary underlying EBITA; and
4. core subsidiary revenue.

Core subsidiaries are defined as Carclo Technical Plastics Limited; Bruntons Aero Products Limited; Carclo Technical Plastics (Brno) s.r.o; CTP Carrera Inc and Jacottet Industrie SAS, with CTP Taicang Co. Ltd and Carclo Technical Plastics Pvt Co Limited being treated as non-core for the purposes of these covenants.

It is assumed that the bank covenants and thresholds set out in the current banking agreement are in place throughout the going concern assessment period and are not amended as a result of the ongoing refinancing.
Based on our current base case forecasts, these covenant tests are expected to be met throughout the assessment period.

In addition, the pension scheme has the benefit of a fifth covenant to be tested on 1 May each year up to and including 2023. In respect to the years to 31 March 2022 and 31 March 2023 the test requires any shortfall of pension deficit recovery contributions when measured against Pension Protection Fund priority drift (which is a measure of the increase in the UK Pension Protection Fund's potential exposure to the Group's pension scheme liabilities) to be met by a combination of cash payments to the scheme, plus a notional (non-cash) proportion of the increase in the underlying value of the Technical Plastics and Aerospace businesses based on an EBITDA multiple for those businesses which is to be determined annually.

The Directors have reviewed cash flow and covenant forecasts to cover the twelve-month period from the date of signing these financial statements taking into account the Group's available debt facilities and the terms of the current arrangements with the bank and the pension scheme. These demonstrate that the Group has sufficient headroom in terms of liquidity and covenant testing through the forecast period.

In addition, the Directors have reviewed cash flow and covenant forecasts for the same time period based on management's best estimates of the impact of the ongoing negotiations on facilities and pension contributions which includes currently uncommitted bank loan repayments and provisionally agreed additional pension deficit recovery contributions contingent on future performance. These demonstrate that the Group has sufficient headroom in terms of liquidity and covenant testing through the forecast period.

The Directors have reviewed sensitivity testing based on a number of reasonably possible scenarios, taking into account the current view of impacts of the continuing COVID-19 pandemic on the Group (particularly from supply chain disruption and any unmitigated cost inflation across all types of operational expenditure) and possible political uncertainty, including the impact of the Russian invasion of Ukraine and heightened risk of wider conflict, Brexit and other possible overseas trading issues.

Severe downside sensitivity testing has been performed under a range of scenarios modelling the financial effects of loss of business from: discrete sites, an overall fall in gross margin of 1% across the Group, a fall in Group sales of 5% matched by a corresponding fall in cost of sales of the same amount, delays in the timing of commencement of significant contractual projects, reduction in revenue from specific customers, minimum wage increases, unmitigated inflationary impact across operating costs and exchange risk. These sensitivities attempt to incorporate the risks arising from national and regional impacts of the global pandemic from local lockdowns, impacts on manufacturing and supply chain and other potential increases to direct and indirect costs. The Directors consider that the Group has the capacity to take mitigating actions to ensure that the Group remains financially viable, including further reducing operating expenditure as necessary.

On the basis of this forecast and sensitivity testing, the Board has determined that it is reasonable to assume that the Group will continue to operate within the facilities available to it and to adhere to the covenant tests to which it is subject throughout the twelve-month period from the date of signing the financial statements and as such it has adopted the going concern assumption in preparing the financial statements.

Phil White
Chief Financial Officer

30 June 2022

Consolidated income statement
for the year ended 31 March 2022

	Notes	2022 £000		2021 £000	
Continuing operations -					
Revenue	*4*	**128,576**		107,564	
Underlying operating profit		**6,096**		4,840	
COVID related US government grant income	*7*	**2,087**		-	
Exceptional items	*6*	**721**		4,490	
Operating profit	*4*	**8,904**		9,330	
Finance revenue		**77**		42	
Finance expense		**(3,066)**		(2,701)	
Profit before tax		**5,915**		6,671	
Income tax expense	*8*	**(809)**		(457)	
Profit after tax but before profit on discontinued operations		**5,106**		6,214	
Discontinued operations -					
Profit on discontinued operations, net of tax	*5*	**693**		1,198	
Profit for the period		**5,799**		7,412	
Attributable to -					
Equity holders of the Company		**5,799**		7,412	
Non-controlling interests		**-**		-	
		5,799		7,412	
Earnings per ordinary share	*9*				
Basic - continuing operations		**7.0**	**p**	8.5	p
Basic - discontinued operations		**0.9**	**p**	1.6	p
Basic		**7.9**	**p**	10.1	p
Diluted - continuing operations		**6.9**	**p**	8.5	p
Diluted - discontinued operations		**0.9**	**p**	1.6	p
Diluted		**7.9**	**p**	10.1	p

Consolidated statement of comprehensive income
for the year ended 31 March 2022

	2022 £000	2021 £000
Profit for the period	**5,799**	7,412
Other comprehensive income / (expense)		
Items that will not be reclassified to the income statement		
Remeasurement gains / (losses) on defined benefit scheme	**8,480**	(6,540)
Deferred tax arising	**-**	-
Total items that will not be reclassified to the income statement	**8,480**	(6,540)
Items that are or may in future be classified to the income statement		
Foreign exchange translation differences	**1,840**	(2,939)
Net investment hedge	**440**	1,084
Deferred tax arising	**(127)**	137
Total items that are or may in future be classified to the income statement	**2,153**	(1,718)
Other comprehensive income / (expense), net of tax	**10,633**	(8,258)
Total comprehensive income / (expense) for the year	**16,432**	(846)
Attributable to -		
Equity holders of the Company	**16,432**	(846)
Non-controlling interests	**-**	-
Total comprehensive income / (expense) for the period	**16,432**	(846)

Consolidated statement of financial position
as at 31 March 2022

	Notes	**2022** **£000**	2021 £000
Non-current assets			
Intangible assets		**22,714**	21,848
Property, plant and equipment		**46,964**	43,218
Deferred tax assets		**1,403**	384
Trade and other receivables		**115**	112
Total non-current assets		**71,196**	65,562
Current assets			
Inventories		**16,987**	12,821
Contract assets		**7,700**	2,898
Trade and other receivables		**19,702**	19,254
Cash and cash deposits		**12,347**	15,485
Non-current assets classified as held for sale		**266**	-
Total current assets		**57,002**	50,458
Total assets		**128,198**	116,020
Non-current liabilities			
Loans and borrowings	*12*	**41,804**	37,997
Deferred tax liabilities		**4,878**	4,393
Contract liabilities		**3,099**	866
Retirement benefit obligations	*13*	**25,979**	37,275
Total non-current liabilities		**75,760**	80,531
Current liabilities			
Loans and borrowings	*12*	**2,948**	5,084
Trade and other payables		**21,062**	17,016
Current tax liabilities		**170**	17
Contract liabilities		**3,755**	5,461
Provisions		**87**	-
Total current liabilities		**28,022**	27,578
Total liabilities		**103,782**	108,109
Net assets		**24,416**	7,911
Equity			
Ordinary share capital issued	*14*	**3,671**	3,671
Share premium		**7,359**	7,359
Translation reserve		**7,486**	5,333
Retained earnings		**5,926**	(8,426)
Total equity attributable to equity holders of the Company		**24,442**	7,937
Non-controlling interests		**(26)**	(26)
Total equity		**24,416**	7,911

