Financial Statements

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Notes to the Financial Statements

Other Information

Opinion

We have audited European Single Electronic Format financial statements ('the financial statements') of Kingspan Group plc ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2021, which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and notes to the financial statements, including the summary of significant accounting policies set out in Note 1. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its profit for the year then ended;
- the Company Statement of Financial Position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2021;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and the Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- We confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecasts and covenant calculations for the going concern period which covers a period of at least 12 months from the date the financial statements are authorised for issue;
- We considered the appropriateness of the methods used to calculate the cash forecasts and covenant calculations and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity;
- We considered the mitigating factors included in the cash forecasts and covenant calculations that are within the control of the Group. This included our review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required. We also verified credit facilities available to the Group;
- We have performed reverse stress testing in order to identify what factors would lead to the Group utilising all liquidity or breaching the financial covenant during the going concern period; and
- We reviewed the Group's going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

We have observed that the impact of the pandemic has not had a detrimental impact on the Group which has seen an increase in trading profit in all of its five divisions during 2021. The Group continued to generate significant operating cash flows of €333 million in 2021. The Group is not expected to be significantly impacted by Covid-19 in the going concern assessment period. Further, the Group has access to significant liquidity. The majority of the Group's long-term funding commitments (79% or €1.1 billion) matures after February 2025. At 31 December 2021, the Group has unrestricted cash and cash equivalents of €0.64 billion and unused committed debt facilities of up to €0.7 billion from a revolving bank credit facility expiring in May 2026.

Conclusion

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

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	→ The key audit matters that we identified in the current year were: » Warranty provisions » Revenue recognition » Accounting for significant acquisitions → In the prior year, our auditor's report included a key audit matter in relation to the assessment of the carrying value of goodwill. In the current year, we have removed this risk of material misstatement as there is significant headroom in all the Group's Cash Generating Units (CGUs). Conversely, we identified accounting for significant acquisitions as a separate key audit matter in the current year as a result of the Group's acquisition activity during the year.
Audit scope	→ We performed an audit of the complete financial information of 29 components and performed audit procedures on specific balances for a further 26 components → We performed procedures at a further 22 components that were specified by the Group audit team in response to specific risk factors → The components where we performed full or specific audit procedures accounted for 83% of Profit before tax from continuing operations, 73% of Revenue and 85% of Total Assets → 'Components' represent business units across the Group considered for audit scoping purposes
Materiality	→ Overall Group materiality was assessed to be €34.5 million which represents approximately 5% of Profit before tax from continuing operations.

Key audit matters

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

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Warranty provisions (2021: €143 million, 2020: €119 million) The Group's business involves the sale of products under warranty, some of which use new technology and applications. Due to the nature of its product offering, the Group has significant exposure to warranty claims which are inherently uncertain in nature. Management are required to exercise significant judgement with regard to warranty provision assumptions. Given the level of judgement required, there is a significant risk that warranty provisions may be over or understated. Changes in these assumptions, which may be subject to management override, can materially affect the levels of provisions recorded in the financial statements due to the higher estimation uncertainty on the Group's costs of repairing and replacing, or otherwise making reparations for the consequences of, product that is ascertained to be faulty. Refer to the Audit Committee Report (page 96); the Statement of Accounting Policies (page 129); and note 20 of the Group Financial Statements (page 163).	We performed audit procedures that included understanding the Company's process for recording and monitoring potential warranty claims incorporating management's review of significant assumptions used in the provision calculation and the recording of the resulting amounts (including walkthroughs of the design and implementation of relevant controls); consideration of the nature and basis of the provision; review and assessment of correspondence in relation to specific claims; progress on individual significant claims; and relevant settlement history of claims and utilisation of related provisions. We considered the rollout of new products and challenged the Group's assumptions in relation to potential failure rates, considering past failure rates, the costs estimated for remediation, examining related settlements where necessary. We considered whether alternative rates to those employed by management might be more appropriate. We substantively tested material movements in the provisions, including warranty provisions arising on acquisitions, and considered the accounting for movements in the provision balances and the related disclosures for compliance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The above procedures are performed both locally and by the Group audit team.	Our observations included an outline of the range of audit procedures performed, the key judgements involved and the results of our testing. We also provided our assessment of the level of subjectivity involved in warranty provision estimates.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition (2021: €6,497 million, 2020: €4,576 million) The Group has a number of revenue streams with different revenue recognition policies across its divisions. There is a significant risk that revenue may be recognised in an incorrect period as a result of management accelerating revenue recognition to achieve revenue targets or forecasts. Refer to the Audit Committee Report (page 96); the Statement of Accounting Policies (page 129); and note 2 of the Group Financial Statements (page 138).	We performed procedures on revenue at all relevant in-scope components, as outlined in further detail in the 'Tailoring the scope' section below. Detailed transactional testing of revenue recognised throughout the year was performed, commensurate with the higher audit risk assigned to revenue. Dependent on the nature of the revenue recognised at each component, we obtained an understanding of each in-scope component's revenue recognition policy and how it was applied, including a walkthrough of the design and implementation of relevant controls; examined supporting documentation including customer contracts, statements of works or purchase orders, sales invoices, customer balance confirmations and cash receipts. In addition, we performed cut-off procedures, revenue journal testing and customer balance confirmations. In some components data analytics procedures were also performed. We audited key financial statement disclosures for compliance with IFRS 15 *Revenue from Contracts with Customers*.	Our observations included an overview of the risk, outline of the audit procedures performed, the judgements we focused on and the results of our testing.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for significant acquisitions Significant acquisitions identified during the year relate to Logstor Group in Denmark (consideration of €245 million) and Terasteel in Romania (consideration of €82 million). There is a risk of improper accounting for the treatment of acquired businesses, due to the level of estimation uncertainty included in management's assessments. Specifically, fair value adjustments to property, plant and equipment (PP&E) and the need for complex and judgemental valuation techniques to be utilised, the recognition and valuation of fair value adjustments to provisions recorded in the opening balance sheet, require significant estimates and judgements to be made by management. Refer to the Audit Committee Report (page 96); the Statement of Accounting Policies (page 129); and note 22 of the Group Financial Statements (page 164).	We obtained an understanding of the Group's process for accounting for acquisitions, including a walkthrough of the design and implementation of relevant controls. We completed detailed procedures on the opening balance sheets, purchase price allocations and fair value adjustments. We identified the key assumptions and judgements made by management and challenged the appropriateness thereof by reference to external information, where available. In respect of the recognition and valuation of the fair value adjustments to PP&E, we examined how the Group identified all material adjustments, obtained related evidence and examined the key assumptions and calculations used to ensure they were recorded in accordance with IFRS 3 *Business Combinations*. We also performed an evaluation of any experts engaged by management and utilised our own specialists where necessary. Whilst our procedures were principally focused on recognition and valuation, we also assessed the completeness of recorded provisions. The procedures were mainly performed at a component level. We also considered the adequacy of the related disclosures.	Our procedures were focused on two significant acquisitions which together comprised 59% of total acquisition spend. Our observations included an outline of the range of audit procedures performed, and the results of our related testing, including the fact that the purchase price allocations for both acquisitions were preliminary to the extent disclosed in the related financial statements footnote, that fair value adjustments made in the preliminary allocations did not result in material fair value adjustments and that we did not identify further adjustments that were not made, subject to the necessary finalisation of the purchase price allocations. Our planned audit procedures in respect of significant acquisitions were completed without exception.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

Materiality is the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be €34.5 million (2020: €23.0 million), which is approximately 5% of Group Profit before tax from continuing operations. Profit before tax is a key performance indicator for the Group and is also a key metric used by the Group in the assessment of the performance of management. We therefore considered Profit before tax to be the most appropriate performance metric on which to base our materiality calculation as we consider it to be the most relevant performance measure to the stakeholders of the Group.

We determined materiality for the Company to be €14.1 million (2020: €13.7 million), which is approximately 1% of total equity.

During the course of our audit, we reassessed initial materiality and considered that no further changes to materiality were necessary.

Performance materiality

Performance materiality is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality should be set at 50% (2020: 50%) of our planning materiality, namely €17.25 million (2020: €11.5 million). We have set performance materiality at this percentage based on our assessment of the risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was €3.0 million to €5.625 million (2020: €2.1 million to €3.675 million).

Reporting threshold

Reporting threshold is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of €1.725 million, which is set at approximately 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the Group financial statements.

In determining those components in the Group at which we perform audit procedures, we utilised size and risk criteria in accordance with ISAs (Ireland).

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 55 components covering entities across Europe, the Americas, the Middle East and Australia, which represent the principal business units within the Group.

Of the 55 components selected, we performed an audit of the complete financial information of 29 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 26 components ('specific scope components'), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

In addition to the 55 components discussed above, we selected a further 22 components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors. Also, we performed review procedures at an additional 10 components.

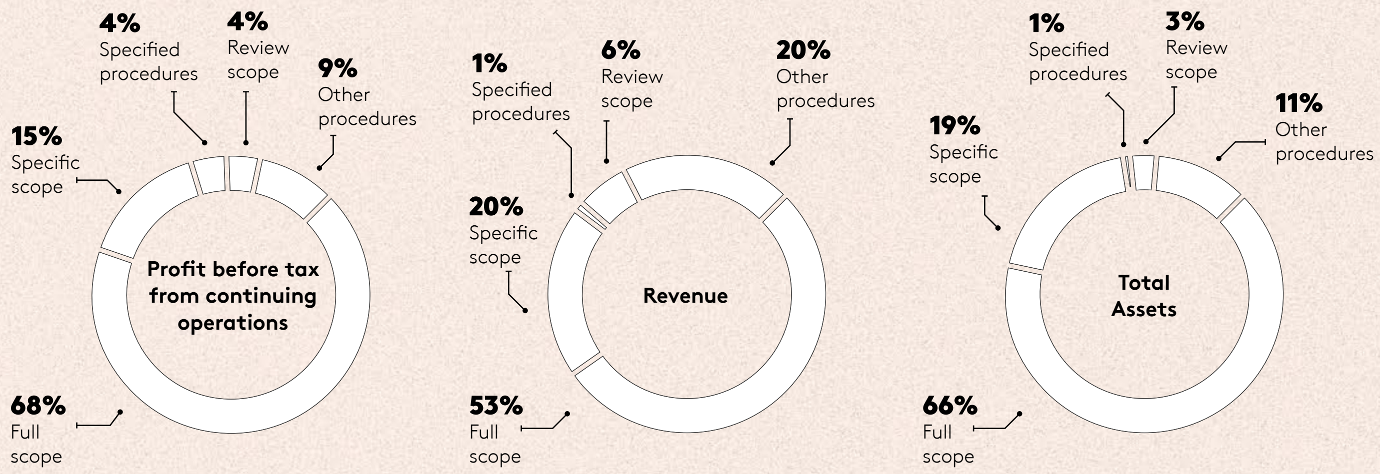
The reporting components where we performed either full or specific scope audit procedures accounted for 83% of the Group's Profit before tax from continuing operations, 73% of the Group's Revenue and 85% of the Group's Total Assets.

The full scope components contributed 68% of the Group's Profit before tax from continuing operations, 53% of the Group's Revenue and 66% of the Group's Total Assets. The specific scope components contributed 15% of the Group's Profit before tax from continuing operations, 20% of the Group's Revenue and 19% of the Group's Total Assets. The components where we either performed procedures that were specified by the Group audit team in response to specific risk factors or review scope procedures contributed 4% and 4% respectively of the Group's Profit before tax from continuing operations, 1% and 6% respectively of the Group's Revenue and 1% and 3% respectively of the Group's Total Assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining components, which together represent 9% of the Group's Profit before tax from continuing operations, none is individually greater than 1.5% of the Group's Profit before tax from continuing operations. For these components, we performed other procedures, including analytical review, confirmation of cash balances, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

INDEPENDENT AUDITOR'S REPORT
to the Members of Kingspan Group plc (continued)

The charts below illustrate the coverage obtained from the work performed by our audit teams based on continuing operations.



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 29 full scope components, audit procedures were performed on four of these directly by senior members of the Group audit team and on 25 by component audit teams. For the specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

We issued detailed instructions to each component auditor in scope for the Group audit, with specific audit requirements and requests across key areas. The Group audit team would normally have completed a programme of planned visits designed to ensure that senior members of the Group audit team, including the Audit Engagement Partner, visit a number of overseas locations each year. During the current year's audit cycle, due to travel restrictions as a result of the Covid-19 pandemic, only a physical visit in respect of our United States component team was possible by the Group audit team. The Group audit team performed virtual visits in respect of our other key component teams in the U.K., Belgium, the Czech Republic and Brazil. These visits involved discussing the audit approach and any issues arising with the component team and holding discussions with local management and attending closing meetings.

The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed and evaluated the work performed by these teams, including review of key reporting documents, in accordance with the ISAs (Ireland) and were responsible for the overall planning, scoping and direction of the Group audit process. Senior members of the Group audit team also participated in component and divisional planning, interim and closing meeting calls during which the planning and results of the audits were discussed with the component auditors, local management and Group management. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (Ireland) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the Annual Report set out on pages 48 to 53 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on pages 109 and 110 in the Annual Report that they have carried out a robust assessment of the principal risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Directors' statement set out on page 109 in the Annual Report about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- whether the Directors' statement relating to going concern required under the Listing Rules of Euronext Dublin and the UK Listing Authority is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on pages 109 and 110 in the Annual Report as to how they have assessed the prospects of the Group and the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and the Company will be able to continue in operation and meet their liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement included in the Director's Report and elsewhere in the Annual Report that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information;
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017; and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Other information

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- *Fair, balanced and understandable* (set out on pages 110 and 111) – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit Committee reporting* (set out on pages 96 to 103) – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee or is materially inconsistent with our knowledge obtained in the audit; or
- *Directors' statement of compliance with the UK Corporate Governance Code* (set out on page 107) – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with the Listing Rules of Euronext Dublin and the UK Listing Authority do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, is consistent with the financial statements; and
- in our opinion, the Directors' Report, other than those parts dealing with the non-financial statement pursuant to the requirements of S.I. No. 360/2017 on which we are not required to report in the current year, has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company Statement of Financial Position is in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

We have nothing to report in respect of section 13 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, which require us to report to you if, in our opinion, the Company has not provided in the non-financial statement the information required by Section 5(2) to (7) of those Regulations, in respect of year ended 31 December 2020.

The Listing Rules of the Irish Stock Exchange require us to review:

- the Directors' statement, set out on pages 109 and 110, in relation to going concern and longer-term viability
- the part of the Corporate Governance Statement on page 107 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex specified for our review
- certain elements of disclosures in the report to shareholders by the Board on Directors' remuneration

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 110, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The objectives of our audit, in respect to fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group across the various jurisdictions globally in which the Group operates. We determined that the most significant are those that relate to the form and content of external financial and corporate governance reporting including company law, tax legislation, employment law and regulatory compliance
- We understood how Kingspan Group plc is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of the Group's Compliance Policies, board minutes, papers provided to the Audit Committee and correspondence received from regulatory bodies
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by meeting with management, including within various parts of the business, to understand where they considered there was susceptibility to fraud. We also considered performance targets and the potential for management to influence earnings or the perceptions of analysts. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included a review of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit Committee on compliance with regulations, enquiries of internal and external legal counsel and management

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf
This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors following the AGM held on 1 May 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. This is our second year of engagement.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or Company and we remain independent of the Group and Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Pat O'Neill
for and on behalf of
Ernst & Young
Chartered Accountants
and Statutory Audit Firm
Dublin

23 February 2022

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2021

	Note	2021 €m	2020 €m
REVENUE	2	**6,497.0**	4,576.0
Cost of sales		**(4,640.9)**	(3,190.5)
GROSS PROFIT		**1,856.1**	1,385.5
Operating costs, excluding intangible amortisation		**(1,101.3)**	(877.3)
TRADING PROFIT	2	**754.8**	508.2
Intangible amortisation		**(29.5)**	(23.5)
OPERATING PROFIT		**725.3**	484.7
Finance expense	4	**(36.3)**	(26.1)
Finance income	4	**-**	1.1
PROFIT FOR THE YEAR BEFORE INCOME TAX	5	**689.0**	459.7
Income tax expense	7	**(118.4)**	(74.9)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**570.6**	384.8
Attributable to owners of Kingspan Group plc		**554.1**	373.6
Attributable to non-controlling interests	28	**16.5**	11.2
		570.6	384.8
EARNINGS PER SHARE FOR THE YEAR			
Basic	8	**305.6c**	206.2c
Diluted	8	**303.0c**	204.4c

Gene M. Murtagh — *Chief Executive Officer*
Geoff Doherty — *Chief Financial Officer*
22 February 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	2021 €m	2020 €m
Profit for the year		**570.6**	384.8
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**123.1**	(129.7)
Effective portion of changes in fair value of cash flow hedges		**0.3**	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit pension schemes	31	**21.5**	(19.9)
Income taxes relating to actuarial gains/losses on defined benefit pension schemes	21	**(5.5)**	4.1
Total other comprehensive income		**139.4**	(145.5)
Total comprehensive income for the year		**710.0**	239.3
Attributable to owners of Kingspan Group plc		**691.8**	238.7
Attributable to non-controlling interests	28	**18.2**	0.6
		710.0	239.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	2021 €m	2020 €m
ASSETS			
NON-CURRENT ASSETS			
Goodwill	9	**1,908.6**	1,478.8
Other intangible assets	10	**93.2**	82.7
Financial asset		**13.2**	8.2
Property, plant and equipment	11	**1,155.8**	972.9
Right of use assets	16	**155.5**	113.0
Retirement benefit assets	31	**17.9**	8.0
Deferred tax assets	21	**34.7**	23.0
		3,378.9	2,686.6
CURRENT ASSETS			
Inventories	13	**1,138.9**	505.9
Trade and other receivables	14	**1,228.4**	799.6
Derivative financial instruments	19	**0.3**	19.8
Cash and cash equivalents		**641.4**	1,329.7
		3,009.0	2,655.0
TOTAL ASSETS		**6,387.9**	5,341.6
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**1,389.8**	854.5
Provisions for liabilities	20	**67.8**	55.7
Lease liabilities	16	**35.0**	27.3
Derivative financial instruments	19	**-**	0.2
Deferred contingent consideration	18	**41.7**	-
Interest bearing loans and borrowings	17	**77.4**	209.6
Current income tax liabilities		**57.7**	55.9
		1,669.4	1,203.2
NON-CURRENT LIABILITIES			
Retirement benefit obligations	31	**45.9**	53.9
Provisions for liabilities	20	**74.9**	63.3
Interest bearing loans and borrowings	17	**1,320.1**	1,376.1
Lease liabilities	16	**123.0**	87.5
Deferred tax liabilities	21	**34.7**	32.4
Deferred contingent consideration	18	**160.6**	127.6
		1,759.2	1,740.8
TOTAL LIABILITIES		**3,428.6**	2,944.0
NET ASSETS		**2,959.3**	2,397.6
EQUITY			
Share capital	23	**23.9**	23.8
Share premium	24	**94.4**	95.6
Capital redemption reserve		**0.7**	0.7
Treasury shares	25	**(57.3)**	(11.6)
Other reserves		**(277.7)**	(356.8)
Retained earnings		**3,108.1**	2,597.2
EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC		**2,892.1**	2,348.9
NON-CONTROLLING INTEREST	28	**67.2**	48.7
TOTAL EQUITY		**2,959.3**	2,397.6