Approved by the Board of Directors and signed on its behalf by

Nick Sanders
29 June 2022

Phil White
29 June 2022

Consolidated statement of changes in equity for the year ended 31 March 2022

	Attributable to equity holders of the Company						
	Share capital £000	Share premium £000	Translation reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
Balance at 1 April 2020	3,671	7,359	7,051	(9,324)	8,757	(26)	8,731
Profit for the year	-	-	-	7,412	7,412	-	7,412
Other comprehensive (expense) / income							
Foreign exchange translation differences	-	-	(2,939)	-	(2,939)	-	(2,939)
Net investment hedge	-	-	1,084	-	1,084	-	1,084
Remeasurement losses on defined benefit scheme	-	-	-	(6,540)	(6,540)	-	(6,540)
Taxation on items above	-	-	137	-	137	-	137
Total comprehensive (expense) / income for the period	-	-	(1,718)	872	(846)	-	(846)
Transactions with owners recorded directly in equity							
Share-based payments	-	-	-	26	26	-	26
Taxation on items recorded directly in equity	-	-	-	-	-	-	-
Balance at 31 March 2021	3,671	7,359	5,333	(8,426)	7,937	(26)	7,911
Balance at 1 April 2021	**3,671**	**7,359**	**5,333**	**(8,426)**	**7,937**	**(26)**	**7,911**
Profit for the year	**-**	**-**	**-**	**5,799**	**5,799**	**-**	**5,799**
Other comprehensive income / (expense)							
Foreign exchange translation differences	**-**	**-**	**1,840**	**-**	**1,840**	**-**	**1,840**
Net investment hedge	**-**	**-**	**440**	**-**	**440**	**-**	**440**
Remeasurement gains on defined benefit scheme	**-**	**-**	**-**	**8,480**	**8,480**	**-**	**8,480**
Taxation on items above	**-**	**-**	**(127)**	**-**	**(127)**	**-**	**(127)**
Total comprehensive income for the period	**-**	**-**	**2,153**	**14,279**	**16,432**	**-**	**16,432**
Transactions with owners recorded directly in equity							
Share-based payments	**-**	**-**	**-**	**73**	**73**	**-**	**73**
Taxation on items recorded directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2022	**3,671**	**7,359**	**7,486**	**5,926**	**24,442**	**(26)**	**24,416**

Consolidated statement of cash flows
for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Cash generated from operations	*15*	**6,780**	11,202
Interest paid		**(2,502)**	(1,782)
Tax paid		**(1,309)**	(1,023)
Net cash from operating activities		**2,969**	8,397
Cash flows (used in) / from investing activities			
Proceeds from sale of business		**693**	1,250
Proceeds from sale of property, plant and equipment		**20**	21
Interest received		**77**	42
Purchase of property, plant and equipment		**(4,804)**	(7,180)
Purchase of intangible assets - computer software		**(135)**	(139)
Net cash used in investing activities		**(4,149)**	(6,006)
Cash flows (used in) / from financing activities			
Drawings on new facilities		**1,575**	38,697
Transaction costs associated with the issue of debt		**-**	(380)
Proceeds from sale and leaseback of property, plant and equipment		**1,410**	-
Repayment of borrowings excluding lease liabilities		**(2,282)**	(31,666)
Repayment of lease liabilities		**(3,196)**	(1,601)
Net cash (used in) / from financing activities		**(2,493)**	5,050
Net (decrease) / increase in cash and cash equivalents		**(3,673)**	7,441
Cash and cash equivalents at beginning of period		**15,485**	8,352
Effect of exchange rate fluctuations on cash held		**535**	(308)
Cash and cash equivalents at end of period		**12,347**	15,485
Cash and cash equivalents comprise -			
Cash and cash deposits		**12,347**	15,485
		12,347	15,485

Notes on the preliminary statement

1 Basis of preparation

Whilst the financial information included in this preliminary statement has been prepared on the basis of the requirements of UK-adopted international accounting standards ("Adopted IFRSs") effective at 31 March 2022, this statement does not itself contain sufficient information to comply with IFRS. The Group expects to publish full consolidated financial statements on 25 July 2022.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2022 or 31 March 2021 but is derived from those accounts. Statutory accounts for 2020/21 have been delivered to the registrar of companies, and those for 2021/22 will be delivered in due course. The auditor has reported on those accounts. Their report for 2021/22 was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The auditor's report for the accounts of 2020/21 was (i) unqualified and (ii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The financial statements are prepared on the going concern basis.

Group performance during the year has enabled capital and working capital investment to be made whilst retaining a stable financial position with net debt excluding lease liabilities as of 31 March 2022 increasing to £21.5 million (2021: £20.5 million).

The debt facilities available to the Group comprise a term loan of £30.3 million, of which £1.4 million will be amortised by 30 September 2022 and a £3.5 million revolving credit facility which was fully utilised as of 31 March 2022. Both of these facilities mature on 31 July 2023.

A schedule of contributions with the pension trustees is in place through to July 2023; beyond this a schedule of contributions for £3.5 million annually is in place until 31 October 2040. This schedule is reviewed and reconsidered between the Company and the trustees at each triennial actuarial valuation, the next being after the results of the 31 March 2021 triennial valuation are known. This valuation, and accordingly an updated schedule of contributions which has been provisionally agreed, is expected to be concluded by 31 July 2022. For the purposes of this going concern review the extant schedule of contributions has been considered in the base case.

An intercreditor deed between Carclo plc, certain other Group companies, the bank and the pension scheme trustees requires the Group to have refinanced its bank debt with a maturity date not earlier than 31 March 2026 and to have agreed an updated schedule of contributions for the actuarial valuation of the scheme as at 31 March 2021 by 31 July 2022 (this date having been recently extended by one month).

The Group, the bank and the pension scheme trustees are actively engaged in negotiations over the refinancing of the bank debt beyond the current expiry date of 31 July 2023 and over the updated schedule of contributions. The parties are committed to a plan to finalise these by 31 July 2022 and the Directors have an expectation that this will be achieved.

As such the Directors' going concern assessment period is 12 months from the date of signing these financial statements.

The bank facilities are subject to four covenants to be tested on a quarterly basis:

1. underlying interest cover;

2. net debt to underlying EBITDA;

3. core subsidiary underlying EBITA; and

4. core subsidiary revenue.

Core subsidiaries are defined as Carclo Technical Plastics Ltd; Bruntons Aero Products Ltd; Carclo Technical Plastics (Brno) s.r.o; CTP Carrera Inc and Jacottet Industrie SAS, with CTP Taicang Co. Ltd and Carclo Technical Plastics Pvt Co Ltd being treated as non-core for the purposes of these covenants.

It is assumed that the bank covenants and thresholds set out in the current banking agreement are in place throughout the going concern assessment period and are not amended as a result of the ongoing refinancing.

Based on our current base case forecasts, these covenant tests are expected to be met throughout the assessment period.

In addition, the pension scheme has the benefit of a fifth covenant to be tested on 1 May each year up to and including 2023. In respect to the years to 31 March 2022 and 31 March 2023 the test requires any shortfall of pension deficit recovery contributions when measured against Pension Protection Fund priority drift (which is a measure of the increase in the UK Pension Protection Fund's potential exposure to the Group's pension scheme liabilities) to be met by a combination of cash payments to the scheme, plus a notional (non-cash) proportion of the increase in the underlying value of the Technical Plastics and Aerospace businesses based on an EBITDA multiple for those businesses which is to be determined annually.

The Directors have reviewed cash flow and covenant forecasts to cover the twelve-month period from the date of signing these financial statements taking into account the Group's available debt facilities and the terms of the current arrangements with the bank and the pension scheme. These demonstrate that the Group has sufficient headroom in terms of liquidity and covenant testing through the forecast period.

In addition, the Directors have reviewed cash flow and covenant forecasts for the same time period based on management's best estimates of the impact of the ongoing negotiations on facilities and pension contributions which includes currently uncommitted bank loan repayments and provisionally agreed additional pension deficit recovery contributions contingent on future performance. These demonstrate that the Group has sufficient headroom in terms of liquidity and covenant testing through the forecast period.

The Directors have reviewed sensitivity testing based on a number of reasonably possible scenarios, taking into account the current view of impacts of the continuing COVID-19 pandemic on the Group (particularly from supply chain disruption and any unmitigated cost inflation across all types of operational expenditure) and possible political uncertainty, including the impact of the Russian invasion of Ukraine and heightened risk of wider conflict, Brexit and other possible overseas trading issues.

Severe downside sensitivity testing has been performed under a range of scenarios modelling the financial effects of loss of business from: discrete sites, an overall fall in gross margin of 1% across the Group, a fall in Group sales of 5% matched by a corresponding fall in cost of sales of the same amount, delays in the timing of commencement of significant contractual projects, reduction in revenue from specific customers, minimum wage increases, unmitigated inflationary impact across operating costs and exchange risk. These sensitivities attempt to incorporate the risks arising from national and regional impacts of the global pandemic from local lockdowns, impacts on manufacturing and supply chain and other potential increases to direct and indirect costs. The Directors consider that the Group has the capacity to take mitigating actions to ensure that the Group remains financially viable, including further reducing operating expenditure as necessary.