Gene M. Murtagh — *Chief Executive Officer*
Geoff Doherty — *Chief Financial Officer*
22 February 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash Flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Put Option Liability Reserve	Retained Earnings	Total Attributable to Owners of the Parent	Non- Controlling Interest	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2021	23.8	95.6	0.7	(11.6)	(229.9)	0.3	40.4	0.7	(168.3)	2,597.2	2,348.9	48.7	**2,397.6**
Transactions with owners recognised directly in equity													
Employee share based compensation	0.1	-	-	-	-	-	17.7	-	-	-	17.8	-	**17.8**
Tax on employee share based compensation	-	-	-	-	-	-	9.7	-	-	3.8	13.5	-	**13.5**
Exercise or lapsing of share options	-	(1.2)	-	1.2	-	-	(10.5)	-	-	10.5	-	-	**-**
Repurchase of shares	-	-	-	(46.9)	-	-	-	-	-	-	(46.9)	-	**(46.9)**
Dividends	-	-	-	-	-	-	-	-	-	(73.5)	(73.5)	-	**(73.5)**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	3.5	**3.5**
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(3.2)	**(3.2)**
Fair value movement	-	-	-	-	-	-	-	-	(59.5)	-	(59.5)	-	**(59.5)**
Transactions with owners	0.1	(1.2)	-	(45.7)	-	-	16.9	-	(59.5)	(59.2)	(148.6)	0.3	**(148.3)**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	554.1	554.1	16.5	**570.6**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	0.3	-	-	-	-	0.3	-	**0.3**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	121.4	-	-	-	-	-	121.4	1.7	**123.1**
Items that will not be reclassified subsequently to profit or loss													
Actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	21.5	21.5	-	**21.5**
Income taxes relating to actuarial gains on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(5.5)	(5.5)	-	**(5.5)**
Total comprehensive income for the year	-	-	-	-	121.4	0.3	-	-	-	570.1	691.8	18.2	**710.0**
Balance at 31 December 2021	**23.9**	**94.4**	**0.7**	**(57.3)**	**(108.5)**	**0.6**	**57.3**	**0.7**	**(227.8)**	**3,108.1**	**2,892.1**	**67.2**	**2,959.3**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share Capital	Share Premium	Capital Redemption Reserve	Treasury Shares	Translation Reserve	Cash Flow Hedging Reserve	Share Based Payment Reserve	Revaluation Reserve	Put Option Liability Reserve	Retained Earnings	Total Attributable to Owners of the Parent	Non- Controlling Interest	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2020	23.8	95.6	0.7	(11.8)	(110.8)	0.3	38.9	0.7	(188.7)	2,221.6	2,070.3	50.1	**2,120.4**
Transactions with owners recognised directly in equity													
Employee share based compensation	-	-	-	-	-	-	16.0	-	-	-	16.0	-	**16.0**
Tax on employee share based compensation	-	-	-	-	-	-	(0.9)	-	-	4.4	3.5	-	**3.5**
Exercise or lapsing of share options	-	-	-	0.2	-	-	(13.6)	-	-	13.4	-	-	**-**
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Transactions with non-controlling interests:													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	(0.8)	**(0.8)**
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(1.2)	**(1.2)**
Fair value movement	-	-	-	-	-	-	-	-	20.4	-	20.4	-	**20.4**
Transactions with owners	-	-	-	0.2	-	-	1.5	-	20.4	17.8	39.9	(2.0)	**37.9**
Total comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	-	373.6	373.6	11.2	**384.8**
Other comprehensive income:													
Items that may be reclassified subsequently to profit or loss													
Cash flow hedging in equity													
- current year	-	-	-	-	-	-	-	-	-	-	-	-	**-**
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(119.1)	-	-	-	-	-	(119.1)	(10.6)	**(129.7)**
Items that will not be reclassified subsequently to profit or loss													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(19.9)	(19.9)	-	**(19.9)**
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	4.1	4.1	-	**4.1**
Total comprehensive income for the year	-	-	-	-	(119.1)	-	-	-	-	357.8	238.7	0.6	**239.3**
Balance at 31 December 2020	**23.8**	**95.6**	**0.7**	**(11.6)**	**(229.9)**	**0.3**	**40.4**	**0.7**	**(168.3)**	**2,597.2**	**2,348.9**	**48.7**	**2,397.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 €m	2020 €m
OPERATING ACTIVITIES			
Profit for the year		**570.6**	384.8
Add back non-operating expenses:			
Income tax expense	7	**118.4**	74.9
Depreciation of property, plant and equipment	5	**138.4**	122.0
Amortisation of intangible assets	10	**29.5**	23.5
Impairment of non-current assets	11	**3.1**	2.4
Employee equity-settled share options		**17.7**	16.0
Finance income	4	**-**	(1.1)
Finance expense	4	**36.3**	26.1
Loss/(profit) on sale of property, plant and equipment	5	**0.4**	(1.1)
Movement of deferred consideration		**0.4**	(0.7)
Changes in working capital:			
Inventories		**(525.7)**	38.2
Trade and other receivables		**(298.8)**	(1.8)
Trade and other payables		**395.2**	71.3
Other:			
Change in provisions		**6.9**	(2.1)
Pension contributions	31	**(1.8)**	(1.6)
Cash generated from operations		**490.6**	750.8
Income tax paid		**(126.8)**	(89.7)
Interest paid		**(34.6)**	(22.6)
Net cash flow from operating activities		**329.2**	638.5
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(168.8)**	(131.8)
Proceeds from disposals of property, plant and equipment		**5.2**	5.7
Purchase of subsidiary undertakings (including net debt/cash acquired)	22	**(540.2)**	(46.1)
Purchase of financial asset		**(5.0)**	-
Interest received		**0.1**	1.0
Net cash flow from investing activities		**(708.7)**	(171.2)
FINANCING ACTIVITIES			
Drawdown of loans	29	**55.1**	751.2
Repayment of loans and borrowings	29	**(263.2)**	(3.4)
Settlement of derivative financial instrument	29	**18.5**	-
Payment of lease liability	16	**(38.6)**	(33.7)
Proceeds from share issues	23	**0.1**	-
Repurchase of shares	25	**(46.9)**	-
Dividends paid to non-controlling interest	28	**(3.2)**	(1.2)
Dividends paid	27	**(73.5)**	-
Net cash flow from financing activities		**(351.7)**	712.9
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	29	**(731.2)**	1,180.2
Effect of movement in exchange rates on cash held		**42.9**	(41.4)
Cash and cash equivalents at the beginning of the year		**1,329.7**	190.9
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**641.4**	1,329.7

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	2021 €m	2020 €m
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	12	**1,226.7**	1,212.8
CURRENT ASSETS			
Amounts owed by group undertakings	14	**318.4**	232.3
Cash and cash equivalents		**0.1**	0.1
TOTAL ASSETS		**1,545.2**	1,445.2
LIABILITIES			
CURRENT LIABILITIES			
Amounts owed to group undertakings	15	**137.7**	71.1
Payables	15	**0.2**	0.2
TOTAL LIABILITIES		**137.9**	71.3
NET ASSETS		**1,407.3**	1,373.9
EQUITY			
Equity attributable to owners of Kingspan Group plc			
Share capital	23	**23.9**	23.8
Share premium	24	**94.4**	95.6
Capital redemption reserve		**0.7**	0.7
Treasury shares	25	**(57.3)**	(11.6)
Retained earnings	26	**1,345.6**	1,265.4
TOTAL EQUITY		**1,407.3**	1,373.9

In accordance with section 304 of the Companies Act 2014, the Company's profit for the financial year was €136.0m (2020: €89.2m).

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

22 February 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share Capital €m	Share Premium €m	Capital Redemption Reserves €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
Balance at 1 January 2021	23.8	95.6	0.7	(11.6)	1,265.4	**1,373.9**
Shares issued	0.1	(1.2)	-	1.2	-	**0.1**
Repurchase of shares	-	-	-	(46.9)	-	**(46.9)**
Employee share based compensation	-	-	-	-	17.7	**17.7**
Dividends paid	-	-	-	-	(73.5)	**(73.5)**
Transactions with owners	0.1	(1.2)	-	(45.7)	(55.8)	**(102.6)**
Profit for the year	-	-	-	-	136.0	**136.0**
Balance at 31 December 2021	23.9	94.4	0.7	(57.3)	1,345.6	**1,407.3**

	Share Capital €m	Share Premium €m	Capital Redemption Reserves €m	Treasury Shares €m	Retained Earnings €m	Shareholders' Equity €m
Balance at 1 January 2020	23.8	95.6	0.7	(11.8)	1,160.4	**1,268.7**
Shares issued	-	-	-	0.2	(0.2)	**-**
Repurchase of shares	-	-	-	-	-	**-**
Employee share based compensation	-	-	-	-	16.0	**16.0**
Dividends paid	-	-	-	-	-	**-**
Transactions with owners	-	-	-	0.2	15.8	**16.0**
Profit for the year	-	-	-	-	89.2	**89.2**
Balance at 31 December 2020	23.8	95.6	0.7	(11.6)	1,265.4	**1,373.9**

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	2021 €m	2020 €m
OPERATING ACTIVITIES		
Profit for the year after tax	**136.0**	89.2
Net cash flow from operating activities	**136.0**	89.2
FINANCING ACTIVITIES		
Change in receivables	**(82.3)**	(99.0)
Change in payables	**66.6**	9.8
Repurchase of shares	**(46.9)**	-
Proceeds from share issues	**0.1**	-
Dividends paid	**(73.5)**	-
Net cash flow from financing activities	**(136.0)**	(89.2)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**0.1**	0.1
Net increase in cash and cash equivalents	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	**0.1**	0.1

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

1 Statement of Accounting Policies

General information

Kingspan Group plc is a public limited company registered and domiciled in Ireland. Its registered number is 70576 and the address of its registered office is Dublin Road, Kingscourt, Co Cavan.

The Group's principal activities comprise the manufacture of insulated panels, rigid insulation boards, technical insulation, architectural facades, data and flooring technology, daylighting and ventilation systems and water and energy solutions. The Group's Principal Subsidiary Undertakings are set out on page 182 to 187.

Statement of compliance

The consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU and those parts of the Companies Acts 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

The Company has availed of the exemption in Section 304 of the Companies Act 2014 and has not presented the Company Income Statement, which forms part of the Company's financial statements, to its members and the Registrar of Companies.

Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by:

- → measurement at fair value of share based payments at initial date of award;
- → certain derivative financial instruments and deferred contingent consideration recognised and measured at fair value; and
- → recognition of the defined benefit liability as plan assets less the present value of the defined benefit obligation.

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

These consolidated financial statements have been prepared in Euro. The Euro is the presentation currency of the Group and the functional and presentation currency of the Company.

The Group uses a number of Alternative Performance Measures (APMs) throughout these financial statements to give assistance to investors in evaluating the performance of the underlying business and to give a better understanding of how management review and monitor the business on an ongoing basis. These APMs have been defined and explained in more detail on page 175 to 178.

Changes in Accounting Policies and Disclosures

New and amended standards and interpretations effective during 2021

The following amendments to standards and interpretations are effective for the Group from 1 January 2021 and do not have a material effect on the results or financial position of the Group:

	Effective Date – periods beginning on or after
Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* – Interest Rate Benchmark Reform – Phase 2	1 January 2021

The following standard amendment was issued for annual reporting periods beginning on or after 1 April 2021 with earlier application permitted and does not have a material effect on the results or financial position of the Group:

	Effective Date – periods beginning on or after
Amendments to IFRS 16 *Leases* - COVID-19 related rent concessions beyond 30 June 2021	1 April 2021

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing these consolidated financial statements. These new standards, amendments to standards and interpretations are either not expected to have a material impact on the Group's financial statements or are still under assessment by the Group. The principal new standards, amendments to standards and interpretations are as follows:

1 Statement of Accounting Policies (continued)

	Effective Date – periods beginning on or after
IFRS 17 *Insurance Contracts*	1 January 2023
Amendments to IAS 1 *Presentation of Financial Statements* - Classification of Liabilities as Current or Non-current	1 January 2023*
Amendments to IAS 12 *Income Taxes* - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023*
Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 - Disclosure of Accounting policies	1 January 2023*
Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* - Definition of Accounting Estimates	1 January 2023*
Amendments to IFRS 3 *Business Combinations* - Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 *Property, Plant and Equipment* - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* - Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Subsidiary as a first-time adopter	1 January 2022
Amendments to IFRS 9 *Financial Instruments* – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IAS 41 *Agriculture* – Taxation in fair value measurements	1 January 2022

* Not EU endorsed

Basis of consolidation

The Group consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are included in the Group financial statements from the date on which control over the entity is obtained and cease to be consolidated from the date on which control is transferred out of the Group.

Transactions eliminated on consolidation

Intragroup transactions and balances, and any unrealised gains arising from such transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Segment reporting

The Group's accounting policy for identifying segments is based on internal management reporting information that is routinely reviewed by the Board of Directors, which is the Chief Operating Decision Maker (CODM) for the Group.

The measurement policies used for the segment reporting under IFRS 8 *Operating Segments* are the same as those used in the consolidated financial statements. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance income and expenses and tax assets and liabilities.

The Group has determined that it has five operating segments: Insulated Panels, Insulation, Water & Energy, Data & Flooring and Light & Air.

Revenue recognition

The Group recognises revenue exclusive of sales tax and trade discounts which would occur over time or at a point in time. The Group uses the five-step model as prescribed under IFRS 15 *Revenue from Contracts with Customers* on the Group's revenue transactions. This includes the identification of the contract, identification of the performance obligations under same, determination of the transaction price, allocation of the transaction price to performance obligations and recognition of revenue. Typically, individual performance obligations are specifically called out in the contract which allows for accurate recognition of revenue as and when performances are fulfilled.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customers.

The Group has identified a number of revenue streams where revenue is recognised at a point in time and/or over time. These are detailed below:

Supply only contracts

The point of recognition arises when the Group satisfies a performance obligation by transferring control of a promised good or service to the customer, which could occur over time or at a point in time. Revenue is recognised at the time of delivery at the delivery address (where Kingspan is to deliver the goods to the delivery address) or at Kingspan's works (where the customer is to collect the goods) or, if the customer wrongfully fails to take delivery of the goods, the time when Kingspan has tendered delivery of the goods. Invoicing occurs at the point of final delivery of the product or performance obligation, at which point a right is established for unconditional consideration as control passes to the customer. Typically, payment terms are 30 days from the end of the month in which the invoice is raised.

1 Statement of Accounting Policies (continued)

Supply and install projects

If a contract requires the Group to install or commission a product and the product can be separated or sold separately from the installation service and the contract specifically separates the performance obligations then the product only supply element is recognised in line with the criteria set out in the supply only policy. The installation element is recognised over time in line with the milestones set out in the contract. If there is significant integration provided for in the contract then a single purchase order is identified and the revenue is recognised over time.

Service and maintenance

Where the Group provides a post-sale Service and Maintenance offering the revenue associated with this separately identifiable performance obligation is initially recognised in deferred income. The revenue is recognised in the P&L as each site visit occurs.

Research and Development

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 *Intangible Assets* are met.

Business Combinations

Business combinations are accounted for using the acquisition method as at the date of acquisition.
In accordance with IFRS 3 *Business Combinations*, the fair value of consideration paid for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at fair value as at the acquisition date.
When the initial accounting for a business combination is determined, it is done so on a provisional basis with any adjustments to these provisional values made within 12 months of the acquisition date and are effective as at the acquisition date.

To the extent that deferred consideration is payable as part of the acquisition cost and is payable after one year from the acquisition date, the deferred consideration is discounted at an appropriate interest rate and, accordingly, carried at net present value (amortised cost) in the Consolidated Statement of Financial Position. The discount component is then unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, other than put options held by non-controlling interests, the Group accrues the fair value of the additional consideration payable as a liability at acquisition date. This amount is reassessed at each subsequent reporting date with any adjustments recognised in the Consolidated Income Statement.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is re-measured at the acquisition date through the Consolidated Income Statement.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Transaction costs are expensed to the Consolidated Income Statement as incurred.

Put options held by non-controlling interest shares

Any contingent consideration is measured at fair value at the date of acquisition. Where a put option is held by a non-controlling interest ("NCI") in a subsidiary undertaking, whereby that party can require the Group to acquire the NCI's shareholding in the subsidiary at a future date, but the NCI retains present access to the results of the subsidiary, the Group applies the present access method of accounting to this arrangement. The Group recognises a contingent consideration liability at fair value, being the Group's estimate of the amount required to settle that liability and a corresponding reserve in equity. Any subsequent remeasurements required due to changes in fair value of the put liability estimation are recognised in the Put Option Liability Reserve in equity.

Goodwill

Goodwill arises on business combinations and represents the difference between the fair value of the consideration and the fair value of the Group's share of the identifiable net assets of a subsidiary at the date of acquisition.

The Group measures goodwill at the acquisition date as:

→ the fair value of the consideration transferred; plus
→ the recognised amount of any non-controlling interests in the acquiree; plus
→ if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
→ the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the combination's synergies. The cash generating units represent the lowest level within the Group which generate largely independent cash inflows and these units are not larger than the operating segments (before aggregation) determined in accordance with IFRS 8 *Operating Segments*.

Goodwill is tested for impairment at the same level as the goodwill is monitored by management for internal reporting purposes, which is at the individual cash generating unit level.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist. The goodwill impairment tests are undertaken at a consistent time each year. Impairment is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised in the Consolidated Income Statement. Impairment losses arising in respect of goodwill are not reversed following recognition.

On disposal of a subsidiary, the attributable amount of goodwill, not previously written off, is included in the calculation of the profit or loss on disposal.

1 Statement of Accounting Policies (continued)

Intangible Assets (other than goodwill)

Intangible assets separately acquired are capitalised at cost. Intangible assets acquired as part of a business combination are capitalised at fair value as at the date of acquisition.

Following initial recognition, intangible assets, which have finite useful lives, are carried at cost or initial fair value less accumulated amortisation and accumulated impairment losses.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. Amortisation charged on these assets is recognised in the Consolidated Income Statement.

The carrying amount of intangible assets is reviewed for indicators of impairment at each reporting date and is subject to impairment testing when events or changes of circumstances indicate that the carrying values may not be recoverable.

The estimated useful lives are as follows:

Customer relationships	2 - 6 years
Trademarks & Brands	2 - 12 years
Patents	8 years
Technological know how and order backlogs	1 - 10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Foreign currency

Functional and presentation currency

The individual financial statements of each Group company are measured and presented in the currency of the primary economic environment in which the company operates, the functional currency. The Group financial statements are presented in Euro, which is the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date. All currency translation differences on monetary assets and liabilities are taken to the Consolidated Income Statement, except when deferred in equity as qualifying net investment hedges, which is recognised in the Statement of Comprehensive Income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are initially translated at the exchange rate at the date of acquisition and then subsequently these assets and liabilities are treated as part of a foreign entity and are translated at the closing rate.

Exchange rates of material currencies used were as follows:

	Average rate		Closing rate	
Euro =	**2021**	2020	**2021**	2020
Pound Sterling	**0.860**	0.889	**0.838**	0.900
US Dollar	**1.183**	1.142	**1.133**	1.229
Canadian Dollar	**1.483**	1.530	**1.442**	1.567
Australian Dollar	**1.575**	1.655	**1.558**	1.596
Czech Koruna	**25.642**	26.463	**24.851**	26.264
Polish Zloty	**4.565**	4.444	**4.588**	4.589
Hungarian Forint	**358.52**	351.21	**368.89**	364.92
Brazilian Real	**6.381**	5.898	**6.309**	6.384

Foreign operations

The Income Statement, Statement of Financial Position and Cash Flow Statement of Group companies that have a functional currency different from that of the Company are translated as follows:

- → Assets and liabilities at each reporting date are translated at the closing rate at that reporting date.
- → Results and cash flows are translated at actual exchange rates for the year, or an average rate where this is a reasonable approximation.

All resulting exchange differences are recognised in the Consolidated Statement of Comprehensive Income and accumulated as a separate component of equity, the Translation Reserve.

On disposal of a foreign operation, any such cumulative retranslation differences, previously recognised in equity, are reclassified to the Consolidated Income Statement as part of gain or loss on disposal.

Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is based on the first-in, first-out principle and includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

- → Raw materials are valued at the purchase price including transport, handling costs and net of trade discounts.
- → Work in progress and finished goods are carried at cost consisting of direct materials, direct labour and directly attributable production overheads and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price less costs to completion and appropriate marketing, selling and distribution costs.

A provision is made, where necessary, in all inventory categories for obsolete, slow-moving and defective items.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021 (continued)

1 Statement of Accounting Policies (continued)

Income tax

Income tax in the Consolidated Income Statement represents the sum of current income tax and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates and laws that have been enacted, or substantively enacted, at the reporting date and taking into account any adjustments from prior years. Liabilities for uncertain tax treatments are recognised in accordance with IFRIC 23 *Uncertainty Over Income Tax Treatments* and are measured using either the most likely amount method or the expected value method – whichever better predicts the resolution of the uncertainty.

Deferred Tax

Deferred tax is recognised on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The Group offsets deferred tax assets and deferred tax liabilities only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax liabilities are recognised for all taxable temporary differences (i.e. differences that will result in taxable amounts in future periods when the carrying amount of the asset or liability is recovered or settled).

Deferred tax assets are recognised in respect of all deductible temporary differences (i.e. differences that give rise to amounts which are deductible in determining taxable profits in future periods when the carrying amount of the asset or liability is recovered or settled), carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items.

The carrying amounts of deferred tax assets are subject to review at each reporting date and reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of any deferred tax asset to be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Grants

Grants are initially recognised as deferred income at their fair value when there is a reasonable assurance that the grant will be received, and all relevant conditions have been complied with.

Capital grants received and receivable in respect of property, plant and equipment are treated as a reduction in the cost of that asset and thereby amortised to the Consolidated Income Statement in line with the underlying asset.

Revenue grants are recognised in the Consolidated Income Statement to offset the related expenditure.

Investments in subsidiaries

Investments in subsidiaries held by the Parent Company are carried at cost less accumulated impairment losses.

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on a straight line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value by the end of its useful life:

Freehold buildings	2% - 2.5% on cost
Plant and machinery	5% to 20% on cost
Fixtures and fittings	10% to 20% on cost
Computer equipment	12.5% to 33% on cost
Motor vehicles	10% to 25% on cost

Freehold land is stated at cost and is not depreciated.

1 Statement of Accounting Policies (continued)

The estimated useful lives and residual values of property, plant and equipment are determined by management at the time the assets are acquired and subsequently, re-assessed at each reporting date. These lives are based on historical experience with similar assets across the Group.

In accordance with IAS 36 *Impairment of Assets*, the carrying values of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying value of an asset or its cash generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Consolidated Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted to allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Assets under construction are carried at cost less any recognised impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Leases

The Group recognises right of use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments at the lease commencement date. The right of use assets are initially measured at cost, and subsequently measured at cost less accumulated depreciation and impairment losses. The cost of the right of use asset consists of the initial measurement of the lease liability, any initial direct costs incurred in entering into the lease, restoration costs and any payments made on or before the lease commencement date, net any lease incentives received.

Depreciation is provided on a straight line basis over the period of the lease, or useful life if shorter.

Lease liabilities are measured at the present value of the future lease payments, discounted at the Group's incremental borrowing rate. Subsequent to the initial measurement, the lease liabilities are increased by the interest cost and reduced by lease payments made.

The right of use assets and lease liabilities are remeasured when there are changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised or where there is a change in future lease payments as a result of a change in an index or rate. The Group applies judgement when determining the lease term where renewal and termination options are contained in the lease contract.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. The Group also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the term of the lease.

Retirement benefit obligations

The Group operates defined contribution and defined benefit pensions schemes.

Defined contribution pension schemes

The costs arising on the Group's defined contribution schemes are recognised in the Consolidated Income Statement in the period in which the related service is provided. The Group has no legal or constructive obligation to pay further contributions in the event that these plans do not hold sufficient assets to provide retirement benefits.

Defined benefit pension schemes

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of the net defined benefit liability or asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling, are recognised immediately in other comprehensive income.

The Group determines the net interest expense on the net defined benefit liability or asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation and the amount of the obligation can be estimated reliably.

A specific provision is created when a claim has actually been made against the Group or where there is a known issue at a known customer's site, both relating to a product or service supplied in the past. In addition, a risk-based provision is created where future claims are considered incurred but not reported. The warranty provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

1 Statement of Accounting Policies (continued)

Specific provisions will generally be aged as a current liability, reflecting the assessment that a current liability exists to replace or repair product sold on foot of an accepted valid warranty issue. Only where the liability is reasonably certain not to be settled within the next 12 months, will a specific provision be categorised as a long-term obligation. Risk-based provisions will generally be aged as a non-current liability, reflecting the fact that no warranty claim has yet been made by the customer.

Provisions which are not expected to give rise to a cash outflow within 12 months of the reporting date are, where material, determined by discounting the expected future cash flows. The unwinding of the discount is recognised as a finance expense.

Dividends

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at the Annual General Meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

Cash and cash equivalents

Cash and cash equivalents principally comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Derivative financial instruments

Derivative financial instruments, principally interest rate and currency swaps, are used to hedge the Group's foreign exchange and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value and thereafter are subsequently remeasured at their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of these instruments is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest and currency exchange rates and the current creditworthiness of the swap counterparties.

The Group designates all of its derivatives in one or more of the following types of relationships:

i. *Fair value hedge:* Hedges the exposure to movements in fair value of recognised assets or liabilities that are attributable to hedged risks.
ii. *Cash flow hedge:* Hedges the Group's exposures to fluctuations in future cash flow derived from a particular risk associated with recognised assets or liabilities or forecast transactions.
iii. *Net investment hedge:* Hedges the exchange rate fluctuations of a net investment in a foreign operation.

At inception of the transaction, the Group documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transactions. The Group also documents its assessment, both at inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Any gain or loss resulting from the re-measurement of the hedging instrument to fair value is reported in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gains or losses of a hedging instrument that are in hedge relationships with borrowings are included within Finance Income or Finance Expense in the Consolidated Income Statement. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and is also included within Finance Income or Finance Expense in the Consolidated Income Statement.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the Consolidated Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

Cash flow hedge

The effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the Cash Flow Hedge Reserve in equity with the ineffective portion being recognised within Finance Income or Finance Expense in the Consolidated Income Statement. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in other comprehensive income are reclassified into profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss. For cash flow hedges, other than those covered by the preceding statements, the associated cumulative gain or loss is removed from other comprehensive income and recognised in the Consolidated Income Statement in the same period or periods during which the hedged forecast transaction affects profit or loss. The ineffective part of any gain or loss is recognised immediately in the Consolidated Income Statement.

Hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss at that point remains in other comprehensive income and is recognised when the transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the Income Statement in the period.

Net investment hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and presented in the Translation Reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in either Finance Income or Finance Expense in the Consolidated Income Statement. Cumulative gains or losses remain in equity until disposal of the net investment in the foreign operation at which point the related differences are reclassified to the Consolidated Income Statement as part of the overall gain or loss on sale.

1 Statement of Accounting Policies (continued)

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost and subsequently measured using the effective interest rate (EIR) method and subject to impairment. Financial assets may also be initially measured at fair value with any movement being reflected through other comprehensive income or the Consolidated Income Statement.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The Group applies the simplified approach for expected credit losses (ECL) under IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of receivables. Under IFRS 9 *Financial Instruments*, the Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age, mix of customer relationship and type of product purchased.

Financial Liabilities

Financial liabilities held for trading are measured at fair value through the profit and loss, and all other financial liabilities are measured at amortised cost unless the fair value option is applied.

Finance Income

Finance income comprises interest income on funds invested and any gains on hedging instruments that are recognised in the Consolidated Income Statement. Interest income is recognised as it accrues using the effective interest rate method.

Finance Expense

Finance expense comprises negative interest charged on cash balances held in certain currencies, interest payable on borrowings calculated using the effective interest rate method, fair value gains and losses on hedging instruments that are recognised in the Consolidated Income Statement, the net finance cost of the Group's defined benefit pension scheme, lease interest and the discount component of the deferred consideration which is unwound as an interest charge in the Consolidated Income Statement over the life of the obligation.

Borrowing costs

Borrowing costs directly attributable to qualifying assets, as defined in IAS 23 *Borrowing costs*, are fully capitalised during the period of time that is necessary to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

Share-Based Payment Transactions

The Group grants equity settled share based payments to employees through the Performance Share Plan and the Deferred Bonus Plan.

The fair value of these equity settled transactions is determined at grant date and is recognised as an employee expense in the Consolidated Income Statement, with the corresponding increase in equity, on a straight line basis over the vesting period. The fair value at the grant date is determined using a combination of the Monte Carlo simulation technique and the Black Scholes model, excluding the impact of any non-market conditions. Non-market vesting conditions are included in the assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options that are likely to vest as a result of non-market conditions. Any adjustment from this revision is recognised in the Consolidated Income Statement with a corresponding adjustment to equity.

Where the share based payments give rise to the issue of new share capital, the proceeds received by the Company are credited to share capital (nominal value) and share premium (where applicable) when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to share premium.

The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

Treasury Shares

Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in share premium account. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

Non-controlling interest

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the parent company and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Statement of Financial Position, distinguished from shareholders' equity attributable to owners of the parent company.

Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, as set out on pages 129 to 137, management are required to make estimates and judgements that could materially affect the Group's reported results or net asset position.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods. The Group has considered the impact of climate change on the consolidated financial statements, including the carrying value of assets, the useful economic life of assets, and provisions.

1 Statement of Accounting Policies (continued)

The areas where key estimates and judgements were made by management and are material to the Group's reported results or net asset position, are as following:

Impairment (Note 9)

The Group is required to review assets for objective evidence of impairment.
It does this on the basis of a review of the budget and rolling 5 year forecasts (4 year strategic plan, as approved by the Board, plus year 5 forecasted by management), which by their nature are based on a series of assumptions and estimates.
The Group has performed impairment tests on those cash generating units which contain goodwill, and on any assets where there are indicators of impairment. The key assumptions associated with these reviews are detailed in Note 9. The Group also considered the potential impact of climate change. This is an area of estimation and judgement.

Guarantees & warranties (Note 20)

Certain products carry formal guarantees of satisfactory functional and aesthetic performance of varying periods following their purchase. Local management evaluate the constructive or legal obligation arising from customer feedback and assess the requirement to provide for any probable outflow of economic benefit arising from a settlement. This is an area of estimation and judgement.

Recoverability of trade receivables (Note 14)

The Group provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances.

Under IFRS 9 the Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. Loss rates are calculated using a "roll rate" method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age, mix of customer relationship and type of product purchased. This is an area of estimation.

Valuation of inventory (Note 13)

Inventories are measured at the lower of cost and net realisable value. The Group's policy is to hold inventories at original cost and create an inventory provision where evidence exists that indicates net realisable value is below cost for a particular item of inventory. Damaged, slow-moving or obsolete inventory are typical examples of such evidence. This is an area of estimation.

Leases (Note 16)

The Group has applied judgement to determine the lease term of contracts that include termination and extension options. If the Group is reasonably certain to exercise such options, the relevant amount of right of use assets and lease liabilities are recognised.

The Group has also applied judgement in determining the incremental borrowing rates (IBR). The incremental borrowing rate is the rate of interest that a lessee would expect to incur on funds borrowed over a similar term and security to obtain a comparable value to the right of use asset in the relevant economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and makes certain entity-specific estimates (such as country risk and entity specific credit rating) as required.

Business Combinations (Note 22)

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions relating, in particular, to the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated cash flows expected to be generated from these intangible assets using appropriate discount rates and revenue forecasts. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Measurement of deferred contingent consideration and put option liabilities related to business combinations require assumptions to be made regarding profit forecasts and discount rates used to arrive at the net present value of the potential obligations. The Group has considered all available information in arriving at the estimate of liabilities associated with deferred contingent consideration obligations. This is an area of estimation and judgement.

Income taxes (Note 7)

The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions for which the ultimate tax determination is uncertain. The Group recognises liabilities based on estimates of whether additional taxes will be due. Once it has been concluded that a liability needs to be recognised, the liability is measured based on the tax laws that have been enacted or substantially enacted at the end of the reporting period. The amount shown for current taxation includes an estimate for uncertain tax treatments where the group considers it probable that uncertain tax treatments will not be accepted by tax authorities and the estimate is measured using either the most likely amount method or the expected value method, as appropriate, prescribed by IFRIC 23. Where the final tax outcome of these matters is different from the amounts that were initially estimated, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations also require the use of estimates.

Deferred Contingent Consideration (Note 18)

Measurement of put option liabilities require assumptions to be made regarding profit forecasts and discount rates used to arrive at the net present value of the potential obligations. The Group has considered all available information in arriving at the estimate of liabilities associated with put option obligations. This is an area of estimation.

2 Segment Reporting

In identifying the Group's operating segments, management based its decision on the product supplied by each segment and the fact that each segment is managed and reported separately to the Chief Operating Decision Maker. These operating segments are monitored and strategic decisions are made on the basis of segment operating results.

Operating segments

The Group has the following five operating segments:

Insulated Panels	Manufacture of insulated panels, structural framing and metal facades.
Insulation	Manufacture of rigid insulation boards, technical insulation and engineered timber systems.
Light & Air	Manufacture of daylighting, smoke management and ventilation systems.
Water & Energy	Manufacture of energy and water solutions and all related service activities.
Data & Flooring	Manufacture of data centre storage solutions and raised access floors.

Analysis by class of business

Segment revenue and disaggregation of revenue

	Insulated Panels €m	Insulation €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Total revenue – 2021	4,229.2	1,182.9	552.2	261.3	271.4	**6,497.0**
Total revenue – 2020	2,917.4	787.0	445.5	202.7	223.4	4,576.0
Disaggregation of revenue 2021						
Point of Time	4,210.9	1,152.0	296.3	258.8	240.1	**6,158.1**
Over Time & Contract	18.3	30.9	255.9	2.5	31.3	**338.9**
	4,229.2	1,182.9	552.2	261.3	271.4	**6,497.0**
Disaggregation of revenue 2020						
Point of Time	2,908.4	759.8	227.3	200.9	199.8	4,296.2
Over Time & Contract	9.0	27.2	218.2	1.8	23.6	279.8
	2,917.4	787.0	445.5	202.7	223.4	4,576.0

The disaggregation of revenue by geography is set out in more detail on page 140.

The segments specified above capture the major product lines relevant to the Group.

The combination of the disaggregation of revenue by product group, geography and the timing of revenue recognition capture the key categories of disclosure with respect to revenue. Typically, individual performance obligations are specifically called out in the contract which allow for accurate recognition of revenue as and when performances are fulfilled. Given the nature of the Group's product set, customer returns are not a significant feature of our business model. No further disclosures are required with respect to disaggregation of revenue other than what has been presented in this note.

Inter-segment transfers are carried out at arm's length prices and using an appropriate transfer pricing methodology. As inter-segment revenue is not material, it is not subject to separate disclosure in the above analysis. For the purposes of the segmental analysis, corporate overheads have been allocated to each division based on their respective revenue for the year.

2 Segment Reporting (continued)

Segment result (profit before net finance expense)

	Insulated Panels €m	Insulation €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2021 €m	Total 2020 €m
Trading profit – 2021	519.8	146.7	36.0	20.0	32.3	**754.8**	
Intangible amortisation	(13.7)	(8.6)	(5.8)	(1.2)	(0.2)	**(29.5)**	
Operating profit – 2021	506.1	138.1	30.2	18.8	32.1	**725.3**	
Trading profit – 2020	321.3	110.1	31.2	16.3	29.3		508.2
Intangible amortisation	(13.7)	(4.6)	(4.1)	(0.9)	(0.2)		(23.5)
Operating profit - 2020	307.6	105.5	27.1	15.4	29.1		484.7
Net finance expense						**(36.3)**	(25.0)
Profit for the year before tax						**689.0**	459.7
Income tax expense						**(118.4)**	(74.9)
Net profit for the year						**570.6**	384.8

Segment assets

	Insulated Panels €m	Insulation €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2021 €m	Total 2020 €m
Assets – 2021	3,266.4	1,309.4	665.0	243.5	227.2	**5,711.5**	
Assets – 2020	2,350.4	787.1	474.0	183.5	174.1		3,969.1
Derivative financial instruments						**0.3**	19.8
Cash and cash equivalents						**641.4**	1,329.7
Deferred tax asset						**34.7**	23.0
Total assets as reported in the Consolidated Statement of Financial Position						**6,387.9**	5,341.6

Segment liabilities

	Insulated Panels €m	Insulation €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2021 €m	Total 2020 €m
Liabilities – 2021	(1,240.7)	(307.1)	(218.1)	(98.4)	(74.4)	**(1,938.7)**	
Liabilities – 2020	(778.8)	(192.9)	(184.1)	(72.8)	(41.2)		(1,269.8)
Interest bearing loans and borrowings (current and non-current)						**(1,397.5)**	(1,585.7)
Derivative financial instruments (current and non-current)						**-**	(0.2)
Income tax liabilities (current and deferred)						**(92.4)**	(88.3)
Total liabilities as reported in the Consolidated Statement of Financial Position						**(3,428.6)**	(2,944.0)

2 Segment Reporting (continued)

Other segment information

	Insulated Panels €m	Insulation €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Capital investment – 2021 *	164.3	94.2	32.3	8.4	5.5	**304.7**
Capital investment – 2020 *	92.5	17.4	40.6	2.8	3.7	157.0
Depreciation included in segment result – 2021	(77.7)	(32.2)	(15.8)	(7.0)	(5.7)	**(138.4)**
Depreciation included in segment result – 2020	(73.4)	(23.9)	(12.9)	(6.5)	(5.3)	(122.0)
Non-cash items included in segment result – 2021	(10.2)	(3.4)	(1.4)	(1.1)	(1.6)	**(17.7)**
Non-cash items included in segment result – 2020	(9.0)	(3.2)	(1.1)	(1.0)	(1.7)	(16.0)

* Capital investment also includes fair value of property, plant and equipment and intangible assets acquired in business combinations.