On the basis of this forecast and sensitivity testing, the Board has determined that it is reasonable to assume that the Group will continue to operate within the facilities available to it and to adhere to the covenant tests to which it is subject throughout the twelve-month period from the date of signing the financial statements and as such it has adopted the going concern assumption in preparing the financial statements.

Directors' liability

Neither the Company nor the Directors accept any liability to any person in relation to this report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or mistaken statement or omission shall be determined in accordance with section 90(A) of the Financial Services and Markets Act 2000.

Responsibility statement of the Directors in respect of the annual report

The Directors at the date of this statement confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

2. Accounting policies

The accounting policies set out in the last published financial statements for the year to 31 March 2021 have been applied consistently to all periods presented in this preliminary statement, unless otherwise stated.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 April 2021. The following new standards and amendments to standards are mandatory and have been adopted for the first time for the financial year beginning 1 April 2021:

- *IFRS 9 Financial Instruments, IAS 19 Financial Instruments: Recognition and Measurement. IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Amendment): Interest Rate Benchmark Reform - Phase 2; and*
- *IFRS 16 Leases (Amendment): COVID-19 related rent concessions beyond 30 June 2021.*

These standards have not had a material impact on the consolidated financial statements.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting period beginning on or after 1 April 2022. The Group has elected not to early adopt these standards which are described below.

- IAS 16 Property, Plant and Equipment (Amendment): Proceeds before intended use (effective date 1 January 2022);
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment): Onerous contracts - Costs of Fulfilling a Contract (effective date 1 January 2022);
- IFRS 3 Business Combinations (Amendment): Reference to the Conceptual Framework (effective date 1 January 2022);
- Annual Improvements to IFRSs (2018-2020 cycle) (effective date 1 January 2022);
- IAS 1 Presentation of Financial Statements (Amendment): Classification of liabilities as current or non-current - deferral of effective date (effective date 1 January 2023);
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Material Judgements (Amendment): Disclosure of accounting policies (effective date 1 January 2023);
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment): Definition of accounting estimates (effective date 1 January 2023); and
- IAS 12 Income Taxes: Deferred Tax related to assets and liabilities arising from a single transaction (effective 1 January 2023).

The above are not expected to have a material impact on the financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation uncertainty that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. Management has discussed these with the Audit and Risk Committee. These should be read in conjunction with the significant accounting policies provided in the Annual Report and Accounts.

Going concern
Note 1 contains information about the preparation of these financial statements on a going concern basis.

Key judgements –

Management has exercised judgement over the likelihood of the Group being able to continue to operate within its available facilities and in accordance with its covenants for the twelve months from the date of signing these financial statements. This determines whether the Group should operate the going concern basis of preparation for these financial statements.

Impairment of assets
Note 11 contains information about management's estimates of the recoverable amount of cash generating units and their risk factors.

Key judgements –

Management has exercised judgement over the underlying assumptions within the valuation models and has applied judgement to determine the Group's cash generating units to which goodwill is allocated and against which impairment testing is performed. These are key factors in their assessment of whether there is any impairment in related goodwill or other assets.

Recently acquired assets awaiting full scale production have been considered for indicators of impairment. Judgement has been applied when considering volumes and timing of orders.

Key sources of estimation uncertainty –

The Group tests whether goodwill has suffered any impairment and considers whether there is any indication of impairment on an annual basis. Goodwill at 31 March 2022 amounts to £22.0 million (2021: £21.1 million), as set out in more detail in note 11.

The recoverable amounts may be based on either value in use calculations or fair value less costs of disposal calculations. The former requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the future cash flows. The latter method requires the estimation of fair value.

Details of the sensitivity of assumptions is included in note 11.

Pension assumptions
Note 13 contains information about management's estimate of the net liability for defined benefit obligations and their risk factors. The pension liability at 31 March 2022 amounts to £26.0 million (2021: £37.6 million).

Key sources of estimation uncertainty –

The value of the defined benefit pension plan obligation is determined by long-term actuarial assumptions. These assumptions include discount rates, inflation rates and mortality rates. Differences arising from actual experience or future changes in assumptions will be reflected in the Group’s consolidated statement of comprehensive income. The Group exercises judgement in determining the assumptions to be adopted after discussion with a qualified actuary. Details of the key actuarial assumptions used and of the sensitivity of these assumptions are included within Note 13.

The Scheme introduced a right for members to Pension Increase Exchange (“PIE”) at retirement in the year to 31 March 2022 via a Deed of Amendment and communication to deferred members. Having taken actuarial advice, the Executive management has exercised judgement that, similar to the Bridging Pension Option adopted last year, 40% of members will take the PIE option at retirement. This estimate impacts on the past service credit recognised as an exceptional item in the income statement.

Lease break options
The Annual Report and Accounts contain information about lease break options.

Key judgement –

Management has applied judgement when determining the expected certainty that a break option within a lease will be exercised.

Revenue recognition
As revenue from tooling contracts is recognised over time, the amount of revenue recognised in a reporting period depends on the extent to which the performance obligations have been satisfied.

Key judgements –

The revenue recognised on certain contracts in the Technical Plastics segment required management to use judgement to apportion contract revenue to the tooling performance obligations.

Key sources of estimation uncertainty –

Revenue recognised on certain contracts in the Technical Plastics segment required management to estimate the remaining costs to complete the tooling performance obligation in order to determine the percentage of completion and revenue to recognise in respect of those performance obligations.

Recognition of deferred tax assets
Information about the deferred tax assets recognised in the consolidated statement of financial position is included in the Annual Report and Accounts.

Key judgement –

Management has exercised judgement over the level of future taxable profits in the UK against which to relieve the Group's deferred tax assets. On this basis management believes it is appropriate to recognise deferred tax assets and at 31 March 2022 UK deferred tax assets of £0.7 million have been recognised (31 March 2021: £nil).

Classification of exceptional items
Note 6 contains information about items classified as exceptional.

Key judgements –

Management has exercised judgement over whether items are exceptional as set out in the Group's accounting policies within the Annual Report and Accounts.

Non-current assets held for sale
Information about non-current assets held for sale is included in the Annual Report and Accounts

Key judgements –

Management has applied judgement in determining that a sale and leaseback of one of the Technical Plastics sites was highly probably at 31 March 2022 and as such has classified the proportion in respect to the disposed useful economic life as non-current assets held for sale at balance sheet date.

4 Segment reporting

The Group is organised into three, separately managed, business segments - Technical Plastics, Aerospace and Central. These are the segments for which summarised management information is presented to the Group's chief operating decision maker (comprising the main Board and Group Executive Committee).

The Technical Plastics segment supplies fine tolerance, injection moulded plastic components, which are used in medical, diagnostics, optical and electronic products. This business operates internationally in a fast-growing and dynamic market underpinned by rapid technological development.

The Aerospace segment supplies systems to the manufacturing and aerospace industries.

The Central segment relates to central costs and non-trading companies.

The LED Technologies segment presented as a discontinued operation was a leader in the development of high-power LED lighting for the premium automotive industry and was disposed of in the year to 31 March 2020. Since its disposal, further proceeds have been received from the administrators of Wipac Limited (this year and prior), which are disclosed as profit on disposal of discontinued operations below – see note 5.

Transfer pricing between business segments is set on an arm’s length basis. Segmental revenues and results include transfers between business segments. Those transfers are eliminated on consolidation.