Analysis of segmental data by Geography

	Western & Southern Europe** €m	Central & Northern Europe €m	Americas €m	Rest of World €m	Total €m
Income Statement Items					
Revenue – 2021	3,239.8	1,629.8	1,269.8	357.6	**6,497.0**
Revenue – 2020	2,377.2	997.8	916.0	285.0	4,576.0
Statement of Financial Position Items					
Non-current assets – 2021 *	1,535.8	842.2	720.8	245.4	**3,344.2**
Non-current assets – 2020 *	1,407.7	520.1	546.4	189.4	2,663.6
Other segmental information					
Capital investment – 2021	97.3	130.6	66.3	10.5	**304.7**
Capital investment – 2020	81.0	42.2	32.1	1.7	157.0

* Total non-current assets excluding derivative financial instruments and deferred tax assets.

** Prior year figures have been re-presented to include Britain in Western & Southern Europe.

The Group has a presence in over 70 countries worldwide. Foreign regions of operation are as set out above and specific countries of operation are highlighted separately below on the basis of materiality where revenue exceeds 15% of total Group revenues.

Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to France were €988.3m (2020: €683.0m), €251.2m (2020: €183.0m) and €29.3m (2020: €11.7m) respectively. Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to Britain were €999.8m (2020: €743.6m), €424.9m (2020: €388.8m) and €14.3m (2020: €10.8m) respectively.

Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to the country of domicile were €206.0m (2020: €150.7m), €89.0m (2020: €72.6m) and €19.3m (2020: €16.4m) respectively.

The country of domicile (Ireland) is included in Western & Southern Europe. Western & Southern Europe also includes France, Benelux, Spain, and Britain while Central & Northern Europe includes Germany, the Nordics, Poland, Hungary, Romania, Czech Republic, the Baltics and other South Central European countries. Americas comprises the US, Canada, Central Americas and South America. Rest of World is predominantly Australasia and the Middle East.

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8. The individual entities within the Group each have a large number of customers spread across various activities, end-uses and geographies.

3 Employees

a) Employee numbers

The average number of persons employed by the Group in the financial year was:

	2021 Number	2020 Number
Production	**11,062**	9,430
Sales and distribution	**3,873**	3,120
Management and administration	**2,945**	2,874
	17,880	15,424

b) Employee costs, including executive directors

	2021 €m	2020 €m
Wages and salaries	**832.8**	676.4
Social welfare costs	**104.5**	86.7
Pension costs - defined contribution (note 31)	**26.3**	22.0
Share based payments and awards	**17.7**	16.0
	981.3	801.1
Actuarial (gains)/losses recognised in other comprehensive income	**(21.5)**	19.9
	959.8	821.0

c) Employee share based compensation

The Group currently operates a number of equity settled share based payment schemes; two Performance Share Plans (PSP) and a Deferred Bonus Plan, which was introduced in 2015. The details of these schemes are provided in the Report of the Remuneration Committee.

Performance Share Plan (PSP)

	Number of PSP Options 2021	2020
Outstanding at 1 January	**1,772,438**	1,953,111
Granted	**397,929**	507,441
Forfeited	**(67,236)**	(33,550)
Lapsed	**-**	(6)
Exercised	**(389,870)**	(654,558)
Outstanding at 31 December	**1,713,261**	1,772,438
Of which, exercisable	**337,352**	263,324

The Group recognised a PSP expense of €17.7m (2020: €16.0m) in the Consolidated Income Statement during the year. All PSP options are exercisable at €0.13 per share. For PSP options that were exercised during the year the average share price at the date of exercise was €82.55 (2020: €62.99). The weighted average contractual life of share options outstanding at 31 December 2021 is 4.6 years (2020: 4.8 years). The weighted average exercise price during the period was €0.13 (2020: €0.13).

3 Employees (continued)

The fair values of options granted under the PSP scheme during the current and prior year were determined using the Black Scholes Model or the Monte Carlo Pricing Model as appropriate. The key assumptions used in the model were as follows:

	2021 Awards	2021 Awards	2020 Awards	2020 Awards
	23 August 2021	24 February 2021	20 February 2020	24 March 2020
Share price at grant date	€96.16	€61.0	€61.80	€47.10
Exercise price per share	€0.13	€0.13	€0.13	€0.13
Expected volatility	35.9%	35.6%	26.4%	29.3%
Expected dividend yield	0.42%	0.51%	1.3%	1.3%
Risk-free rate	(0.8%)	(0.7%)	(0.7%)	(0.6%)
Expected life	3 years	3 years	3 years	3 years

The resulting weighted average fair value of options granted in the year was €51.41 (2020: €42.83).

As set out in the Report of the Remuneration Committee, the number of options that will ultimately vest is contingent on market conditions such as Total Shareholder Return and non-market conditions such as the Earnings Per Share of the Group. Market conditions were taken into account in determining the above fair value, and non-market conditions were considered when estimating the number of shares that will eventually vest. Expected volatility was determined by calculating the historical volatility of the Group and peer company share prices over the previous 3 years. The Report of the Remuneration Committee sets out the current companies within the peer group.

Deferred Bonus Plan

As set out in the Report of the Remuneration Committee, the Deferred Bonus Plan (DBP) is intended to reward incremental performance over and above the growth targeted by the annual performance related bonus. Any DBP bonus earned for such incremental performance is satisfied by the payment of deferred share awards. These shares are held for the benefit of the individual participants for two years without any additional performance conditions. These shares vest after two years but are forfeited if the participant leaves the Group within that period.

During the year, nil (2020: 2,272) awards were granted under the DBP and 15,718 (2020: nil) awards were exercised. Nil awards remain outstanding at 31 December 2021. A charge of €1.5m was recognised in the Consolidated Income Statement for 2021 (2020: nil).

4 Finance Expense and Finance Income

	2021 €m	2020 €m
Finance expense		
Lease interest	3.7	3.6
Deferred contingent consideration fair value movement	0.1	-
Bank loans	5.4	3.1
Private placement loan notes	26.8	17.3
Fair value movement on derivative financial instrument	-	6.4
Fair value movement on private placement debt	-	(4.4)
Other interest	0.3	0.1
	36.3	26.1
Finance income		
Interest earned	-	(1.1)
Net finance expense	36.3	25.0

€3.9m of borrowing costs were capitalised during the period (2020: €0.2m). No costs were reclassified from other comprehensive income to profit during the year (2020: €nil).

5 Profit for the Year Before Income Tax

	2021 €m	2020 €m
The profit before tax for the year is stated after charging / (crediting):		
Distribution expenses	277.1	207.2
Product development costs (total, including payroll)	40.9	33.1
Depreciation	138.4	122.0
Amortisation of intangible assets	29.5	23.5
Impairment of property, plant and equipment	3.1	2.4
Foreign exchange net (gains)/losses	(2.0)	3.7
Loss/(profit) on sale of property, plant and equipment	0.4	(1.1)

Analysis of total auditor's remuneration

	EY Ireland 2021 €m	Other EY Offices 2021 €m	Total 2021 €m	EY Ireland 2020 €m	Other EY Offices 2020 €m	Total 2020 €m
Audit of Group	1.0	-	1.0	0.6	-	0.6
Audit of other subsidiaries	-	2.7	2.7	-	2.1	2.1
Tax compliance and advisory services	0.3	-	0.3	0.1	-	0.1
	1.3	2.7	4.0	0.7	2.1	2.8

Included in Audit of Group are total fees of €0.4m which are due to EY in respect of the audit of the Parent Company (2020: €0.2m).

6 Directors' Remuneration

	2021 €m	2020 €m
Fees	0.7	0.6
Other emoluments	2.7	3.2
Pension costs	0.6	0.8
	4.0	4.6
Performance Share Plan accounting charge	3.1	3.7
	7.1	8.3

In accordance with the Statement of Accounting Policies (Share-Based Payment Transactions) and Note 3, the Performance Share Plan accounting charge of €3.1m (2020: €3.7m) is the fair value expense, accounted for in accordance with IFRS 2, of equity settled share-based payments attributable to directors for the period. The fair value of each equity settled share-based payment is determined at grant date and is recognised as an employee expense in the Consolidated Income Statement on a straight-line basis over the vesting period.

Pursuant to the Companies Act 2014 and related guidance, the Report of the Remuneration Committee only reports share-based payments which vested in the period, and they are measured at market value rather than fair value. This explains differences between the total Directors' Remuneration expense of €7.1m in this Note and the total Director's Remuneration expense of €16.4m in the Report of the Remuneration Committee.

Aggregate gains of €2.9m (2020: €16.2m) were realised with respect to share options exercised by directors during the financial year. Details of the number of share options exercised by each director, the market value of the shares on the date of exercise, and the exercise price are included in the Performance Share Plan section of the Report of the Remuneration Committee.

A detailed analysis of directors' remuneration is contained in the Report of the Remuneration Committee.

7 Income Tax Expense

	2021 €m	2020 €m
Tax recognised in the Consolidated Income Statement		
Current taxation:		
Current tax expense	**129.3**	85.0
Adjustment in respect of prior years	**1.1**	(5.4)
	130.4	79.6
Deferred taxation:		
Origination and reversal of temporary differences	**(14.7)**	(6.8)
Effect of rate change	**2.7**	2.1
	(12.0)	(4.7)
Income tax expense	**118.4**	74.9

The following table reconciles the applicable Republic of Ireland statutory tax rate to the effective tax rate (current and deferred) of the Group:

	2021 €m	2020 €m
Profit for the year	**689.0**	459.7
Applicable notional tax charge (12.5%)	**86.1**	57.5
Expenses not deductible for tax purposes	**17.5**	10.8
Net effect of differing tax rates	**27.3**	16.3
Utilisation of unprovided deferred tax assets	**(1.9)**	(1.1)
Other items	**(10.6)**	(8.6)
Total income tax expense	**118.4**	74.9

The total tax charge in future periods will be affected by any changes to the corporation tax rates in force in the countries in which the Group operates. Changes in the geographical mix of future earnings will also impact the total tax charge.

The methodology used to determine the recognition and measurement of uncertain tax positions is set out in Note 1 'Statement of Accounting Policies'.

The total value of deductible temporary differences which have not been recognised is €23.7m (2020: €31.6m) consisting mainly of tax losses forward. €0.3m (2020: €0.5m) of the losses expire within 5 years while all other losses may be carried forward indefinitely.

No provision has been made for tax in respect of temporary differences arising from unremitted earnings of foreign operations as there is no commitment to remit such earnings and no current plans to do so. Deferred tax liabilities of €16.1m (2020: €12.1m) have not been recognised for withholding tax that would be payable on unremitted earnings of €322.2m (2020: €242.9m) in certain subsidiaries.

8 Earnings Per Share

	2021	2020
	€m	€m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	**554.1**	373.6
	Number of shares ('000) 2021	Number of shares ('000) 2020
Weighted average number of ordinary shares for the calculation of basic earnings per share	**181,348**	181,212
Dilutive effect of share options	**1,565**	1,598
Weighted average number of ordinary shares for the calculation of diluted earnings per share	**182,913**	182,810
	2021 € cent	2020 € cent
Basic earnings per share	**305.6**	206.2
Diluted earnings per share	**303.0**	204.4

Dilution is attributable to the weighted average number of share options outstanding at the end of the reporting period.

The number of options which are anti-dilutive and have therefore not been included in the above calculations is nil (2020: nil).

9 Goodwill

	2021 €m	2020 €m
At 1 January	**1,478.8**	1,506.9
Additions relating to acquisitions (Note 22)	**380.4**	41.7
Net exchange movement	**49.4**	(69.8)
Carrying amount 31 December	**1,908.6**	1,478.8
At 31 December		
Cost	**1,976.3**	1,546.5
Accumulated impairment losses	**(67.7)**	(67.7)
Carrying amount	**1,908.6**	1,478.8

Cash generating units

Goodwill acquired through business combinations is allocated, at acquisition, to CGUs that are expected to benefit from synergies in that combination. The CGUs are the lowest level within the Group at which the associated goodwill is monitored for internal management reporting purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*.

A total of 11 (2020: 11) CGUs have been identified and these are analysed between the five business segments in the Group as set out below. Assets and liabilities have been assigned to the CGUs on a reasonable and consistent basis.

	Cash-generating units 2021	2020	Goodwill (€m) 2021	2020
Insulated Panels	**6**	6	**962.8**	873.9
Insulation	**1**	1	**457.1**	232.9
Light & Air	**1**	1	**287.6**	205.7
Water & Energy	**1**	1	**110.0**	81.0
Data & Flooring	**2**	2	**91.1**	85.3
Total	**11**	11	**1,908.6**	1,478.8

Significant goodwill amounts

Management has assessed that, in line with IAS 36 *Impairment of Assets*, there are 4 CGUs that are individually significant (greater than 10% of total goodwill) that require additional disclosure and are as follows:

	Panels Western Europe		Panels Joris Ide		Insulation		Light & Air	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Goodwill (€m)	**313.8**	291.6	**344.4**	334.6	**457.1**	232.9	**287.6**	205.7
Discount rate (%)	**7.6**	8.6	**8.1**	8.3	**7.9**	8.7	**7.4**	8.6
Excess of value-in-use over carrying amount (€m)	**2,810.6**	1,971.1	**1,862.6**	781.2	**2,590.4**	1,578.3	**786.8**	508.2

The goodwill allocated to these 4 CGUs (2020: 5 CGUs) accounts for 74% (2020: 83%) of the total carrying amount of €1,908.6m (2020: €1,478.8m). The remaining goodwill balance of €505.7m (2020: €246.8m) is allocated across the other 7 CGUs (2020: 6 CGUs), none of which are individually significant. Similar assumptions and techniques are applied on the impairment testing of these CGUs.

None of the individually significant CGUs are included in the "Sensitivity analysis" section as it is not considered reasonably possible that there would be a change in the key assumptions such that the carrying amount would exceed value-in-use. Consequently, no further disclosures have been provided for these CGUs.

Impairment testing

Goodwill acquired through business combinations has been allocated to the above CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of the CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that a CGU may be impaired.

9 Goodwill (continued)

The recoverable amount of each CGU is determined from value-in-use calculations. The forecasts used in these calculations are based on a 4 year financial plan approved by the Board of Directors, plus year 5 as forecasted by management, and specifically excludes any future acquisition activity. They include assumptions regarding future organic growth with cash flows after year 5 assuming to continue in perpetuity at a general growth rate of 2% to 5% (Panels LATAM 5%), reflecting the relevant CGU market growth. The use of cash flows in perpetuity is considered appropriate in light of the Group's established history of earnings growth and cash flow generation, its strong current financial position and the nature of the industry in which the Group operates.

The value in use calculation represents the present value of the future cash flows, including the terminal value, discounted at a rate appropriate to each CGU. The real pre-tax discount rates used range from 7.4% to 17.7% (2020: 8.3% to 14.7%). These rates are based on the Group's estimated weighted average cost of capital, adjusted for risk, and are consistent with external sources of information.

The cash flows and the key assumptions used in the value in use calculations are determined based on the historical performance of the Group, its strong current financial position as well as management's knowledge and expectation of future trends in the industry. Expected future cash flows are, however, inherently uncertain and are therefore liable to material change over time. The key assumptions used in the value in use calculations are subjective and include projected EBITDA margins, net cash flows, discount rates used and the duration of the discounted cash flow model.

Sensitivity analysis

Sensitivity analysis was performed by adjusting cash flows, the discount rate and the average operating margin of each division by over 38% and by reducing the long-term growth rate to zero. Each test resulted in a positive recoverable amount for each CGU under each approach. Management believes, therefore, that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount, thereby giving rise to an impairment.

10 Other Intangible Assets

2021	**Customer Relationships €m**	**Patents & Brands €m**	**Other Intangibles €m**	**Total €m**
Cost				
At 1 January	48.9	134.5	40.3	223.7
Acquisitions (Note 22)	0.8	19.2	18.5	38.5
Net exchange difference	0.7	4.0	1.3	6.0
At 31 December	**50.4**	**157.7**	**60.1**	**268.2**
Accumulated amortisation				
At 1 January	35.0	76.2	29.8	141.0
Charge for the year	5.2	13.9	10.4	29.5
Net exchange difference	0.6	2.6	1.3	4.5
At 31 December	**40.8**	**92.7**	**41.5**	**175.0**
Net Book Value as at 31 December 2021	**9.6**	**65.0**	**18.6**	**93.2**

2020	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
Cost				
At 1 January	50.3	130.0	35.6	215.9
Acquisitions (Note 22)	(0.7)	10.0	6.3	15.6
Net exchange difference	(0.7)	(5.5)	(1.6)	(7.8)
At 31 December	**48.9**	**134.5**	**40.3**	**223.7**
Accumulated amortisation				
At 1 January	29.6	66.8	26.3	122.7
Charge for the year	5.9	12.6	5.0	23.5
Net exchange difference	(0.5)	(3.2)	(1.5)	(5.2)
At 31 December	**35.0**	**76.2**	**29.8**	**141.0**
Net Book Value as at 31 December 2020	**13.9**	**58.3**	**10.5**	**82.7**

Other intangibles relate primarily to technological know how and order backlogs.