Analysis by business segment

The segment results for the year ended 31 March 2022 were as follows –

	Technical Plastics (continuing) £000	Aerospace (continuing) £000	Central (continuing) £000	Total (continuing operations) £000	Discontinued operations £000	Group total £000
Consolidated income statement						
External revenue	123,869	4,707	-	128,576	-	128,576
Expenses	(115,476)	(4,030)	(2,974)	(122,480)	-	(122,480)
Underlying operating profit / (loss)	8,393	677	(2,974)	6,096	-	6,096
COVID related US government grant income	2,087	-	-	2,087		2,087
Operating profit / (loss) before exceptional items	10,480	677	(2,974)	8,183	-	8,183
Exceptional operating items	-	-	721	721	-	721
Operating profit / (loss)	10,480	677	(2,253)	8,904	-	8,904
Net finance expense				(2,989)	-	(2,989)
Income tax expense				(809)	-	(809)
Profit from operating activities after tax				5,106	-	5,106
Profit on disposal of discontinued operations, net of tax – see note 5				-	693	693
Profit for the period				5,106	693	5,799
Consolidated statement of financial position						
Segment assets	121,119	6,418	661	128,198	-	128,198
Segment liabilities	(40,686)	(998)	(62,098)	(103,782)	-	(103,782)
Net assets	80,433	5,420	(61,437)	24,416	-	24,416
Other segmental information						
Capital expenditure on property, plant and equipment	9,529	36	143	9,708	-	9,708
Capital expenditure on computer software	62	-	73	135	-	135
Depreciation	6,533	234	58	6,825	-	6,825
Amortisation of computer software	16	-	120	136	-	136
Amortisation of other intangibles	67	-	-	67	-	67

The segment results for the year ended 31 March 2021 were as follows –

	Technical Plastics (continuing) £000	Aerospace (continuing) £000	Central (continuing) £000	Total (continuing operations) £000	Discontinued operations £000	Group total £000
Consolidated income statement						
Total external revenue	102,473	5,091	-	107,564	-	107,564
Expenses	(93,256)	(4,541)	(4,927)	(102,724)	-	(102,724)
Underlying operating profit / (loss)	9,217	550	(4,927)	4,840	-	4,840
Exceptional operating items	-	-	4,490	4,490	(52)	4,438
Operating profit / (loss)	9,217	550	(437)	9,330	(52)	9,278
Net finance expense				(2,659)	-	(2,659)
Income tax expense				(457)	-	(457)
Profit / (loss) from operating activities after tax				6,214	(52)	6,162
Profit on disposal of discontinued operations, net of tax				-	1,250	1,250
Profit for the period				6,214	1,198	7,412
Consolidated statement of financial position						
Segment assets	109,217	6,073	730	116,020	-	116,020
Segment liabilities	(33,951)	(832)	(73,326)	(108,109)	-	(108,109)
Net assets	75,266	5,241	(72,596)	7,911	-	7,911
Other segmental information						
Capital expenditure on property, plant and equipment	10,128	208	38	10,374	-	10,374
Capital expenditure on computer software	3	-	136	139	-	139
Depreciation	5,492	250	32	5,774	-	5,774
Impairment of property, plant and equipment	-	(13)	-	(13)	-	(13)
Amortisation of computer software	57	-	96	153	-	153
Amortisation of other intangibles	53	-	-	53	-	53

Analysis by geographical segment

The business operates in three main geographical regions - the United Kingdom, North America and in lower-cost regions including the Czech Republic, China and India, and the geographical analysis was as follows:

	External revenue		Net segment assets		Expenditure on tangible fixed assets and computer software	
	2022	2021	**2022**	2021	**2022**	2021
	£000	£000	**£000**	£000	**£000**	£000
United Kingdom	**12,632**	12,413	**(29,367)**	(41,577)	**1,651**	6,006
North America	**65,296**	50,814	**27,267**	25,173	**6,918**	3,720
Rest of world	**50,648**	44,337	**26,516**	24,315	**1,274**	787
	128,576	107,564	**24,416**	7,911	**9,843**	10,513

The analysis of segment revenue represents revenue from external customers based upon the location of the customer.

The analysis of segment assets and capital expenditure is based upon the location of the assets.

The material components of the Central segment assets and liabilities are retirement benefit obligation net liabilities of £25.979 million (2021 - net liabilities of £37.275 million), and net borrowings of £36.134 million (2021 - £34.017 million).

One Technical Plastics customer accounted for 37.8% (2021 – 24.5%) and another customer for 10.4% of Group revenues from continuing operations and similar proportions of trade receivables. No other customer accounted for more than 10.0% of revenues from continuing operations in the year.

Deferred tax assets by geographical location are as follows, United Kingdom £0.952 million (2021 - £nil), North America £0.288 million (2021 - £0.277 million), rest of world £0.163 million (2021 - £0.107 million).

Total non-current assets by geographical location are as follows, United Kingdom £24.159 million (2021 - £23.096 million), North America £28.142 million (2021 - £24.212 million), Rest of world £18.895 million (2021 - £18.254 million).

5 Discontinued operation

Whilst there were no new discontinued operations in the year ended 31 March 2022 or in the prior year comparative, on 5 May 2021 and 6 August 2021, proceeds of £0.2 million and £0.3 million respectively were received from the administrators of Wipac Ltd which was part of the LED Technologies segment that was classified as discontinued in the year to 31 March 2020 (31 March 2021: £1.3 million). The proceeds were received by the Group's lending bank, HSBC, and used to prepay the Group's term loan.

On 28 July 2021, an additional £0.2 million was received from the Wipac Ltd administrators in payment of a first and final dividend for the Group's unsecured creditor claim against the company. In accordance with the facility agreement, the first £0.1 million was retained by the Group with the balance of £0.1 million used to prepay the Group's term loan.

No net asset was recognised in the results for the year to 31 March 2021 for potential post balance sheet proceeds or dividends, and, as such, the full £0.7 million has been recognised as exceptional profit on disposal of discontinued operations in the current year.

Management does not expect to receive any further proceeds from the administrators of Wipac Ltd nor other proceeds from the exit of the LED Technologies segment.

6 Exceptional items

	2022	2021
	£000	£000
Continuing operations		
Rationalisation costs	**(133)**	(1,968)
Credit in respect of retirement benefits - see note 13	**854**	6,458
	721	4,490
Discontinued operations		
Rationalisation costs	**-**	(52)
Profit on disposal of discontinued operations - see note 5	**693**	1,250
	693	1,198
	1,414	5,688

The revenue and cost impacts of the COVID-19 pandemic are so pervasive and difficult to identify that they cannot be readily separated and quantified from the ongoing trading of the Group. As a result, consistent with the results reported in the financial statements for the year ended 31 March 2021, neither COVID-19 related costs nor credits arising from government assistance have been presented as exceptional items in the consolidated income statement for the year ending 31 March 2022.

Rationalisation costs from continuing operations during the period relate to the restructuring and refinancing of the Group. These include £0.1 million credit in respect to legal and professional accruals released (2021: £1.3 million costs), £0.1 million for consultants' fees (2021: £0.1 million) and £0.2 million exceptional pension scheme administration costs (2021: £0.5 million).

The gain in respect to retirement benefits is a past service credit for the impact of introducing a Pension Increase Exchange option to members (2021: past service credit in respect to the introduction of a bridging pension option, partly offset by a past service cost relating to GMP equalisation). See note 13 for more information.

The profit on exit of discontinued operations of £0.7 million (2021: £1.3 million) is proceeds received in the current year from the administrators of Wipac Limited. See note 5.

7 Government support for COVID-19

During the period and the comparative period the Group has utilised governmental support in some of its operating locations to mitigate the impact of COVID-19. Support has been in the form of grants, loans and deferral of tax payments.

	2022	2021
	£000	£000
The governmental support utilised during the period was -		
Grants – used to off-set labour and variable costs, included within operating expenses	**2,157**	747
Loans – presented in loans and borrowings	**-**	2,104
Payment deferrals – presented in trade and other payables	**-**	68

In April 2020, the Group received a loan under the Payback Protection Program, underwritten by the US government in support of COVID-19 for $2.9 million, presented as loans and borrowings in the prior year comparatives. On 5 May 2021, notice of forgiveness of the loan was received from the Small Business Administration, resulting in its conversion from a loan to a grant and therefore its release to the consolidated income statement. In the year ended 31 March 2022, the full amount has been recognised within operating profit in the income statement as a credit to offset labour and variable COVID-19-related costs incurred to date.

The credit of £2.1 million, recognised in respect to this COVID-19-related government grant, has been presented separately on the face of the consolidated income statement for the year ended 31 March 2022 for clarity due to its value and nature.