11 Property, Plant and Equipment

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total €m
As at 31 December 2021				
Cost	826.0	1,609.3	53.0	2,488.3
Accumulated depreciation and impairment charges	(274.4)	(1,023.7)	(34.4)	(1,332.5)
Net carrying amount	**551.6**	**585.6**	**18.6**	**1,155.8**
At 1 January 2021, net carrying amount	468.1	488.2	16.6	972.9
Acquisitions through business combinations (Note 22)	52.8	39.2	2.0	94.0
Additions	36.5	129.3	6.4	172.2
Disposals	(2.6)	(2.6)	(0.4)	(5.6)
Reclassification	6.0	(5.6)	(0.4)	-
Depreciation charge for year	(17.5)	(77.9)	(6.0)	(101.4)
Impairment charge for year	(2.3)	(0.8)	-	(3.1)
Effect of movement in exchange rates	10.6	15.8	0.4	26.8
At 31 December 2021, net carrying amount	**551.6**	**585.6**	**18.6**	**1,155.8**

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total €m
As at 31 December 2020				
Cost	686.5	1,368.3	45.0	2,099.8
Accumulated depreciation and impairment charges	(218.4)	(880.1)	(28.4)	(1,126.9)
Net carrying amount	**468.1**	**488.2**	**16.6**	**972.9**
At 1 January 2020, net carrying amount	433.2	514.5	17.5	965.2
Acquisitions through business combinations (Note 22)	11.3	(1.1)	1.3	11.5
Additions	40.3	84.6	5.0	129.9
Disposals	(2.1)	(2.0)	(0.5)	(4.6)
Reclassification	21.9	(20.4)	(1.5)	-
Depreciation charge for year	(20.3)	(64.6)	(4.8)	(89.7)
Impairment charge for year	(2.2)	(0.2)	-	(2.4)
Effect of movement in exchange rates	(14.0)	(22.6)	(0.4)	(37.0)
At 31 December 2020, net carrying amount	**468.1**	**488.2**	**16.6**	**972.9**

Included in land and buildings and plant, machinery and other equipment were amounts of €6.2m and €81.2m respectively (2020: of €10.1m and €57.0m) relating to expenditure for assets in the course of construction. These assets have not yet been depreciated.

The Group has no material investment properties and hence no property assets are held at fair value.

12 Investments in Subsidiaries

Company	**2021 €m**	2020 €m
At 1 January	**1,212.8**	1,201.4
Share options and awards	**13.9**	11.4
At 31 December	**1,226.7**	1,212.8

The share options and awards addition reflect the cost of share based payments attributable to employees of subsidiary undertakings, which are treated as capital contributions by the Company. The carrying value of investments is reviewed at each reporting date and there were no indicators of impairment.

13 Inventories

	2021 €m	2020 €m
Raw materials and consumables	**916.7**	396.7
Work in progress	**29.9**	19.7
Finished goods	**291.8**	161.2
Inventory impairment allowance	**(99.5)**	(71.7)
At 31 December	**1,138.9**	505.9

A total of €3.9bn (2020: €2.5bn) of inventories was included in the Consolidated Income Statement as an expense. This includes a net income statement charge of €19.3m (2020: €1.7m) arising on the inventory impairment allowance. Inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.

No inventories have been pledged as security for liabilities entered into by the Group.

14 Trade and Other Receivables

	2021 €m	2020 €m
Amounts falling due within one year:		
Trade receivables, gross	**1,110.3**	767.3
Expected credit loss allowance	**(87.4)**	(65.1)
Trade receivables, net	**1,022.9**	702.2
Other receivables	**134.5**	65.2
Prepayments	**69.2**	32.2
Value added tax recoverable	**1.8**	-
	1,228.4	799.6

The maximum exposure to credit risk for trade and other receivables at the reporting date is their carrying amount.

The Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. The simplified approach has been adopted and this gives rise to an ECL of €87.4m in 2021 (2020: €65.1m). This is presented in more detail in Note 19.

Company

	2021 €m	2020 €m
Amounts falling due within one year:		
Amounts owed by group undertakings	**318.4**	232.3
	318.4	232.3

The amounts due from group undertakings are unsecured, interest free and are repayable on demand.

15 Trade and Other Payables

	2021 €m	2020 €m
Current		
Trade payables	**726.8**	419.9
Accruals	**519.5**	349.8
Deferred income and customer prepayments	**99.5**	33.7
Income tax & social welfare	**44.0**	30.8
Value added tax	**-**	20.3
	1,389.8	854.5

Deferred income primarily relates to service and maintenance and projected related revenue and is primarily short term.

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

	2021 €m	2020 €m
Company		
Current		
Amounts owed to group undertakings	**137.7**	71.1
Payables	**0.2**	0.2
	137.9	71.3

The amounts due to group undertakings are unsecured, interest free and are repayable on demand.

16 Leases

Right of use asset

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total 2021 €
At 1 January 2021	89.6	6.8	16.6	113.0
Additions	11.8	3.8	12.8	28.4
Arising on acquisitions (Note 22)	26.5	2.3	3.4	32.2
Remeasurement	11.2	5.4	0.7	17.3
Terminations	**(2.2)**	**(0.2)**	**(0.5)**	**(2.9)**
Depreciation charge for the year	**(21.9)**	**(3.6)**	**(11.5)**	**(37.0)**
Reclassification	-	**(0.1)**	0.1	-
Effect of movement in exchange rates	4.0	0.3	0.2	4.5
At 31 December 2021	**119.0**	**14.7**	**21.8**	**155.5**

16 Leases (continued)

	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total 2020 €m
At 1 January 2020	98.5	9.2	13.9	121.6
Additions	7.7	2.3	7.3	17.3
Arising on acquisitions (Note 22)	8.0	-	4.8	12.8
Remeasurement	1.2	0.4	0.6	2.2
Terminations	(2.0)	(0.4)	(0.2)	(2.6)
Depreciation charge for the year	(19.1)	(3.9)	(9.3)	(32.3)
Reclassification	0.6	(0.6)	-	-
Effect of movement in exchange rates	(5.3)	(0.2)	(0.5)	(6.0)
At 31 December 2020	**89.6**	**6.8**	**16.6**	**113.0**

Lease liability

	2021 €m	2020 €m
At 1 January	**114.8**	122.3
Additions	**27.0**	17.1
Arising on acquisitions (Note 22)	**32.1**	12.6
Remeasurement	**17.3**	1.7
Terminations	**(3.0)**	(2.7)
Payments	**(38.6)**	(33.7)
Interest	**3.7**	3.6
Effect of movement in exchange rates	**4.7**	(6.1)
At 31 December	**158.0**	114.8
Split as follows:		
Current liability	**35.0**	27.3
Non-current liability	**123.0**	87.5
At 31 December	**158.0**	114.8

Expenses of €6.8m (2020: €6.1m) relating to short term leases, leases of low-value assets and variable lease payments were recognised in the profit and loss.

17 Interest Bearing Loans and Borrowings

	2021 €m	2020 €m
Current financial liabilities		
Private placements	**66.0**	207.4
Bank loans	**11.3**	2.1
Lease obligations per banking covenants	**0.1**	0.1
	77.4	209.6

	2021 €m	2020 €m
Non-current financial liabilities		
Private placements	**1,311.1**	1,320.7
Bank loans (unsecured)	**6.7**	53.1
Lease obligations per banking covenants	**2.3**	2.3
	1,320.1	1,376.1

17 Interest Bearing Loans and Borrowings (continued)

Analysis of Net Debt

	2021 €m	2020 €m
Cash and cash equivalents	**641.4**	1,329.7
Derivative financial instruments	**-**	19.8
Current borrowings	**(77.4)**	(209.6)
Non-current borrowings	**(1,320.1)**	(1,376.1)
Total Net Debt	**(756.1)**	(236.2)

The Group's core funding is provided by six (2020: seven) private placement loan notes; one (2020: two) USD private placement totalling $200m (2020: $400m) maturing in December 2028, and five (2020: five) EUR private placements totalling €1.2bn (2020: €1.2bn) which will mature in tranches between November 2022 and December 2032. The notes have a weighted average maturity of 6.4 years (2020: 6.1 years).

The primary bank debt facility is a €700m revolving credit facility, which was undrawn at year end, and which matures in May 2026. This replaces the previously held revolving credit facilities of €451m and €300m which were scheduled to mature in June 2022. During 2021, the bilateral 'Green Loan' of €50m was also repaid.

Included in cash at bank and in hand are overdrawn positions of €1,439.8m (31 December 2020: €1,047.2m). These balances form part of a notional cash pool arrangement and are netted against cash balances of €1,463.6m (31 December 2020: €1,443.0m). The net cash pool balance of €23.8m (31 December 2020: €395.8m) balance is included in the cash and cash equivalents balance above. There is a legal right of offset between these balances and the balances are physically settled on a regular basis.

More details of the Group's loans and borrowings are set out in Note 19.

Net debt, which is an Alternative Performance Measure, is stated net of interest rate and currency hedges which relate to hedges of debt. Foreign currency derivative assets of €0.3m (2020: €nil) and foreign currency derivative liabilities of €nil (2020: €0.2m) which are used for transactional hedging are not included in the definition of net debt. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt.

18 Deferred Consideration

	2021 €m	2020 €m
At 1 January	**127.6**	186.5
Deferred contingent consideration arising on acquisitions (note 22)	**12.1**	-
Movement in deferred contingent consideration arising from fair value adjustment	**0.5**	(0.7)
Movement in put liability arising from fair value adjustment	**59.5**	(20.4)
Effect of movement in exchange rates	**2.6**	(37.8)
At 31 December	**202.3**	127.6
Split as follows:		
Current liabilities	**41.7**	-
Non-current liabilities	**160.6**	127.6
	202.3	127.6
Analysed as follows:		
Deferred contingent consideration	**24.1**	10.3
Put liability	**178.2**	117.3
	202.3	127.6

18 Deferred Consideration (continued)

For each acquisition for which deferred contingent consideration has been provided, an annual review takes place to evaluate if the payment conditions are likely to be met. For the purposes of the fair value assessments all of the put option liabilities are valued using the option price formula in the shareholder's agreement and the most recent financial projections. These are classified as unobservable inputs. The significant unobservable inputs used in the fair value measurements and the quantitative sensitivity analysis are shown in the table below:

Type	Valuation technique	Significant unobservable inputs	Sensitivity of the input to the fair value
Deferred contingent consideration	*Discounted cashflow method* The net present value of the expected payment is calculated by using a risk adjusted discount rate. The expected payments are valued using the earn out formula in the shareholder's agreement and the most recent financial projections.	→ Risk adjusted discount rates of between 0.0% and 1.5%. → EBITDA multiples of between 2.8 and 8.1.	→ A 10% decrease in the risk adjusted discount rate would result in an increase in the fair value of the deferred contingent consideration of €0.1m. → A 5% increase in the assumed profitability of the acquired entities would result in an increase in the fair value of the deferred contingent consideration of €0.5m.
Put option liabilities	*Discounted cashflow method* The net present value of the expected payment is calculated by using a risk adjusted discount rate. The expected payments are valued using the option price formula in the shareholder's agreement and the most recent financial projections.	→ Risk adjusted discount rates of between 0.6% and 6.1%. → EBITDA multiples of between 6.5 and 8.57.	→ A 10% decrease in the risk adjusted discount rate would result in an increase in the fair value of the put option liabilities of €0.9m. → A 5% increase in the assumed profitability of the acquirees would result in an increase in the fair value of the put option liabilities of €8.8m.

The deferred contingent consideration arising on acquisitions relates to the acquisition of Bromyros and Dome Solar.

The amount of the deferred contingent consideration and put liability that have been recognised are arrived at by the application of a range of outcomes and associated probabilities in order to determine the carrying amounts.

Liabilities in the range of €nil (2020: €nil) to €24.1m (2020: €10.3m) could arise with respect to potential deferred contingent consideration obligations and €nil (2020: €nil) to €178.2m (2020: €117.3m) with respect to potential put option obligations.

The put option in the shareholders' agreement with non-controlling shareholders of Isoeste is exercisable from 2023. The undiscounted expected cash outflow is estimated to be €134.8m (2020: €88.7m).

The put option in the shareholders' agreement with non-controlling shareholders of PanelMET is exercisable from 2022. The undiscounted expected cash outflow is estimated to be €6.1m (2020: €3.5m).

The put option in the shareholders' agreement with non-controlling shareholders of Kingspan Jindal is exercisable from 2022. The undiscounted expected cash outflow is estimated to be €14.0m (2020: €9.8m).

The put option in the shareholders' agreement with non-controlling shareholders of Group Bacacier is exercisable from 2022. The undiscounted expected cash outflow is estimated to be €33.1m (2020: €25.3m).

For the purposes of the fair value assessments all of the put option liabilities are valued using the option price formula in the shareholder's agreement and the most recent financial projections. These are classified as unobservable inputs.

In the case of Isoeste, PanelMET, Kingspan Jindal and Group Bacacier SAS call options rest over the remaining shareholding held by non-controlling interests, which are exercisable by the Group in a very limited range of circumstances. No value has been attributed to these call options.

19 Financial Risk Management and Financial Instruments

Financial Risk Management

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group's focus is to understand these risks and to put in place policies that minimise the economic impact of an adverse event on the Group's performance. Meetings are held on a regular basis to review the result of the risk assessment, approve recommended risk management strategies and monitor the effectiveness of such policies.

The Group's risk management strategies include the usage of derivatives (other than for speculative transactions), principally forward exchange contracts, interest rate swaps, and cross currency interest rate swaps.

Liquidity risk

In addition to the high level of free cash flow, the Group operates a prudent approach to liquidity management using a mixture of long-term debt together with short-term debt, cash and cash equivalents, to enable it to meet its liabilities when due.

The Group's core funding is provided by a number of private placement loan notes totalling €1,377.1m (2020: €1,528.1m). The notes have a weighted average maturity of 6.4 years (2020: 6.1 years).

The primary bank debt facility is a €700m revolving credit facility, which was undrawn at year end and which matures in May 2026. This replaces the previously held revolving credit facilities of €451m and €300m which were scheduled to mature in June 2022. During 2021, the bilateral 'Green Loan' of €50m was also repaid.

Both the private placements and the revolving credit facility have an interest cover test (EBITDA: Net Interest must not be less than 4 times) and a net debt test (Net Debt: EBITDA must not exceed 3.5 times). These covenant tests have been met for the covenant test period to 31 December 2021.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €65.2m (2020: €43.0m) and are supported by a Group guarantee. Core funding arrangements arise from a wide and varied number of institutions and, as such, there is no significant concentration of liquidity risk.

The following are the carrying amounts and contractual maturities of financial liabilities (including estimated interest payments):

As at 31 December 2021	**Carrying amount 2021 €m**	**Contractual cash flow €m**	**Within 1 year €m**	**Between 1 and 2 years €m**	**Between 2 and 5 years €m**	**Greater than 5 years €m**
Non derivative financial instruments						
Bank loans	18.0	18.8	11.6	1.8	4.5	0.9
Private placement loan notes	1,377.1	1,533.2	90.0	65.0	454.9	923.3
Lease obligations per banking covenants	2.4	2.4	0.1	0.1	0.3	1.9
Lease liabilities	158.0	181.3	39.0	32.7	63.4	46.2
Trade and other payables	1,290.3	1,290.3	1,290.3	-	-	-
Deferred contingent consideration	202.3	212.2	41.7	161.3	9.2	-
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	-	-	-	-	-	-
Net inflows	-	-	-	-	-	-
Cross currency interest rate swaps used for hedging:						
Carrying value	-	-	-	-	-	-
- outflow	-	-	-	-	-	-
- inflow	-	-	-	-	-	-
Foreign exchange forwards used for hedging:						
Carrying value assets	(0.3)	-	-	-	-	-
Carrying value liabilities	-	-	-	-	-	-
- outflow	-	12.4	12.4	-	-	-
- inflow	-	(12.7)	(12.7)	-	-	-

19 Financial Risk Management and Financial Instruments (continued)

As at 31 December 2020	Carrying amount 2020 €m	Contractual cash flow €m	Within 1 year €m	Between 1 and 2 years €m	Between 2 and 5 years €m	Greater than 5 years €m
Non derivative financial instruments						
Bank loans	55.2	56.7	2.4	1.3	52.8	0.2
Private placement loan notes	1,528.1	1,721.5	253.6	88.9	338.0	1,041.0
Lease obligations per banking covenants	2.4	2.4	0.1	0.3	-	2.0
Lease liabilities	114.8	134.5	30.4	23.6	43.7	36.8
Trade and other payables	820.8	820.8	820.8	-	-	-
Deferred contingent consideration	127.6	137.6	-	26.0	108.1	3.5
Derivative financial liabilities / (assets)						
Interest rate swaps used for hedging:						
Carrying values	(0.6)	-	-	-	-	-
Net inflows	-	(0.9)	(0.9)	-	-	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(19.2)	-	-	-	-	-
- outflow	-	103.6	103.6	-	-	-
- inflow	-	(128.5)	(128.5)	-	-	-
Foreign exchange forwards used for hedging:						
Carrying value assets	-	-	-	-	-	-
Carrying value liabilities	0.2	-	-	-	-	-
- outflow	-	6.5	6.5	-	-	-
- inflow	-	(6.3)	(6.3)	-	-	-

For provisions, the carrying amount represents the Group's best estimate of the expected future outflows. As it does not represent a contractual liability at the year end, no amount has been included as a contractual cash flow.

Deferred contingent consideration, which includes any put option liabilities, is valued using the relevant agreed multiple of the expected future EBITDA in each acquired business which is appropriately discounted using a risk-adjusted discount rate. The estimated fair value of contingent consideration would decrease if EBITDA was lower or if the risk adjusted discount rate was higher. The range of outcomes are set out in Note 18.

The actual future cash flows could be different from the amounts included in the tables above, if the associated obligations were to become repayable on demand as a result of non-compliance with covenants or other contractual terms. No such non-compliance is envisaged.

Market Risks

Foreign exchange risk

There are two types of foreign currency risk to which the Group is exposed, namely transaction risk and translation risk. The objective of the Group's foreign currency risk management strategy is to manage and control market risk exposures within acceptable parameters. As set out below the Group uses derivatives to manage foreign exchange risk. Transactions involving derivatives are carried out in accordance with the Treasury policy. The Group seeks to apply hedge accounting, where practicable, to manage volatility in profit or loss.

Transaction risk

Apart from transaction risk on debt, this arises where operating units have input costs or sales in currencies other than their functional currencies. These exposures are internally hedged as far as possible. Group policy is to hedge up to a maximum of 75% of a forecast exposure. Material exposures are hedged on a rolling 12 months basis. The Group's principal exposure relates to GBP and USD, with less significant exposures to certain central European currencies.

In addition, where operating entities carry monetary assets and liabilities at year end denominated other than in their functional currency, their translation at the year-end rates of exchange into their functional currency will give rise to foreign currency gains and losses. The Group seeks to manage these gains and losses to net to nil.

Based on current cash flow projections for the businesses to 31 December 2022, it is estimated that the Group is long GBP67m (2020: long GBP32m) and long US$8m (2020: short US$25m). At 31 December 2021 these amounts were unhedged.