8 Income tax expense

The expense recognised in the consolidated income statement comprises-

	2022	2021
	£000	£000
United Kingdom corporation tax		
Corporation tax on losses for the current year	**-**	308
Adjustments for prior years	**(14)**	-
Overseas taxation		
Current tax	**(1,266)**	(564)
Adjustments for prior years	**(190)**	(37)
Total current tax net expense	**(1,470)**	(293)
Deferred tax expense		
Origination and reversal of temporary differences -		
Deferred tax	**629**	(80)
Adjustments for prior years	**32**	(84)
Total deferred tax credit / (charge)	**661**	**(164)**
Total income tax expense recognised in the consolidated income statement	**(809)**	(457)

Reconciliation of tax expense for the year -

The tax assessed for the year is lower (2021 - lower) than the standard rate of corporation tax in the UK. The differences are explained as follows –

	2022		2021	
	£000	**%**	£000	%
Profit before tax	**6,608**		7,869	
Income tax using standard rate of UK corporation tax of 19% (2021 - 19%)	**1,256**	**19.0**	1,495	19.0
Other items not deductible for tax purposes	**267**	**4.0**	99	1.3
R&D tax relief	**(22)**	**(0.3)**	(26)	(0.3)
Income not taxable	**(603)**	**(9.1)**	(456)	(5.8)
Adjustments in respect of overseas tax rates	**273**	**4.1**	62	0.8
Recognition of deferred tax asset previously unrecognised	**(657)**	**(9.9)**	-	-
Release of tax provisions	**-**	**-**	(308)	(3.9)
Other temporary differences	**(412)**	**(6.2)**	(650)	(8.3)
Adjustment to current tax in respect of prior periods (UK and overseas)	**204**	**3.1**	37	0.5
Adjustments to deferred tax in respect of prior periods (UK and overseas)	**(32)**	**(0.5)**	84	1.1
Foreign taxes expensed in the UK	**535**	**8.1**	120	1.5
Total income tax expense	**809**	**12.2**	457	5.8

Tax on items charged outside of the consolidated income statement –

	2022	2021
	£000	£000
Recognised in other comprehensive income -		
Foreign exchange movements	**127**	(137)
Total income tax charged / (credited) to other comprehensive income	**127**	(137)

9 Earnings per share

The calculation of basic earnings per share is based on the profit / (loss) attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the year.
The calculation of diluted earnings per share is based on the profit / (loss) attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding during the year (adjusted for dilutive options).

The following details the result and average number of shares used in calculating the basic and diluted earnings per share -

	2022 **£000**	2021 £000
Profit after tax but before profit on discontinued operations	**5,106**	6,214
Profit attributable to non-controlling interests	**-**	-
Profit attributable to ordinary shareholders from continuing operations	**5,106**	6,214
Profit on discontinued operations, net of tax	**693**	1,198
Profit after tax, attributable to equity holders of the parent	**5,799**	7,412

	2022 **Shares**	2021 Shares
Weighted average number of ordinary shares in the year	**73,419,193**	73,419,193
Effect of share options in issue	**324,977**	15,974
Weighted average number of ordinary shares (diluted) in the year	**73,744,170**	73,435,167

In addition to the above, the Company also calculates an earnings per share based on underlying profit as the Board believes this provides a more useful comparison of business trends and performance. Underlying profit is defined as profit before impairments, rationalisation costs, one-off retirement benefit effects, exceptional bad debts, business closure costs, litigation costs, other separately disclosed one-off items and the impact of property and business disposals, net of attributable taxes.

The following table reconciles the Group's profit to underlying profit used in the numerator in calculating underlying earnings per share:

	2022 £000	2021 £000
Profit after tax, attributable to equity holders of the parent	**5,799**	7,412
Continuing operations:		
Exceptional - rationalisation and restructuring costs, net of tax	**133**	1,968
Exceptional - gain in respect of retirement benefits, net of tax	**(854)**	(6,458)
COVID-related US government grant income, net of tax	**(2,087)**	-
Discontinued operations:		
Exceptional - rationalisation and restructuring costs, net of tax	**-**	52
Exceptional - gain on disposal of discontinued operations, net of tax	**(693)**	(1,250)
Underlying profit attributable to equity holders of the parent	**2,298**	1,724
COVID-related US government grant income, net of tax	**2,087**	-
Profit after tax but before exceptional items, attributable to equity holders of the parent	**4,385**	1,724
Underlying operating profit - continuing operations	**6,096**	4,840
Finance revenue - continuing operations	**77**	42
Finance expense - continuing operations	**(3,066)**	(2,701)
Income tax expense - continuing operations	**(809)**	(457)
Underlying profit attributable to equity holders of the parent - continuing operations	**2,298**	1,724
COVID-related US government grant income, net of tax	**2,087**	-
Profit after tax but before exceptional items - continuing operations	**4,385**	1,724

The following table summarises the earnings per share figures based on the above data -

	2022 **Pence**	2021 Pence
Basic earnings per share - continuing operations	**7.0**	8.5
Basic earnings per share - discontinued operations	**0.9**	1.6
Basic earnings per share	**7.9**	10.1
Diluted earnings per share - continuing operations	**6.9**	8.5
Diluted earnings per share - discontinued operations	**0.9**	1.6
Diluted earnings per share	**7.9**	10.1
Underlying earnings per share - basic - continuing operations	**3.1**	2.4
Underlying loss per share - basic - discontinued operations	**-**	-
Underlying earnings per share - basic	**3.1**	2.4
Underlying earnings per share - diluted - continuing operations	**3.1**	2.4
Underlying loss per share - diluted - discontinued operations	**-**	-
Underlying earnings per share - diluted	**3.1**	2.4
Earnings per share before exceptional items - basic - continuing operations	**6.0**	2.4
Earnings per share before exceptional items - basic - discontinued operations	**-**	-
Earnings per share before exceptional items - basic	**6.0**	2.4
Earnings per share before exceptional items - diluted - continuing operations	**6.0**	2.4
Earnings per share before exceptional items - diluted - discontinued operations	**-**	-
Earnings per share before exceptional items - diluted	**6.0**	2.4

10 Dividends paid and proposed

The Directors are not proposing a final dividend for the year ended 31 March 2022 (2021: £nil). Under the terms of the restructuring agreement entered into on 14 August 2020, the Group is not permitted to make a dividend payment to shareholders up to the period ending in July 2023.

11 Impairment of assets

Impairment tests for cash generating units containing goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill is allocated to the Group's principal CGUs, being the operating segments described in the operating segment descriptions in note 4.

The carrying value of goodwill at 31 March 2022 and 31 March 2021 is allocated wholly to the Technical Plastics cash generating unit as follows:

	2022 **£000**	2021 £000
Technical Plastics	**21,964**	21,065

At 31 March 2022, the recoverable amount of the Technical Plastics cash generating unit was determined on a calculation of value in use, being the higher of that and fair value less costs of disposal "FVLCD". The results of each produced the same answer, that there is no impairment of goodwill.

The value in use calculations use cash flow projections based upon financial budgets approved by management covering a three-year period. Cash flows beyond the three-year period are extrapolated using estimated growth rates of between 2.3% and 4.2% (2021: 1.5% and 4.6%) depending upon the market served.

The cash flows were discounted at pre-tax rates in the range 6.1% and 8.7% (2021: 4.89% - 8.37%). These rates are calculated and reviewed annually. Changes in income and expenditure are based on expectations of future changes in the market. Sensitivity testing of the recoverable amount to reasonably possible changes in key assumptions has been performed, including changes in the discount rate and changes in forecast cash flows.

All other assumptions unchanged, a 6.6% (2021: 7.75%) increase in the discount rate increasing the range to 12.7% - 15.3% (2021: 12.64% - 16.12%), or a 45% (2021: 47%) decrease in underlying EBIT would reduce the headroom on the Technical Plastics CGU to £nil. Should the discount rate increase further than this or the profitability decrease further, then an impairment of the goodwill would be likely.