19 Financial Risk Management and Financial Instruments (continued)

Translation risk

This exists due to the fact that the Group has operations whose functional currency is not the Euro, the Group's presentational currency. Changes in the exchange rate between the reporting currencies of these operations and the Euro, have an impact on the Group's consolidated reported result. For 2021, the impact of changing currency rates versus Euro compared to the average 2020 rates was positive €123.1m (2020: negative €129.7m). The key drivers of the change year on year are the movements in GBP and USD. In common with many other international groups, the Group does not currently seek to externally hedge its translation exposure.

Sensitivity analysis for primary currency risk

A 10% volatility of the EUR against GBP and USD in respect of transaction risk in the reporting entities functional currency would impact reported after tax profit by €8.0m (2020: €1.5m) and equity by €8.0m (2020: €1.5m).

US Dollar Loan Notes

2011 Private Placement

In 2011, the Group issued a private placement of US$200m fixed interest 10 year bullet repayment loan notes maturing in August 2021. In order to align the Group's debt profile with its risk management strategy, the Group entered into a number of hedging transactions in order to mitigate the associated foreign exchange and interest rate exposures. The Group entered into US dollar fixed / GBP floating cross currency interest rate swaps for US$118.6m of the private placement. The benchmark interest rate and credit spread have been separately identified and designated for hedge accounting purposes. The Group also entered into US dollar interest rate swaps for US$40m of the private placement. The fixed rate and maturity date on the swaps matched the fixed rate on the private placement for all instruments. The instruments were designated as hedging instruments at inception and continued to qualify as effective hedges under IFRS 9 up to the maturity date in August 2021 at which time they were fully settled.

Interest rate risk

The Group has an exposure to movements in interest rates on its debt portfolio, and on its cash and cash equivalent balances and derivatives. The Group policy is to ensure that at least 40% of its debt is fixed rate.

In respect of interest bearing loans and borrowings, the following table indicates the effective average interest rates at the year-end and the periods over which they mature. Interest on interest bearing loans and borrowings classified as floating rate is repriced at intervals of less than one year. The table further analyses interest bearing loans and borrowings by currency and fixed/floating mix. In previous years the tables were prepared for both before and after hedging transactions, however this is unnecessary for 31 December 2021 as there were no derivatives in place.

As at 31 December 2021	**Weighted average effective interest rate**	**Total €m**	**At fixed interest rate €m**	**At floating interest rate €m**	**Under 5 years €m**	**Over 5 years €m**
Bank loans	3.0%	18.0	12.5	5.5	17.2	0.8
Loan notes	1.7%	1,377.1	1,377.1	-	505.0	872.1
		1,395.1	**1,389.6**	**5.5**	**522.2**	**872.9**

	Total €m	**At fixed interest rate €m**	**At floating interest rate €m**
Euro	1,202.4	1,202.4	-
USD	182.4	176.9	5.5
Other	10.3	10.3	-
	1,395.1	**1,389.6**	**5.5**

The weighted average maturity of debt is 6.3 years as at 31 December 2021 (2020: 6.3 years).

19 Financial Risk Management and Financial Instruments (continued)

Before the impact of hedging transactions

As at 31 December 2020	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.78%	55.2	2.6	52.6	55.0	0.2
Loan notes	2.11%	1,528.1	1,528.1	-	551.4	976.7
		1,583.3	1,530.7	52.6	606.4	976.9

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	1,253.2	1,203.0	50.2
USD	328.1	327.7	0.4
Other	2.0	-	2.0
	1,583.3	1,530.7	52.6

After the impact of hedging transactions

As at 31 December 2020	Weighted average effective interest rate	Total €m	At fixed interest rate €m	At floating interest rate €m	Under 5 years €m	Over 5 years €m
Bank loans	0.78%	55.2	2.6	52.6	55.0	0.2
Loan notes	1.95%	1,528.1	1,396.9	131.2	551.4	976.7
		1,583.3	1,399.5	183.8	606.4	976.9

	Total €m	At fixed interest rate €m	At floating interest rate €m
Euro	1,276.0	1,225.8	50.2
GBP	98.1	-	98.1
USD	207.2	173.7	33.5
Other	2.0	-	2.0
	1,583.3	1,399.5	183.8

19 Financial Risk Management and Financial Instruments (continued)

An increase or decrease of 100 basis points in each of the applicable rates and interest rate curves would impact reported after tax profit by €nil (2020: €1.8m) and equity by €nil (2020: €1.8m).

Credit risk

Credit risk encompasses the risk of financial loss to the Group of counterparty default in relation to any of its financial assets. The Group's maximum exposure to credit risk is represented by the carrying value of each financial asset:

	2021 €m	2020 €m
Cash & cash equivalents	**641.4**	1,329.7
Trade receivables	**1,110.3**	767.3
Derivative financial assets	**0.3**	19.8
Financial asset	**13.2**	8.2

Trade receivables arise from a wide and varied customer base spread across various activities, end users and geographies, and as such there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance or other forms of collateral such as letters of credit or bank guarantees.

At the year-end, the Group was carrying a receivables book of €1,022.9m (2020: €770.2m) expressed net of provision for default in payment. This represents a net risk of 16% (2020: 15%) of sales. Of these net receivables, approximately 61% (2020: 60%) were covered by credit insurance or other forms of collateral such as letter of credit and bank guarantees.

At 31 December, the exposure to credit risk for trade receivables by geographic region was as follows:

	2021 €m	2020 €m
Western & Southern Europe*	**669.1**	488.9
Central & Northern Europe	**155.7**	92.8
Americas	**221.6**	127.9
Rest of World	**63.9**	57.7
	1,110.3	767.3

*Prior year figures have been represented to include Britain in Western & Southern Europe.

At 31 December, the exposure to credit risk for trade receivables by customer type was as follows:

	2021 €m	2020 €m
Insulated Panels customers	**692.5**	478.5
Insulation customers	**207.1**	136.5
Other customers	**210.7**	152.3
	1,110.3	767.3

The Group uses an allowance matrix to measure Expected Credit Loss (ECL) of trade receivables from customers. The ECL simplified approach has been adopted.

Loss rates are calculated using a roll rate method based on the probability of a receivable progressing through successive chains of non-payment to write-off. The rates are calculated at a business unit level which reflects the risks associated with geographic region, age, mix of customer relationship and type of product purchased. The identifiable loss pertaining to cash positions is immaterial.

19 Financial Risk Management and Financial Instruments (continued)

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2021.

	Weighted average loss rate %	**Gross carrying amount €m**	**Loss allowance €m**
Current (not past due)	2%	783.0	12.8
1-30 days past due	2%	190.8	4.7
31-60 days past due	11%	55.0	5.9
61-90 days past due	23%	17.4	4.1
More than 90 days past due	93%	64.1	59.9
		1,110.3	**87.4**

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2020.

	Weighted average loss rate %	Gross carrying amount €m	Loss allowance €m
Current (not past due)	1%	549.2	8.2
1-30 days past due	4%	123.2	4.5
31-60 days past due	9%	30.0	2.8
61-90 days past due	26%	8.9	2.3
More than 90 days past due	84%	56.0	47.3
		767.3	65.1

Loss rates are based in actual credit loss experience over an appropriate diverse sample of trading periods. Trade receivables are written off when there is no reasonable expectation of recovery.

Movements in the allowance for impairment in respect of trade receivables

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

	2021 €m	2020 €m
Balance at 1 January	**65.1**	54.0
Arising on acquisition	**10.3**	7.0
Written off during the year	**(6.0)**	(3.7)
Net remeasurement of loss allowance	**15.3**	10.6
Effect of movement in exchange rates	**2.7**	(2.8)
At 31 December	**87.4**	65.1

There are no material trade receivables written off during 2021 (2020: €nil) which are still subject to enforcement activity.

The increase in the expected credit loss allowance during 2021 reflects the increased sales volumes and price growth during the year.

Cash & cash equivalents

On the Group's cash and cash equivalents and derivatives, counterparty risk is managed by dealing with banks that have a minimum credit rating and by spreading business across a portfolio of 10 relationship banks (2020: 9).

19 Financial Risk Management and Financial Instruments (continued)

Financial instruments by category

The carrying amount of financial assets presented in the Consolidated Statement of Financial Position relate to the following measurement categories as defined in IFRS 9:

	Financial asset at fair value through OCI €m	Assets at amortised cost €m	Derivatives designated as hedging instrument €m	Total €m
2021				
Current:				
Trade receivables, net	-	1,022.9	-	**1,022.9**
Other receivables	-	136.3	-	**136.3**
Cash and cash equivalents	-	641.4	-	**641.4**
Derivative financial instruments	-	-	0.3	**0.3**
	-	**1,800.6**	**0.3**	**1,800.9**
Non Current:				
Derivative financial instruments	-	-	-	**-**
Financial asset	13.2	-	-	**13.2**
	13.2	**-**	**-**	**13.2**
2020				
Current:				
Trade receivables, net	-	702.2	-	702.2
Other receivables	-	65.2	-	65.2
Cash and cash equivalents	-	1,329.7	-	1,329.7
Derivative financial instruments	0.6	-	19.2	19.8
	0.6	2,097.1	19.2	2,116.9
Non Current:				
Derivative financial instruments	-	-	-	-
Financial asset	8.2	-	-	8.2
	8.2	-	-	8.2

It is considered that the carrying amounts of the above financial assets approximate their fair values.

19 Financial Risk Management and Financial Instruments (continued)

The carrying amounts of financial liabilities presented in the Consolidated Statement of Financial Position relate to the following measurement categories as defined in IFRS 9:

	Financial liabilities at fair value through P&L €m	Financial liabilities measured at amortised cost €m	Financial liabilities at fair value though OCI €m	Derivatives designated as hedging instrument €m	Total €m
2021					
Current:					
Borrowings	-	77.4	-	-	**77.4**
Lease liabilities	-	35.0	-	-	**35.0**
Trade payables	-	726.8	-	-	**726.8**
Accruals	-	519.5	-	-	**519.5**
Deferred contingent consideration	8.6	-	33.1	-	**41.7**
	8.6	**1,358.7**	**33.1**	**-**	**1,400.4**
Non current:					
Borrowings	-	1,320.1	-	-	**1,320.1**
Lease liabilities	-	123.0	-	-	**123.0**
Deferred contingent consideration	15.5	-	145.1	-	**160.6**
	15.5	**1,443.1**	**145.1**	**-**	**1,603.7**
2020					
Current:					
Borrowings	33.1	55.6	120.9		209.6
Lease liabilities	-	27.3	-	-	27.3
Trade payables	-	419.9	-	-	419.9
Accruals	-	349.8	-	-	349.8
Derivative financial instruments	-	-	-	0.2	0.2
	33.1	852.6	120.9	0.2	1,006.8
Non current:					
Borrowings	-	1,376.1	-	-	1,376.1
Lease liabilities	-	87.5	-	-	87.5
Deferred contingent consideration	10.3	-	117.3	-	127.6
	10.3	1,463.6	117.3	-	1,591.2

Fair value hierarchy

Financial assets and liabilities recognised at fair value are analysed between those based on quoted prices in active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2); and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3) as set out in note 18.

Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates (Level 2). All derivatives entered into by the Group are included in Level 2 and consist of foreign currency forward contracts, interest rate swaps and cross currency interest rate swaps.

19 Financial Risk Management and Financial Instruments (continued)

	As at 31 December 2021			As at 31 December 2020		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
Financial Assets						
Interest rate swaps	-	-	-	-	0.6	-
Foreign exchange contracts for hedging	-	0.3	-	-	19.2	-
Financial Liabilities						
Deferred contingent consideration	-	-	24.1	-	-	10.3
Put option liabilities	-	-	178.2	-	-	117.3
Foreign exchange contracts for hedging	-	-	-	-	0.2	-

The principal movements in Level 3 liabilities in 2021 are set out in the table below:

	Balance 1 Jan 2021 €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2021 €m
Deferred contingent consideration	10.3	0.5	12.1	1.2	24.1
Put option liabilities	117.3	59.5	-	1.4	178.2
	127.6	60.0	12.1	2.6	202.3

The principal movements in Level 3 liabilities in 2020 are set out in the table below:

	Balance 1 Jan 2020 €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2020 €m
Deferred contingent consideration	11.3	(0.7)	-	(0.3)	10.3
Put option liabilities	175.2	(20.4)	-	(37.5)	117.3
	186.5	(21.1)	-	(37.8)	127.6

During the year ended 31 December 2021, the put liabilities were reassessed based on the most recent available financial information. There were no other significant changes in the business or economic circumstances that affect the fair value of the remaining financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost approximate their fair values. The fair value of the level 2 financial liabilities below has been determined through the use of external market data available publicly.

	As at 31 December 2021			As at 31 December 2020		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private placement loan notes	1,377.1	1,498.2	2	1,528.1	1,726.4	2

19 Financial Risk Management and Financial Instruments (continued)

Capital Management Policies and Procedures

The Group employs a combination of debt and equity to fund its operations. As at 31 December the total capital employed in the Group was as follows:

	2021 €m	2020 €m
Net Debt	756.1	236.2
Equity	2,959.3	2,397.6
Total Capital Employed	3,715.4	2,633.8

The Board's objective when managing capital is to maintain a strong capital base so as to maintain the confidence of investors, creditors and the market. The Board monitors the return on capital (defined as total shareholders' equity plus net debt), and targets a return in excess of 20% together with a dividend level that is compatible with industry norms, but which also reflects any exceptional market conditions.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group actively manages foreign currency and interest rate exposure, as well as actively managing the net asset position, in order to create bottom line value. This necessitates the development of a methodology to optimise the allocation of financial resources on the one hand and the return on capital on the other.

The Board closely monitors externally imposed capital restrictions which are present due to covenants within the Group's core banking facilities.

As part of its capital management strategy, the Group repurchased 600,000 shares during the year at a weighed average price of €78.16.

There were no material changes to the Group's approach to capital management during the year.

20 Provisions for Liabilities

	2021 €m	2020 €m
Guarantees and warranties		
At 1 January	119.0	109.7
Arising on acquisitions (Note 22)	12.5	16.1
Provided during year	58.8	50.8
Claims paid	(34.7)	(31.4)
Provisions released	(17.2)	(21.5)
Effect of movement in exchange rates	4.3	(4.7)
At 31 December	142.7	119.0
Current liability	67.8	55.7
Non-current liability	74.9	63.3
	142.7	119.0

The Group manufactures a wide range of insulation and related products for use primarily in the construction sector. Some products carry formal guarantees of satisfactory performance of varying periods following their purchase by customers and a provision is carried in respect of the expected costs of settling warranty and guarantee claims which arise. The Group in the course of its operations can be party to claims, litigation or enforcement actions. Both the number of claims and the cost of settling the claim are sensitive to change. In most cases, a reasonably reliable estimate can be made based on a range of possible outcomes. If the extent and cost of settling a claim or potential claim or enforcement action is not yet reasonably determinable, no provision is made until such a reliable estimate can be made. Provisions are reviewed by management on a regular basis, and adjusted to reflect the current best estimate of the economic outflow. If it is no longer probable that an outflow of economic benefits will be required, the related provision is reversed.

For the non-current element of the provision, the Group anticipates that these will be utilised within three years of the reporting date. Discounting of the non-current element has not been applied because the discount would be immaterial.

21 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities arising from temporary differences and unused tax losses after offset are as follows:

	2021 €m	2020 €m
Deferred tax assets	**34.7**	23.0
Deferred tax liabilities	**(34.7)**	(32.4)
Net Position	**-**	(9.4)

Deferred tax arises from differences in the carrying value of items such as property, plant and equipment, intangibles, pension obligations, and other temporary differences in the financial statements and the tax base established by the tax authorities.

The movement in the net deferred tax position for 2021 is as follows:

	Balance 1 Jan 2021 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2021 €m
Property, plant and equipment	(49.0)	(1.5)	-	-	(1.1)	(0.1)	**(51.7)**
Intangibles	(25.8)	3.9	-	-	(0.8)	(7.1)	**(29.8)**
Other temporary differences	55.1	7.2	9.7	-	(2.5)	3.8	**73.3**
Pension obligations	6.1	(0.6)	-	(5.5)	0.4	0.3	**0.7**
Unused tax losses	4.2	3.0	-	-	(0.2)	0.5	**7.5**
	(9.4)	**12.0**	**9.7**	**(5.5)**	**(4.2)**	**(2.6)**	**-**

The movement in the net deferred tax position for 2020 is as follows:

	Balance 1 Jan 2020 €m	Recognised in profit or loss €m	Recognised in equity €m	Recognised in other comprehensive income €m	Translation adjustment €m	Arising on acquisitions €m	Balance 31 Dec 2020 €m
Property, plant and equipment	(41.4)	(7.4)	-	-	1.2	(1.4)	(49.0)
Intangibles	(26.8)	4.1	-	-	1.2	(4.3)	(25.8)
Other temporary differences	42.5	10.6	(0.9)	-	(0.5)	3.4	55.1
Pension obligations	0.9	(0.4)	-	4.1	0.1	1.4	6.1
Unused tax losses	7.0	(2.2)	-	-	(0.6)	-	4.2
	(17.8)	4.7	(0.9)	4.1	1.4	(0.9)	(9.4)

22 Business Combinations

A key strategy of the Group is to create and sustain market leading positions through acquisitions in markets it currently operates in, together with extending the Group's footprint in new geographic markets. In line with this strategy, the principal acquisitions completed during the year were as follows:

In February 2021, the Group acquired 100% of the share capital of TeraSteel a Romanian based manufacturer of insulated panels. The total consideration, including net debt acquired amounted to €81.6m.

In June 2021, the Group acquired 100% of the share capital of the Logstor Group a leading global supplier of technical insulation solutions. The total consideration, including net debt acquired amounted to €244.5m.

22 Business Combinations (continued)

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €214.1m:

- → The Insulated Panels division acquired 51% of Bromyros in Uruguay, the remaining 50% of Dome Solar in France, Solarsit in France and the assets of Krohn in Russia;
- → The Insulation division acquired Thermakraft in Australasia, Hectar in the Netherlands, the assets of Dyplast Products, Diversifoam Products and Thermal Visions in North America;
- → The Light & Air division acquired Skydôme in Western Europe and Major Industries and Solatube International in North America;
- → The Water & Energy division acquired BAGA in Sweden, Heritage Tanks in Australia and the assets of Enviro Water Tanks in Australia.

The table below reflects the provisional fair value of the identifiable net assets acquired in respect of the acquisitions completed during the year. Any amendments to fair values will be made within the twelve month period from the date of acquisition, as permitted by IFRS 3 *Business Combinations*.