12 Loans and borrowings

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank overdrafts used for cash management purposes £000	Term loan £000	Government COVID-19 support loan £000	Revolving credit facility £000	Lease liabilities £000	Other loans £000	Total £000
Balance at 31 March 2020	10,957	-	-	30,442	5,250	17	46,666
Changes from financing cash flows							
Drawings on new facilities	-	34,354	2,243	2,000	-	100	38,697
Transaction costs associated with the issue of debt	-	(380)	-	-	-	-	(380)
Repayment of borrowings	-	(1,589)	-	(30,071)	(1,601)	(6)	(33,267)
	-	32,385	2,243	(28,071)	(1,601)	94	5,050
Effect of changes in foreign exchange rates	-	(657)	(139)	(371)	(215)	(1)	(1,383)
Liability-related other changes							
Changes in bank overdraft	2,184	-	-	-	-	-	2,184
Drawings on new facilities	-	-	-	-	3,769	-	3,769
Termination of facilities	(13,193)	-	-	-	(148)	-	(13,341)
Interest expense	61	84	-	-	-	-	145
Interest receivable	(9)	-	-	-	-	-	(9)
	(10,957)	84	-	-	3,621	-	(7,252)
Equity-related other changes	-	-	-	-	-	-	-
Balance at 31 March 2021	**-**	**31,812**	**2,104**	**2,000**	**7,055**	**110**	**43,081**
Changes from financing cash flows							
Drawings on new facilities	**-**	**-**	**-**	**1,500**	**-**	**75**	**1,575**
Repayment of borrowings	**-**	**(2,218)**	**-**	**-**	**(3,195)**	**(64)**	**(5,477)**
		(2,218)	**-**	**1,500**	**(3,195)**	**11**	**(3,902)**
Effect of changes in foreign exchange rates	**-**	**440**	**(17)**	**-**	**192**	**1**	**616**
Liability-related other changes							
Drawings on new facilities	**-**	**-**	**-**	**-**	**6,818**	**-**	**6,818**
Conversion of loan to a grant	**-**	**-**	**(2,087)**	**-**	**-**	**-**	**(2,087)**
Interest expense	**-**	**226**	**-**	**-**	**-**	**-**	**226**
	-	**226**	**(2,087)**	**-**	**6,818**	**-**	**4,957**
Equity-related other changes	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2022	**-**	**30,260**	**-**	**3,500**	**10,870**	**122**	**44,752**

13 Retirement benefit obligations

The Group operates a defined benefit UK pension scheme which provides pensions based on service and final pay. Outside of the UK, retirement benefits are determined according to local practice and funded accordingly.

In the UK, Carclo plc sponsors the Carclo Group Pension Scheme (the "Scheme"), a funded defined benefit pension scheme which provides defined benefits for some of its members. This is a legally separate, trustee-administered fund holding the Scheme's assets to meet long-term pension liabilities for some 2,662 current and past employees as at 31 March 2022.

The trustees of the Scheme are required to act in the best interest of the Scheme's beneficiaries. The appointment of the trustees is determined by the Scheme's trust documentation. It is policy that at least one-third of all trustees should be nominated by the members. The trustees currently comprise two Company-nominated trustees (of which one is an independent professional trustee and one is the independent professional Chairperson) as well as two member-nominated trustees. The trustees are also responsible for the investment of the Scheme's assets.

The Scheme provides pensions and lump sums to members on retirement and to their dependants on death. During the year to 31 March 2022, the Scheme introduced a Pension Increase Exchange option ("PIE"), see below for further details. The level of retirement benefit is principally based on final pensionable salary prior to leaving active service and is linked to changes in inflation up to retirement. The defined benefit section is closed to new entrants, who now have the option of entering into a separate defined contribution scheme, and the Group has elected to cease future accrual for existing members of the defined benefit section such that members who have not yet retired are entitled to a deferred pension.

The Company currently pays contributions to the Scheme as determined by regular actuarial valuations. The trustees are required to use prudent assumptions to value the liabilities and costs of the Scheme whereas the accounting assumptions under IAS 19 must be best estimates.

The Scheme is subject to the funding legislation, which came into force on 30 December 2005, outlined in the Pensions Act 2004. This, together with documents issued by the Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension plans in the UK.

A full actuarial valuation was carried out as at 31 March 2018 in accordance with the scheme funding requirements of the Pensions Act 2004. The funding of the Scheme is agreed between the Group and the trustees in line with those requirements. These in particular require the surplus or deficit to be calculated using prudent, as opposed to best estimate, actuarial assumptions. This 31 March 2018 actuarial valuation showed a deficit of £90.4 million. Under the recovery plan agreed with the trustees following the 2018 valuation, the Group agreed that it would aim to eliminate the deficit over a period of 19 years 9 months from 1 February 2021, which is by 31 October 2040, by the payment of annual contributions combined with the assumed asset returns in excess of gilt yields. Contributions paid in the year to 31 March 2021 amounted to £2.8 million, £3.9 million during the year to 31 March 2022 and are agreed as £3.8 million in the year ending March 2023. These contributions include an allowance of £0.6 million p.a. in respect of the expenses of running the Scheme and the Pension Protection Fund ("PPF") levy.

Beyond 2023, a schedule of contributions for £3.5 million annually is in place until 31 October 2040, but is reviewed and reconsidered between the employer and the trustees at each triennial actuarial valuation; the next review being no later than by 31 July 2022 after the results of the 31 March 2021 triennial valuation are known.

On 14 August 2020 additional security was granted by certain Group companies to the Scheme trustees such that at 31 March 2022 the gross value of the assets secured, which includes applicable intra-group balances, goodwill and investments in subsidiaries at net book value in the relevant component companies' accounts, but which eliminate in the Group upon consolidation, amounted to £248.2 million (2021: £251.2 million). Excluding the assets which eliminate in the Group upon consolidation the value of the security was £36.3 million (2021: £37.9 million).

For the purposes of IAS 19, the results of the actuarial valuation as at 31 March 2018, which was carried out by a qualified independent actuary, have been updated on an approximate basis to 31 March 2022. There have been no changes in the valuation methodology adopted for this period's disclosures compared to the previous period's disclosures.

The Scheme exposes the Group to actuarial risks and the key risks are set out in the table below. In each instance these risks would detrimentally impact the Group's statement of financial position and may give rise to increased interest costs in the Group income statement. The trustees could require higher cash contributions or additional security from the Group.

The trustees manage governance and operational risks through a number of internal controls policies, including a risk register and integrated risk management.

Risk	Description	Mitigation
Investment risk	Weaker than expected investment returns result in a worsening in the Scheme's funding position.	The trustees continually monitor investment risk and performance and have established an investment sub-committee which includes a Group representative, meets regularly and is advised by professional investment advisors. A number of the investment managers operate tactical investment management of the plan assets. The Scheme currently invests approximately 56% in liability-driven investments, 42% of its asset value in a portfolio of diversified growth funds and 2% in cash and liquidity funds.
Interest rate risk	A decrease in corporate bond yields increases the present value of the IAS 19 defined benefit obligations. A decrease in gilt yields results in a worsening in the Scheme's funding position.	The trustees' investment strategy includes investing in liability-driven investments and bonds whose values increase with decreases in interest rates. Approximately 96% of the Scheme's funded liabilities are currently hedged against interest rates using liability-driven investments. Note that the Scheme hedges interest rate risk on a statutory and long-term funding basis (gilts) whereas AA corporate bonds are implicit in the IAS 19 discount rate and so there is some mismatching risk to the Group should yields on gilts and corporate bonds diverge.
Inflation risk	An increase in inflation results in higher benefit increases for members which in turn increases the Scheme's liabilities.	The trustees' investment strategy includes investing in liability-driven investments which will move with inflation expectations with approximately 80% of the Scheme’s inflation-linked liabilities being hedged on a funded basis. The growth assets held are expected to provide protection over inflation in the long term.
Mortality risk	An increase in life expectancy leads to benefits being payable for a longer period which results in an increase in the Scheme's liabilities.	The trustees' actuary provides regular updates on mortality, based on scheme experience, and the assumption continues to be reviewed.

The amounts recognised in the statement of financial position in respect of the defined benefit scheme were as follows:

	2022 **£000**	2021 £000
Present value of funded obligations	**(181,759)**	(204,654)
Fair value of scheme assets	**155,780**	167,379
Recognised liability for defined benefit obligations	**(25,979)**	(37,275)

The present value of Scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out of the Scheme using the projected unit credit method. The value calculated in this way is reflected in the net liability in the statement of financial position as shown above.

The projected unit credit method is an accrued benefits valuation method in which allowance is made for projected earnings increases. The accumulated benefit obligation is an alternative actuarial measure of the Scheme's liabilities whose calculation differs from that under the projected unit credit method in that it includes no assumption for future earnings increases. In this case, as the Scheme is closed to future accrual, the accumulated benefit obligation is equal to the valuation using the projected unit credit method.

All actuarial remeasurement gains and losses will be recognised in the year in which they occur in other comprehensive income.

The cumulative remeasurement net loss reported in the statement of comprehensive income since 1 April 2004 is £40.856 million.

IFRIC 14 has no effect on the figures disclosed because the Company has an unconditional right to a refund under the resulting trust principle.