	Logstor €m	TeraSteel €m	Other* €m	Total €m
Non-current assets				
Intangible assets	20.4	6.4	11.7	**38.5**
Property, plant and equipment	36.0	22.9	35.1	**94.0**
Right of use assets	10.8	0.3	21.1	**32.2**
Deferred tax asset	2.6	0.3	2.2	**5.1**
Current assets				
Inventories	40.0	24.3	27.8	**92.1**
Trade and other receivables	53.6	9.4	32.7	**95.7**
Current liabilities				
Trade and other payables	(68.7)	(19.5)	(37.1)	**(125.3)**
Provisions for liabilities	(5.3)	(2.2)	(5.0)	**(12.5)**
Lease liabilities	(3.9)	-	(2.5)	**(6.4)**
Non-current liabilities				
Retirement benefit obligations	(1.3)	-	(1.7)	**(3.0)**
Lease liabilities	(6.9)	(0.3)	(18.5)	**(25.7)**
Deferred tax liabilities	(4.2)	(1.1)	(2.4)	**(7.7)**
Total identifiable assets	73.1	40.5	63.4	**177.0**
Non-controlling interest arising on acquisition** (Note 28)	-	-	(3.5)	**(3.5)**
Goodwill	171.4	41.1	167.9	**380.4**
Joint Venture becoming subsidiary	-	-	(1.6)	**(1.6)**
Total consideration	244.5	81.6	226.2	**552.3**
Satisfied by:				
Cash (net of cash acquired)	244.5	81.6	214.1	**540.2**
Deferred contingent consideration	-	-	12.1	**12.1**
	244.5	81.6	226.2	**552.3**

*Included in Other are certain immaterial remeasurements of prior year accounting estimates as a result of the finalisation of the assignment of fair values to identifiable net assets.

** Non-controlling interests arising are measured at the proportionate share of net assets.

The acquired goodwill is attributable principally to the profit generating potential of the businesses, together with cross-selling opportunities and other synergies expected to be achieved from integrating the acquired businesses into the Group's existing business.

In the post-acquisition period to 31 December 2021, the businesses acquired during the current year contributed revenue of €478.8m and trading profit of €64.1m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €6,755.7m and €778.1m respectively.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €106.0m. The fair value of these receivables is €95.7m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €10.3m.

22 Business Combinations (continued)

There is €34.5m of goodwill (2020: €nil) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €9.4m (2020: €5.4m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Consolidated Income Statement.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis due to the relative size of the acquisitions and the timing of the transactions. Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosable in the 2022 Annual Report, as stipulated by IFRS 3.

Prior year acquisitions

In April 2020, the Group acquired 100% of the share capital of the Colt Group, a leading provider of daylighting and smoke management systems with a significant presence in Germany, the Netherlands, and the UK. The total consideration, including debt acquired amounted to €41.0m. This was coupled with an assumed net defined benefit pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m:

→ the purchase of 100% of the share capital of Fire-US, a UK passive fire product manufacturer and distributor; and
→ the purchase of 100% of the share capital of Tanks.ie, a Water & Energy business.

The fair values as recognised at 31 December 2020 of the acquired assets and liabilities at acquisition are set out below:

	Colt €m	Other* €m	Total €m
Non-current assets			
Intangible assets	10.4	5.2	15.6
Property, plant and equipment	12.6	(1.1)	11.5
Right of use assets	12.8	-	12.8
Retirement benefit assets	182.8	-	182.8
Deferred tax asset	-	-	-
Current assets			
Inventories	15.9	(4.1)	11.8
Trade and other receivables	44.5	(0.7)	43.8
Current liabilities			
Trade and other payables	(50.3)	(1.5)	(51.8)
Provisions for liabilities	(14.0)	(2.1)	(16.1)
Lease liabilities	(4.0)	-	(4.0)
Non-current liabilities			
Retirement benefit obligations	(193.3)	-	(193.3)
Lease liabilities	(8.6)	-	(8.6)
Deferred tax liabilities	(0.5)	(0.4)	(0.9)
Total identifiable assets	8.3	(4.7)	3.6
Non-controlling interest arising on acquisition** (Note 28)	-	0.8	0.8
Goodwill	32.7	9.0	41.7
Total consideration	41.0	5.1	46.1
Satisfied by:			
Cash (net of cash acquired)	41.0	5.1	46.1
Deferred contingent consideration	-	-	-
	41.0	5.1	46.1

22 Business Combinations (continued)

In the post-acquisition period to 31 December 2020, the businesses acquired during the current year contributed revenue of €151.9m and trading profit of €15.9m to the Group's results.

The full year revenue and trading profit had the acquisitions taken place at the start of the year, would have been €4,620.0m and €501.6m respectively.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to €50.8m. The fair value of these receivables is €43.8m, all of which is recoverable, and is inclusive of an aggregate impairment provision of €7.0m.

There is €nil of goodwill (2019: €2.7m) which is expected to be deductible for tax purposes.

The Group incurred acquisition related costs of €5.4m (2019: €2.4m) relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Consolidated Income Statement.

23 Share Capital

	2021 €m	2020 €m
Authorised		
250,000,000 Ordinary shares of €0.13 each (2020: 250,000,000 Ordinary shares of €0.13 each)	**32.5**	32.5
Issued and fully paid		
Ordinary shares of €0.13 each		
Opening balance – 183,402,238 (2020: 182,785,222) shares	**23.8**	23.8
Shares allotted– 189,444 (2020: 617,016) shares	**0.1**	-
Closing balance – 183,591,682 (2020: 183,402,238) shares	**23.9**	23.8

There were no adjustments to the authorised share capital during the year (2020: nil).
Details of share options exercised are set out in Note 3 to the financial statements.

24 Share Premium

	2021 €m	2020 €m
At 1 January	**95.6**	95.6
Re-issued treasury shares	**(1.2)**	-
At 31 December	**94.4**	95.6

During the year, the Company issued treasury shares in satisfaction of obligations falling under share schemes. The exercise price for the treasury shares was less than their carrying value. As share premium arose on the re-issuance of treasury shares in prior years, the difference between the carrying value and the exercise price for the treasury shares re-issued during the year is accounted for as an adjustment to share premium.

25 Treasury Shares

Consideration paid

	2021			2020		
	No. of shares	Consideration paid €	Total €m	No. of shares	Consideration paid €	Total €m
At 1 January	**1,870,284**	**6.21**	**11.6**	1,907,826	6.21	11.8
Repurchase of shares	**600,000**	**78.16**	**46.9**	-	-	-
Shares issued	**(216,144)**	**5.66**	**(1.2)**	(37,542)	6.18	(0.2)
At 31 December	**2,254,140**	**25.42**	**57.3**	1,870,284	6.21	11.6

25 Treasury Shares (continued)

Nominal value

	2021			2020		
	No. of shares	**Nominal value €**	**Total €**	No. of shares	Nominal value €	Total €
At 1 January	**1,870,284**	**0.13**	**243,136**	1,907,826	0.13	248,016
Repurchase of shares	**600,000**	**0.13**	**78,000**	-	-	-
Shares issued	**(216,144)**	**0.13**	**(28,099)**	(37,542)	0.13	(4,880)
At 31 December	**2,254,140**	**0.13**	**293,037**	1,870,284	0.13	243,136

During the year, the Company issued 216,144 shares in satisfaction of obligations falling under share schemes. Separately, as part of the Company's capital management strategy, the Company repurchased 600,000 shares during the year at a weighted average price of €78.16 on dates between 19 May 2021 and 10 June 2021.

The Company holds 1.2% (2020: 1.0%) of the issued ordinary share capital as treasury shares.

26 Retained Earnings

In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the financial year was €136.0m (2020: €89.2m).

27 Dividends

	2021 €m	2020 €m
Equity dividends on ordinary shares:		
2021 Interim dividend 19.9 cent (2020: nil cent) per share	**36.1**	-
2020 Final dividend 20.6 cent (2019: nil cent) per share	**37.4**	-
	73.5	-
Proposed for approval at AGM		
Final dividend of 26.0 cent (2020: 20.6 cent) per share	**47.2**	37.4

The 2020 Interim dividends were cancelled during 2020 due to the initial uncertainty created by the pandemic.

The proposed final dividend for 2021 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Consolidated Statement of Financial Position of the Group as at 31 December 2021 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2021 will be payable on 6 May 2022 to shareholders on the Register of Members at close of business on 25 March 2022.

28 Non-Controlling Interest

	2021 €m	2020 €m
At 1 January	**48.7**	50.1
Profit for the year attributable to non-controlling interest	**16.5**	11.2
Arising on acquisition (Note 22)	**3.5**	(0.8)
Dividends paid to minorities	**(3.2)**	(1.2)
Share of foreign operations' translation movement	**1.7**	(10.6)
At 31 December	**67.2**	48.7

During the year, the Group acquired 51% of Bromyros, an Insulated Panels business in Uruguay. As part of the acquisition, the Group recognised the 49% non-controlling interest of €3.2m in 2021.

Further details are provided in Note 22.

29 Reconciliation of Net Cash Flow to Movement in Net Debt

	2021 €m	2020 €m
Movement in cash and bank overdrafts	**(731.2)**	1,180.2
Drawdown of loans	**(55.1)**	(751.2)
Repayment of loans and borrowings	**263.2**	3.4
Settlement of derivative financial instruments	**(18.5)**	-
Change in net debt resulting from cash flows	**(541.6)**	432.4
Translation movement - relating to US dollar loan	**(19.7)**	13.5
Translation movement – other	**42.7**	(41.4)
Derivative financial instruments movement	**(1.3)**	(7.5)
Net movement	**(519.9)**	397.0
Net debt at start of the year	**(236.2)**	(633.2)
Net debt at end of the year	**(756.1)**	(236.2)

Lease liabilities of €158.0m (2020: €114.8m) are excluded from net debt.

A reconciliation of liabilities arising from financing activities in 2021 is set out below.

	Balance 1 Jan 2021 €m	**Repayments €m**	**Drawdowns / Receipts €m**	**Non cash movements €m**	**Balance 31 Dec 2021 €m**
Bank loans and borrowings	57.6	(50.0)	12.6	0.2	**20.4**
Loan notes	1,528.1	(213.2)	42.5	19.7	**1,377.1**
Derivatives	(19.8)	18.5	-	1.3	**-**
	1,565.9	(244.7)	55.1	21.2	**1,397.5**

A reconciliation of liabilities arising from financing activities in 2020 is set out below.

	Balance 1 Jan 2020 €m	Repayments €m	Drawdowns / Receipts €m	Non cash movements €m	Balance 31 Dec 2020 €m
Bank loans and borrowings	10.5	(3.4)	50.5	-	57.6
Loan notes	840.9	-	700.7	(13.5)	1,528.1
Derivatives	(27.3)	-	-	7.5	(19.8)
	824.1	(3.4)	751.2	(6.0)	1,565.9

30 Guarantees and Other Financial Commitments

(i) Guarantees and contingencies

The Group's principal debt facilities are secured by means of cross guarantees provided by Kingspan Group plc. These include drawn private placement notes of US$200m (2020: US$400m) and €1,200.5m (2020: €1,200.5m) and an undrawn bank facility of €700m (2020: €751m). During 2021, the bilateral 'Green Loan' of €50m was re-paid.

(ii) Future capital expenditure

Capital expenditure in subsidiary entities, approved by the directors but not provided in the financial statements, is as follows:

	2021 €m	2020 €m
Contracted for	**121.3**	52.0
Not contracted for	**98.4**	44.6
	219.7	96.6

31 Pension Obligations

The Group operates defined contribution schemes in each of its main operating locations. The Group also has a number of defined benefit schemes in the UK and mainland Europe.

Defined contribution schemes

The total cost charged to profit or loss of €26.3m (2020: €22.0m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €4.4m (2020: €2.5m) was included at year end in accruals in respect of defined contribution pension accruals.

Defined benefit schemes / obligations

The Group has three defined benefit schemes in the UK, all of which are closed to new members and to future accrual. The total pension contributions to these schemes for the year amounted to €nil (2020: €nil) and the expected contributions for 2022 are €nil (2020: €nil).

The Group also has pension obligations in mainland Europe which are accounted for as defined benefit obligations. These obligations have been accounted for in line with the Group's existing pension obligations whereby companies are not required to fund independent schemes for post employment benefit obligations. Instead, commencing from the date the employee becomes eligible to receive the income stream, this obligation is satisfied from available cash resources of the relevant employing company. A provision has been made for the unfunded liability. €1.6m of pension entitlements have been paid to retired former employees during the year (2020: €1.1m).

The pension costs relating to all of the above defined benefit obligations are assessed in accordance with the advice of qualified actuaries. In the case of the three UK legacy schemes, the most recent actuarial valuations were performed as of 31 December 2021. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

The UK and European defined benefit schemes expose the Group to the following risks:

Interest Rate Risk: The discount rates employed in determining the present value of the Group's defined benefit liabilities are set with reference to corporate bond yields. A decrease in corporate bond yields would increase the schemes' defined benefit obligation. Such movements in bond yields would result in volatility in the Group's Consolidated Financial Statements.

Inflation Risk: A significant proportion of the Group's defined benefit obligation is linked to inflation therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place to protect the schemes against extreme inflation). This is however expected to be offset to an extent by an increase in the value of the Group's holdings in liability driven investments (LDI)-type plan assets.

Longevity Risk: The present value of the Group's defined benefit obligation is calculated with reference to the mortality of scheme members, both during and after employment. If scheme members live longer than expected, the scheme's benefits will need to be paid for longer, increasing the scheme's defined benefit obligation.

The directors note that the Group's UK defined benefit schemes are also exposed to the following significant risk:
Asset Volatility: The Group's defined benefit obligations are calculated using discount rates set with reference to corporate bond yields. The schemes' assets comprise of equities, bonds, property and LDI, all of which may fluctuate significantly in value. These assets are expected to outperform corporate bonds in the long term, but provide volatility and risk in the short term.

The extent of the Group's obligation under these schemes is sensitive to judgemental actuarial assumptions, of which the principal ones are set out below. It is not considered that any reasonable sensitivity analysis on these assumptions would materially alter the scheme obligations.

	2021		2020	
	Funded Schemes	**Un-funded Schemes**	Funded Schemes	Un-funded Schemes
Life expectancies				
Life expectancy for someone aged 65 - Males	**22.0**	**21.1**	21.8	20.0
Life expectancy for someone aged 65 - Females	**24.1**	**25.4**	23.6	
Life expectancy at age 65 for someone aged 45 - Males	**23.5**	**23.3**	23.1	22.8
Life expectancy at age 65 for someone aged 45 - Females	**25.7**	**28.1**	25.0	
Rate of increase in salaries	**-**	**1% - 2.75%**	-	0% - 2.75%
Rate of increase of pensions in payment	**3.08%**	**0% - 3.15%**	0% - 2.05%	1.5%
Rate of increase for deferred pensioners	**2.70%**	**-**	2.05%	-
Discount rate	**1.90%**	**-0.15% - 1.85%**	1.35%	0.3% - 1.5%
Inflation rate	**3.30%**	**1.35% - 3.25%**	2.85%	1.5% - 1.75%

It is noted that the 'Funded Schemes' relate to the wholly and partly funded UK schemes and 3 partially funded immaterial European schemes. The 'Un-funded Schemes' covers all other European DBOs.

31 Pension Obligations (continued)

The table below gives an indication of the impact of a change in the principal actuarial assumptions on the funded defined benefit scheme liabilities.

	Assumption	**Change in assumption**	**Impact on plan liabilities**	
			2021	2020
Funded Schemes	Discount rate	Increase/decrease by 0.5%	**Decrease by 10% / increase by 12%**	Decrease by 11% / increase by 13%
Un-Funded Schemes	Discount rate	Increase by 0.25%	**Decrease by 4%**	Decrease by 5%
Funded Schemes	Inflation rate	Increase/decrease by 0.5%	**Increase by 5% / decrease by 5%**	Increase by 6% / decrease by 5%
Un-Funded Schemes	Inflation rate	Increase by 0.25%	**Increase by 3%**	Increase by 4%
Funded Schemes	Mortality assumptions	Increase by 1 year	**Increase by 4%**	Increase by 5%
Un-Funded Schemes	Mortality assumptions	Increase by 1 year	**Increase by 4% - 6%**	Increase by 4%

The sensitivity analyses above have been determined on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

Movements in net liability recognised in the Consolidated Statement of Financial Position

	2021 €m	2020 €m
Net liability in schemes at 1 January	**(45.9)**	(15.1)
Acquired	**(3.0)**	(10.5)
Employer contributions	**1.8**	1.6
Recognised in consolidated income statement	**(2.2)**	(1.1)
Recognised in consolidated statement of comprehensive income	**21.5**	(19.9)
Foreign exchange movement	**(0.2)**	(0.9)
Net liability in schemes at 31 December	**(28.0)**	(45.9)

Defined benefit pension income/expense recognised in the Consolidated Income Statement

	2021 €m	2020 €m
Current service cost	**(0.7)**	(1.1)
Other expenses	**(1.4)**	(0.6)
Settlements of scheme obligations	**0.1**	0.6
Total, included in operating costs	**(2.0)**	(1.1)
Movement on scheme obligations	**(4.0)**	(3.5)
Interest on scheme assets	**3.8**	3.4
Net interest expense, included in finance expense (Note 4)	**(0.2)**	(0.1)

31 Pension Obligations (continued)

Analysis of amount included in other comprehensive income

	2021 €m	2020 €m
Actual return less interest on scheme assets	**4.9**	17.5
Experience gain arising on scheme liabilities	**4.2**	0.2
Actuarial gain/(loss) arising from changes in demographic assumptions	**1.7**	(0.6)
Actuarial gain/(loss) arising from changes in financial assumptions	**10.7**	(37.0)
Gain/(loss) recognised in other comprehensive income	**21.5**	(19.9)

The cumulative actuarial loss recognised in other comprehensive income to date is €16.9m (2020: €38.4m).

In 2021, the actual return on plan assets was a gain of €1.6m (2020: gain of €11.8m).