Movements in the net liability for defined benefit obligations recognised in the consolidated statement of financial position -

	2022 **£000**	2021 £000
Net liability for defined benefit obligations at the start of the year	**(37,275)**	(37,620)
Contributions paid	**3,900**	2,834
Net (expense) / credit recognised in the consolidated income statement (see below)	**(1,084)**	4,052
Remeasurement gains / (losses) recognised in other comprehensive income	**8,480**	(6,541)
Net liability for defined benefit obligations at the end of the year	**(25,979)**	(37,275)

Movements in the present value of defined benefit obligations -

	2022 **£000**	2021 £000
Defined benefit obligation at the start of the year	**204,654**	210,386
Interest expense	**3,986**	4,730
Actuarial gains due to changes in demographic assumptions	**(1,767)**	(6,727)
Actuarial (gains) / losses due to changes in financial assumptions	**(13,476)**	12,280
Benefits paid	**(10,784)**	(9,557)
Past service credit (see note 6)	**(854)**	(6,458)
Defined benefit obligation at the end of the year	**181,759**	204,654

With the exception of that described below there have been no plan amendments, curtailments or settlements during the period.

The Scheme introduced a Pension Increase Exchange ("PIE") option at retirement during the year. A Deed of Amendment, signed 16 March 2022, created the right for deferred members to take a PIE at retirement. A member announcement was issued to all deferred members at the end of March 2022.

The Deed of Amendment also created the right for members to receive PIE on terms such that 20% of the PIE value is retained within the Scheme. Based upon the assumption that 40% of members will opt for PIE at retirement, this resulted in a reduction in the current value of accrued liabilities and as a result a past service credit has been recognised in the income statement of £0.9 million, presented within exceptional items. A Bridging Pension Option was introduced in the prior year with similar assumptions made. A past service credit was recognised in the year ended 31 March 2021 in the income statement of £6.689 million and presented as exceptional items.

The English High Court ruling in Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others was published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions ("GMPs") accrued from 17 May 1990 must equalise for the different effects of these GMPs between men and women. The case also gave some guidance on related matters, including the methods for equalisation.

The trustees of the plan will need to obtain legal advice covering the impact of the ruling on the plan, before deciding with the employer on the method to adopt. The legal advice will need to consider (amongst other things) the appropriate GMP equalisation solution, whether there should be a time limit on the obligation to make back-payments to members (the “look-back” period) and the treatment of former members (members who have died without a spouse and members who have transferred out for example).

The trustees commissioned scheme-specific calculations to determine the likely impact of the ruling on the Scheme. An allowance for the impact of GMP equalisation was included within the 31 March 2019 accounting figures, increasing liabilities by 1.68%, a resulting past service cost of £3.559 million was recognised in the income statement at that time. The Scheme has not yet implemented GMP equalisation and therefore the allowance made in 2019 has been maintained for accounting disclosures.

On 20 November 2020, the High Court issued a supplementary ruling in the Lloyds Bank GMP equalisation case with respect to members that have transferred out of their scheme prior to the ruling. The results mean that trustees are obliged to make top-up payments that reflect equalisation benefits and to make top-up payments where this was not the case in the past. Also, a defined benefit scheme that received a transfer is concurrently obliged to provide equalised benefits in respect to the transfer payments and, finally, there were no exclusions on the grounds of discharge forms, CETV legislation, forfeiture provisions or the Limitation Act 1980.

The impact of this ruling was estimated to cost £0.231 million (approximately 0.1% of liabilities). This additional service cost was recognised through the income statement as a past service cost in the year ending 31 March 2021 and was presented within exceptional items and therefore the impact of the ruling is allowed for in the figures presented at 31 March 2022.

The Scheme's liabilities are split between active, deferred and pensioner members at 31 March as follows -

	2022 **%**	2021 %
Active	**-**	-
Deferred	**35**	35
Pensioners	**65**	65
	100	100

Movements in the present value of defined benefit obligations –

	2022 **£000**	2021 £000
Fair value of Scheme assets at the start of the year	**167,379**	172,766
Interest income	**3,259**	3,888
Loss on Scheme assets excluding interest income	**(6,763)**	(988)
Contributions by employer	**3,900**	2,834
Benefits paid	**(10,784)**	(9,557)
Expenses paid	**(1,211)**	(1,564)
Fair value of Scheme assets at the end of the year	**155,780**	167,379
Actual (loss) / return on Scheme assets	**(3,504)**	2,900

The fair value of Scheme asset investments was as follows -

	2022 **£000**	2021 £000
Diversified growth funds	**65,234**	90,177
Bonds and liability-driven investment funds	**87,931**	71,044
Cash and liquidity funds	**2,615**	6,158
Total assets	**155,780**	167,379

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied, or other assets used by the Group.

All of the Scheme assets have a quoted market price in an active market with the exception of the trustees' bank account balance.

Diversified growth funds are pooled funds invested across a diversified range of assets with the aim of giving long-term investment growth with lower short-term volatility than equities.

It is the policy of the trustees and the Group to review the investment strategy at the time of each funding valuation. The trustees' investment objectives and the processes undertaken to measure and manage the risks inherent in the Scheme are set out in the Statement of Investment Principles.

A proportion of the Scheme's assets is invested in the BMO LDI Nominal Dynamic LDI Fund and in the BMO LDI Real Dynamic LDI Fund which provides a degree of asset liability matching.

The net expense / (gain) recognised in the consolidated income statement was as follows -

	2022	2021
	£000	£000
Past service credit	**(854)**	(6,458)
Net interest on the net defined benefit liability	**727**	842
Scheme administration expenses	**1,211**	1,564
	1,084	(4,052)

The net expense / (gain) is recognised in the following line items in the consolidated income statement -

	2022	2021
	£000	£000
Charged to operating profit	**1,000**	1,117
Credited to exceptional items	**(643)**	(6,011)
Other finance revenue and expense - net interest on the net defined benefit liability	**727**	842
	1,084	(4,052)

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were -

	2022	2021
Discount rate at 31 March	**2.70%**	2.00%
Future salary increases	**N/A**	N/A
Inflation (RPI) (non-pensioner)	**3.70%**	3.25%
Inflation (CPI) (non-pensioner)	**3.20%**	2.75%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.70%**	3.25%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	**3.20%**	2.75%
Allowance for pension in payment increases of RPI or 5% p.a. if less	**3.55%**	3.15%
Allowance for pension in payment increases of CPI or 3% p.a. if less	**2.60%**	2.30%
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	**3.85%**	3.65%
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 4% p.a.	**4.30%**	4.20%

The mortality assumptions adopted at 31 March 2022 are 143% and 153% respectively of the standard tables S3PMA / S3PFA (2021: 143%/153% for S3PMA/S3PFA respectively), year of birth, no age rating for males and females, projected using CMI_2021 converging to 1.00% p.a. (2021: 1.00%) with a smoothing parameter 7.0% (2021: 7.0).

It is recognised that the Core CMI_2021 model is likely to represent an overly cautious view of experience in the near term. As a result, management have applied judgement and the CMI_2021 model has been adopted with a w2021 and w2020 weighting parameter of 10% to represent possible future trend as a best estimate and will be kept under review in the future. These assumptions imply the following life expectancies:

	2022	2021
Life expectancy for a male (current pensioner) aged 65	**18.8 years**	19.0 years
Life expectancy for a female (current pensioner) aged 65	**20.9 years**	21.0 years
Life expectancy at 65 for a male aged 45	**19.7 years**	19.9 years
Life expectancy at 65 for a female aged 45	**22.0 years**	22.2 years

It is assumed that 75% of the post A-Day maximum for active and deferred members will be commuted for cash (2021 - 75%).

Pension Increase Exchange take-up is assumed to be 40% (2021: Bridging Pension Option take-up 40%).

The pension scheme liabilities are derived using actuarial assumptions for inflation, future salary increases, discount rates, mortality rates and commutation. Due to the relative size of the Scheme's liabilities, small changes to these assumptions can give rise to a significant impact on the pension scheme deficit reported in the Group statement of financial position.

The sensitivity to the principal actuarial assumptions of the present value of the defined benefit obligation is shown in the following table –

	2022	**2022**	2021	2021
	%	**£000**	%	£000

Discount rate [1]				
Increase of 0.25% per annum	**(3.68%)**	**(6,682)**	(3.43%)	(7,014)
Decrease of 0.25% per annum	**3.82%**	**6,937**	3.61%	7,396
Decrease of 1.0% per annum	**16.10%**	**29,258**	15.71%	32,147
Inflation [2]				
Increase of 0.25% per annum	**1.25%**	**2,272**	1.14%	2,334
Increase of 1.0% per annum	**4.71%**	**8,568**	4.89%	10,004
Decrease of 1.0% per annum	**(5.47%)**	**(9,948)**	n/a	n/a
Life expectancy				
Increase of 1 year	**4.88%**	**8,862**	5.06%	10,355

[1] At 31 March 2022, the assumed discount rate is 2.70% (2021: 2.00%).

[2] At 31 March 2022, the assumed rate of RPI inflation is 3.70% and CPI inflation 3.20% (2021: RPI 3.25% and CPI 2.75%). Sensitivity to an inflation decrease of 1.0% was not calculated in the comparative period.

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation and pension increases.

The weighted average duration of the defined benefit obligation at 31 March 2022 is 15 years (2021: 15 years).

The life expectancy assumption at 31 March 2022 is based upon increasing the age rating assumption by 1 year (2021: 1 year).

Other than those specifically mentioned above, there were no changes in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

The history of the Scheme's deficits and experience gains and losses is shown in the following table -

	2022 **£000**	2021 £000
Present value of funded obligation	**(181,759)**	(204,654)
Fair value of scheme asset investments	**155,780**	167,379
Recognised liability for defined benefit obligations	**(25,979)**	(37,275)
Actual return on scheme assets	**(3,504)**	2,900
Actuarial gains due to changes in demographic assumptions	**1,767**	6,727
Actuarial (gains) / losses due to changes in financial assumptions	**(13,476)**	12,280

14 Ordinary share capital

Ordinary shares of 5 pence each -

	Number of shares	**£000**
Issued and fully paid at 31 March 2021	73,419,193	3,671
Issued and fully paid at 31 March 2022	**73,419,193**	**3,671**

There are 15,974 vested shares outstanding in respect of a buyout award granted to a former Director of the Company. These are yet to be issued.

There are 1,517,376 potential share options outstanding under the performance share plan at 31 March 2022 (2021: 133,000). The 133,000 share options outstanding at 31 March 2021 failed to vest on 31 July 2021 and hence lapsed.

15 Cash generated from operations

	2022 £000	2021 £000
Profit for the year	**5,799**	7,412
Adjustments for -		
Pension scheme contributions net of costs settled by the Company	**(3,258)**	(2,179)
Pension scheme costs settled by the Scheme	**569**	910
Depreciation charge	**6,825**	5,774
Amortisation charge	**203**	206
Exceptional gain in respect of retirement benefits	**(854)**	(6,458)
Conversion of COVID-19 government support loan to grant	**(2,087)**	-
Profit on business disposal	**(693)**	(1,250)
Loss on disposal of other plant and equipment	**-**	10
Loss on disposal of intangible non-current assets	**-**	5
Cash flow relating to provision for site closure costs	**-**	(23)
Share-based payment charge	**73**	1
Financial income	**(77)**	(42)
Financial expense	**3,066**	2,701
Taxation	**809**	457
Operating cash flow before changes in working capital	**10,375**	7,524
Changes in working capital		
(Increase) / decrease in inventories	**(3,816)**	768
Increase in contract assets	**(4,708)**	(1,492)
Decrease / (increase) in trade and other receivables	**42**	(308)
Increase in trade and other payables	**4,549**	864
(Decrease) / increase in contract liabilities	**338**	3,846
Cash generated from operations	**6,780**	11,202

16 Post balance sheet events

On 29 April 2022, subsequent to balance sheet date, the Group entered into a sale and leaseback agreement for a Technical Plastics manufacturing site at Tucson, Arizona, USA. The transaction is expected to complete in July 2022 for a purchase price of $2.95 million less costs of $0.2 million. A lease term of nine years has been agreed and grants the Group the right to cancel any time after three years, provided twelve months' notice is given. At 31 March 2022 there is no reasonable certainty that the Group will exercise the break clause. The Group expects to recognise a profit on disposal in respect to the site of £0.6 million in the year ending 31 March 2023.

Information for shareholders

Reconciliation of non-GAAP financial measures

	Notes	2022 £000	2021 £000
Profit for the period		**5,799**	7,412
Add back: profit on discontinued operations, net of tax	4	**(693)**	(1,198)
Statutory profit after tax from continuing operations		**5,106**	6,214
Add back: Income tax expense from continuing operations	4	**809**	457
Profit before tax from continuing operations		**5,915**	6,671
Add back: Net financing charge from continuing operations		**2,989**	2,659
Operating profit from continuing operations		**8,904**	9,330
Less: Exceptional items from continuing operations	6	**(721)**	(4,490)
Operating profit before exceptional items from continuing operations		**8,183**	4,840
Less: COVID related US government grant income		**(2,087)**	-
Underlying operating profit from continuing operations		**6,096**	4,840
Add back: Amortisation of intangible assets from continuing operations		**203**	206
Underlying earnings before interest, tax and amortisation (EBITA) from continuing operations		**6,299**	5,046
Add back: Depreciation of property, plant and equipment from continuing operations		**6,825**	5,774
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) from continuing operations		**13,124**	10,820
Profit before tax from continuing operations		**5,915**	6,671
Less: Exceptional items from continuing operations	6	**(721)**	(4,490)
Less: COVID related US government grant income		**(2,087)**	-
Underlying profit before tax from continuing operations		**3,107**	2,181
Income tax expense from continuing operations	4	**809**	457
Add back: Exceptional tax expense from continuing operations		**-**	-
Group underlying tax expense from continuing operations		**809**	457
Group statutory effective tax rate from continuing operations		**13.7%**	6.9%
Group underlying effective tax rate from continuing operations		**26.0%**	21.0%
Cash at bank and in hand		**12,347**	15,485
Loans and borrowings - current		**(2,948)**	(5,084)
Loans and borrowings - non-current		**(41,804)**	(37,997)
Net debt		**(32,405)**	(27,596)
Add back: Lease liabilities		**10,870**	7,055
Net debt excluding lease liabilities		**(21,535)**	(20,541)
<u>**Information on consolidated statement of cash flows**</u>			
Net cash from operating activities		**2,969**	8,397
Less: Net cash used in operating activities from discontinued operations		**-**	52
Net cash from operating activities from continuing operations		**2,969**	8,449
Net cash used in investing activities		**(4,149)**	(6,006)
Less: Net cash from investing activities from discontinued operations	5	**(693)**	(1,250)
Net cash used in investing activities from continuing operations		**(4,842)**	(7,256)
Net cash (used in) / from financing activities		**(2,493)**	5,050
Less: Net cash used in financing activities from discontinued operations		**-**	-
Net cash (used in) / from financing activities from continuing operations		**(2,493)**	5,050

Glossary

COMPOUND ANNUAL GROWTH RATE ("CAGR")	The geometric progression ratio that provides a constant rate of return over a time period
CONSTANT CURRENCY	Retranslated at the prior year's average exchange rate. Included to explain the effect of changing exchange rates during volatile times to assist the reader's understanding
GROUP CAPITAL EXPENDITURE	Non-current asset additions
NET BANK INTEREST	Interest receivable on cash at bank less interest payable on bank loans and overdrafts. Reported in this manner due to the global nature of the Group and its banking agreements
NET DEBT	Cash and cash deposits less loans and borrowings. Used to report the overall financial debt of the Group in a manner that is easy to understand
NET DEBT EXCLUDING LEASE LIABILITIES	Net debt, as defined above, excluding lease liabilities. Used to report the overall non-leasing debt of the Group in a manner that is easy to understand
OPERATIONAL GEARING	Ratio of fixed overheads to sales
UNDERLYING	Adjusted to exclude all exceptional and separately disclosed items
UNDERLYING EBITDA	Profit before interest, tax, depreciation and amortisation adjusted to exclude all exceptional and separately disclosed items
UNDERLYING EARNINGS PER SHARE	Earnings per share adjusted to exclude all exceptional and separately disclosed items
UNDERLYING OPERATING PROFIT	Operating profit adjusted to exclude all exceptional and separately disclosed items
UNDERLYING PROFIT BEFORE TAX	Profit before tax adjusted to exclude all exceptional and separately disclosed items
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	Operating profit adjusted to exclude all exceptional items