Asset Classes and Expected Rate of Return

The assets in the scheme at each year end were as follows:

	2021	2020
Asset Classes as % of Total Scheme Assets		
Equities	**49.5%**	50.5%
Bonds (Corporates)	**7.1%**	7.2%
Cash	**4.0%**	3.4%
Property	**3.4%**	4.3%
Liability Driven Investment	**36.0%**	34.6%
	100%	100%

The net pension liability is analysed as follows:

	2021 €m		2020 €m	
	Funded Schemes	**Un-funded Schemes**	Funded Schemes	Un-funded Schemes
Equities	**140.1**	-	134.0	-
Bonds (Corporates)	**20.5**	-	19.2	-
Cash	**11.2**	-	9.0	-
Property	**9.5**	-	11.4	-
Liability Driven Investment	**101.5**	-	91.7	-
Fair market value of plan assets	**282.8**	-	265.3	-
Present value of obligation	**(266.2)**	**(44.6)**	(266.9)	(44.3)
Deficit	**16.6**	**(44.6)**	(1.6)	(44.3)

	2021 €m	2020 €m
Analysed between:		
Funded schemes' surplus	**17.9**	8.0
Unfunded obligations	**(45.9)**	(53.9)
	(28.0)	(45.9)
Related deferred tax (asset)	**(0.7)**	(6.1)

31 Pension Obligations (continued)

	2021 €m	2020 €m
Changes in present value of defined benefit obligations		
At 1 January	**311.2**	96.1
Acquired through business combination (Note 22)	**3.0**	193.3
Current service cost	**0.7**	1.1
Other expenses	**0.8**	0.2
Interest cost	**4.0**	3.5
Benefits paid	**(11.9)**	(10.3)
Settlement	**(0.1)**	(0.6)
Actuarial (gains)/losses	**(16.6)**	37.4
Effect of movement in exchange rates	**19.7**	(9.5)
At 31 December	**310.8**	311.2

	2021 €m	2020 €m
Changes in present value of scheme assets during year		
At 1 January	**265.3**	81.0
Acquired through business combination (Note 22)	**-**	182.8
Interest on scheme assets	**3.8**	3.4
Employer contributions	**0.1**	0.4
Benefits paid	**(10.2)**	(9.1)
Other expenses	**(0.6)**	(0.4)
Actual return less interest	**4.9**	17.5
Effect of movement in exchange rates	**19.5**	(10.3)
At 31 December	**282.8**	265.3

The weighted average duration of the defined benefit obligation at 31 December 2021 was 16.7 years (2020: 17.5 years).

32 Related Party Transactions

The principal related party relationships requiring disclosure under IAS 24 *Related Party Disclosures* relate to (i) transactions between group companies, (ii) compensation of key management personnel and (iii) goods and services purchased from Directors.

(i) Transactions between subsidiaries are carried out on an arm's length basis.
The Company received €120.0m dividends from subsidiaries (2020: €75.0m), and there was a net increase in the intercompany balance of €19.5m (2020: 93.8m increase).

Transactions with the Group's non-wholly owned subsidiaries primarily comprise trading sales and capital funding, carried out on an arm's length basis. These transactions are not considered to be material.

(ii) For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the term "key management personnel" (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the board of directors (executive and non-executive directors) who manage the business and affairs of the Company. As identified in the Report of the Remuneration Committee, the directors, other than the non-executive directors, serve as executive officers of the Group.

Key management personnel compensation is set out in Note 6.

Mr Eugene Murtagh received dividends of €10.9m during the year from the Group (2020: €nil). Following his retirement as Chairman and non-executive director on 30 April 2021, Mr Eugene Murtagh is no longer considered a related party. Dividends of €0.7m were paid to other key management personnel (2020: €nil). €Nil (2020: €nil) was outstanding at year end.

(iii) The Group purchased legal services in the sum of €160,373 (2020: €145,541) from McCann FitzGerald, a firm in which Mr John Cronin was a partner. €3,049 (2020: €74,076) was outstanding at year end. John Cronin retired as a partner of McCann FitzGerald in March 2021.

33 Post Balance Sheet Events

In February 2022, the Group reached agreement, subject to customary approvals, to acquire Ondura Group from Naxicap. Ondura Group, headquartered in France, is a leading global provider of roofing membranes and associated roofing solutions with 14 manufacturing sites and a distribution network in 100 countries worldwide.

The Group has also reached agreement in February 2022, subject to customary approvals, to acquire Troldtekt, a leading Danish headquartered manufacturer of low carbon acoustic insulation. In addition, the Group also completed the acquisition of THU Perfil, an architectural and ceilings solutions business in Spain.

There have been no other material events subsequent to 31 December 2021 which would require adjustment to, or disclosure in this report.

34 Approval Of Financial Statements

The financial statements were approved by the directors on 22 February 2022.

Other Information

ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of metrics, which are non-IFRS measures, to monitor the performance of its operations.

The Group believes that these metrics assist investors in evaluating the performance of the underlying business. Given that these metrics are regularly used by management, they also give the investor an insight into how Group management review and monitor the business on an ongoing basis.

The principal APMs used by the Group are defined as follows:

Trading profit

This comprises the operating profit as reported in the Consolidated Income Statement before intangible asset amortisation and non trading items. This equates to the Earnings Before Interest, Tax and Amortisation ("EBITA") of the Group. Trading profit is used by management as it excludes items which may hinder year on year comparisons.

	Financial Statements Reference	**2021 €m**	2020 €m
Trading profit	Consolidated Income Statement	**754.8**	508.2

Trading margin

Measures the trading profit as a percentage of revenue.

	Financial Statements Reference	**2021 €m**	2020 €m
Trading Profit	Consolidated Income Statement	**754.8**	508.2
Total Group Revenue	Consolidated Income Statement	**6,497.0**	4,576.0
Trading margin		**11.6%**	11.1%

EBITDA

The Group has updated its definition of EBITDA as earnings before finance expenses, income taxes, depreciation and amortisation. In prior years the definition of EBITDA excluded the impact of IFRS 16 *Leases*, however as IFRS 16 *Leases* has been firmly embedded as an accounting standard for the last number of years, the Group determined that the associated definition of EBITDA was more appropriate going forward.

	Financial Statements Reference	**2021 €m**	2020 €m
Trading Profit	Consolidated Income Statement	**754.8**	508.2
Depreciation	Consolidated Statement of Cash Flows	**138.4**	122.0
EBITDA*		**893.2**	630.2

**Prior Year has been re-presented to include the impact of IFRS 16.*

Free cash flow

Free cash flow is the cash generated from operations after net capital expenditure, interest paid, income taxes paid and lease payments and reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

	Financial Statements Reference	2021 €m	2020 €m
Net cash flow from operating activities	Consolidated Statement of Cash Flows	**329.2**	638.5
Additions to property, plant and equipment	Consolidated Statement of Cash Flows	**(168.8)**	(131.8)
Proceeds from disposals of property, plant and equipment	Consolidated Statement of Cash Flows	**5.2**	5.7
Interest received	Consolidated Statement of Cash Flows	**0.1**	1.0
Lease payments	Consolidated Statement of Cash Flows	**(38.6)**	(33.7)
Free cash flow		**127.1**	479.7

Return on capital employed (ROCE)

ROCE is the operating profit before interest and tax expressed as a percentage of the net assets employed. The net assets employed reflect the net assets, excluding net debt, at the end of each reporting period.

	Financial Statements Reference	2021 €m	2020 €m
Net Assets	Consolidated Statement of Financial Position	**2,959.3**	2,397.6
Net Debt	Note 17	**756.1**	236.2
		3,715.4	2,633.8
Operating profit before interest and tax	Consolidated Income Statement	**725.3**	484.7
Return on capital employed		**19.5%**	18.4%

Banking Covenants

The Net Debt:EBITDA and the EBITDA:Net Interest ratios disclosed in this report are calculated in accordance with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements. Therefore, EBITDA and Net Interest are adjusted to exclude the impact of IFRS 16 - *Leases* for these calculations.

Net debt

Net debt represents the net total of current and non-current borrowings, current and non-current derivative financial instruments, (excluding foreign currency derivatives which are used for transactional hedging), and cash and cash equivalents as presented in the Consolidated Statement of Financial Position. Lease liabilities recognised due to the implementation of IFRS 16 and deferred contingent consideration have also been excluded from the calculation of net debt. Consistent with the 2020 APMs, this definition is in accordance with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

	Financial Statements Reference	2021 €m	2020 €m
Net Debt	Note 17	**756.1**	236.2

Net Debt:EBITDA

Net debt as a ratio to 12 month EBITDA. For the purpose of this calculation, EBITDA is solely adjusted for the impact of IFRS 16 - *Leases*.

	Financial Statements Reference	2021 €m	2020 €m
EBITDA		**893.2**	630.2
Lease liability payments	Consolidated Statement of Cash Flows	**(38.6)**	(33.7)
EBITDA (adjusted for the impact of IFRS 16)		**854.6**	596.5

	Financial Statements Reference	2021 €m	2020 €m
Net Debt	Note 17	**756.1**	236.2
EBITDA (adjusted for the impact of IFRS 16)		**854.6**	596.5
Net Debt : EBITDA times		**0.88**	0.40

Net interest

The Group defines net interest as the net total of finance expense and finance income as presented in the Consolidated Income Statement. The impact of IFRS 16 is excluded from the calculation which is consistent with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

	Financial Statements Reference	2021 €m	2020 €m
Finance expense	Note 4	**36.3**	26.1
Finance income	Note 4	**-**	(1.1)
Less lease interest (IFRS 16)	Note 4	**(3.7)**	(3.6)
Net Interest		**32.6**	21.4

Working capital

Working capital represents the net total of inventories, trade and other receivables and trade and other payables, net of transactional foreign currency derivatives excluded from net debt.

	Financial Statements Reference	2021 €m	2020 €m
Trade and other receivables	Note 14	**1,228.4**	799.6
Inventories	Note 13	**1,138.9**	505.9
Trade and other payables	Note 15	**(1,389.8)**	(854.5)
Foreign currency derivatives excluded from net debt	Note 19	**0.3**	(0.2)
Working capital		**977.8**	450.8

Working capital ratio

Measures working capital as a percentage of October to December turnover annualised. The annualisation of turnover reflects the current profile of the Group rather than a partial reflection of any acquisitions completed during the period.

	Financial Statements Reference	2021 €m	2020 €m
Working capital		**977.8**	450.8
October - December turnover annualised		**7,070.0**	5,151.2
Working Capital ratio		**13.8%**	8.8%

Total Shareholder Return (TSR)

Total Shareholder Return (TSR) is a key performance metric for the Performance Share Plan (PSP).

The methodology for calculating the Total Shareholder Return assumes the following: the open price is set as the closing price of the final trading day prior to the beginning of the performance period; the close price is set as the closing price on the final trading day of the performance period; the calculation assumes all dividends are reinvested on the ex-dividend date, at the closing price on that day.

	Financial Statements Reference	2021 %	2020 %
Total Shareholder Return	Page 80	83.9	5.4

Adjusted earnings per share

Adjusted earnings per share is a legacy alternative performance metric that is no longer used by management, and the Group has therefore discontinued reporting this metric.

The Annual General Meeting

The Annual General Meeting of the Company will be held on 29 April 2022 at 10.00 a.m.

Notice of the 2022 AGM will be made available to view online at http://www.kingspan.com/agm2022

You may submit your votes electronically by accessing Computershare's website: http://www.eproxyappointment.com/

You will be asked for your Shareholder Reference Number (SRN), Control Number, and PIN, all of which will have been sent to shareholders in advance of the meeting. To be valid, your proxy vote must be received by Computershare no later than 10.00 am on Wednesday 27 April 2022 (48 hours before the meeting).

Amalgamation of Shareholding Accounts

Shareholders who receive duplicate sets of Company mailings due to multiple accounts in their name should write to the Company's Registrar to have their accounts amalgamated.

Warning to Shareholders

Many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target shareholders offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar, Computershare, would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company Secretary or the Registrar.

Company Information

Kingspan Group plc was incorporated on 14 August 1979. It is an Irish domiciled company and the registered office is Kingspan Group plc, Dublin Road, Kingscourt, Co. Cavan, A82 XY31, Ireland. The registered company number of Kingspan Group plc is 70576.

Share Registrar

Administrative enquiries about the holding of Kingspan Group plc shares should be directed to:

The Company Registrar:
Computershare Investor Services (Ireland) Limited,
3100 Lake Drive,
Citywest Business Campus,
Dublin 24,
D24 AK82.

Financial Calendar

Preliminary Results	18 February 2022
Trading Update	29 April 2022
AGM	29 April 2022
Half-Yearly Update	19 August 2022
Trading Update	7 November 2022

Bankers

Bank of America Merrill Lynch	HSBC Bank plc
ING Bank NV	BNP Paribas
Commerzbank	Danske Bank AS
KBC Bank NV	NatWest Bank Plc
Bank of Ireland	Unicredit Bank AG

Solicitors

McCann FitzGerald,
Riverside One,
Sir John Rogerson's Quay,
Dublin 2,
Ireland.

Allen & Overy LLP,
One Bishops Square,
London,
E1 6AD,
England.

Stockbrokers

Goodbody,
Ballsbridge Park,
Ballsbridge,
Dublin 4,
Ireland.

Bank of America Merrill Lynch,
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Farringdon,
London,
EC1A 1HQ,
England.

Auditor

Ernst & Young,
Chartered Accountants,
EY Buildings,
Harcourt Centre ,
Harcourt Street,
Dublin 2,
Ireland.

Information required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

The information required by Regulation 21 of the above Regulations as at 31 December 2021 is set out below.

Rights and obligations attaching to the ordinary shares

The Company has no securities in issue conferring special rights with regard to control of the Company.

All ordinary shares rank *pari passu*, and the rights attaching to the ordinary shares (including as to voting and transfer) are as set out in the Company's Articles of Association ("Articles"). The Articles of Association also contain the rules relating to the appointment and removal of directors, rules relating to the amending the Articles of Association, the powers of the Company's directors and in relation to issuing or buying back by the Company of its shares. A copy of the Articles may be found on www.kingspan.com or may be obtained on request to the Company Secretary.

Holders of ordinary shares are entitled to receive duly declared dividends in cash or, when offered, additional ordinary shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus pro rata to their holdings of ordinary shares.

Holders of ordinary shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the directors have served a Restriction Notice on the shareholder. Upon the service of such Restriction Notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of ordinary shares

The ordinary shares may be held in either certificated or uncertificated form (through the Euroclear Bank system or (via a holding of CDIs) the CREST system).

Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of ordinary shares. The directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, (c) any transfer of a share on which the Company has a lien, and (d) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 (the "CSD Regulations") and the rules of the relevant system. The directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CSD Regulations.

Rules concerning the appointment and replacement of the directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of directors shall not be less than two or more than 15.

Subject to that limit, the shareholders in general meeting may appoint any person to be a director either to fill a vacancy or as an additional director. The directors also have the power to co-opt additional persons as directors, but any director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first annual general meeting following his or her co-option.

The Articles require that at each annual general meeting of the Company one-third of the directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held on 29 April 2022.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of directors including powers in relation to issuing or buying back by the Company of its shares

Under its Articles, the business of the Company shall be managed by the directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The directors are currently authorised to issue a number of shares equal to the authorised but as yet unissued share capital of the Company on such terms as they may consider to be in the best interests of the Company, under an authority that was conferred on them at the Annual General Meeting held on 30 April 2021. The directors are also currently authorised on the issue of new equity for cash to disapply the strict statutory pre-emption provisions that would otherwise apply, provided that the disapplication is limited to the allotment of equity securities in connection with (i) any rights issue or any open offer to shareholders, or (ii) the allotment of shares not exceeding in aggregate 5% of the nominal value of the Company's issued share capital, or (iii) for the purpose of financing (or refinancing) an acquisition or other capital investment of a kind contemplated by the UK Pre-emption Group not exceeding in aggregate 5% of the nominal value of the Company's issued share capital. Both these authorities expire on 30 July 2022 unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 29 April 2022.

SHAREHOLDER INFORMATION

The Company may, subject to the Companies Acts and the Articles, purchase any of its shares and may either cancel or hold in treasury any shares so purchased, and may re-issue any such treasury shares on such terms and conditions as may be determined by the directors. The Company shall not make market purchases of its own shares unless such purchases have been authorised by a special resolution passed by the members of the Company at a general meeting. At the Annual General Meeting held on 30 April 2021, shareholders passed a resolution giving the Company, or any of its subsidiaries, the authority to purchase up to 10% of the Company's issued ordinary shares. At the Annual General Meeting to be held on 29 April 2022, shareholders are being asked to renew this authority.

Miscellaneous

There are no agreements between shareholders that are known to the Company which may result in restrictions on the transfer of securities or voting rights.

Certain of the Group's banking facilities include provisions that, in the event of a change of control of the Company, could oblige early prepayment of the facilities. Certain of the Company's joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company. The Company's Performance Share Plan contains change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

List of principal subsidiary and joint venture companies and the percentage shareholding held by Kingspan Group plc, either directly or indirectly pursuant to Section 314 of the Companies Act 2014:-

	% Shareholding	Nature of Business
AUSTRALIA		
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Insulation Pty Limited	100	Manufacturing
Kingspan Water & Energy Pty Limited	85	Manufacturing
Tate Asia-Pacific Pty Limited	100	Sales & Marketing
Thermakraft Australia Pty Limited	100	Manufacturing
AUSTRIA		
Colt International GesmbH	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
LOGSTOR Austria GmbH	100	Sales & Marketing
BELGIUM		
Epur SA	100	Manufacturing
isomasters NV	62.5	Manufacturing
Joris Ide NV	100	Manufacturing
Kingspan Access Floors Europe NV	100	Manufacturing
Kingspan Door Components SA	100	Manufacturing
Kingspan Insulation NV	100	Manufacturing
Kingspan Light + Air Belgium NV	100	Manufacturing
Kingspan NV	100	Sales & Marketing
BOSNIA AND HERZEGOVINA		
Kingspan D.O.O.	100	Sales & Marketing
BRAZIL		
Kingspan Isoeste Trade Importadora E Exportadora Limitada	51	Sales & Marketing
Kingspan-Isoeste Construtivos Isotérmicos S/A.	51	Manufacturing
BULGARIA		
Joris Ide Bulgaria Ltd.	100	Manufacturing
CANADA		
Kingspan Insulated Panels Limited	100	Manufacturing
Tate ASP Access Floors Inc.	100	Manufacturing
Vicwest Inc.	100	Manufacturing
CHILE		
Synthesia Technology S.p.A.	100	Sales & Marketing
CHINA		
Colt (China) Manufacturing Company Limited	100	Manufacturing
COLUMBIA		
Kingspan Comercial S.A.S.	51	Sales & Marketing
PanelMET S.A.S.	51	Manufacturing
Synthesia Technology S.A.S.	100	Sales & Marketing
CROATIA		
Kingspan D.O.O.	100	Sales & Marketing

	% Shareholding	Nature of Business
CZECH REPUBLIC		
Balex Metal S.R.O.	100	Sales & Marketing
Colt International S.R.O.	100	Sales & Marketing
Kingspan A.S.	100	Manufacturing
DENMARK		
Kingspan A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
LOGSTOR A/S	100	Manufacturing
ESTONIA		
Kingspan Insulation OÜ	100	Sales & Marketing
Kingspan OÜ	100	Sales & Marketing
FINLAND		
Kingspan Insulation Oy	100	Manufacturing
Kingspan Oy	100	Sales & Marketing
LOGSTOR Finland Oy	100	Manufacturing
FRANCE		
Essemes Services S.N.C.	100	Manufacturing
Groupe Bacacier SAS	85	Manufacturing
Isocab France SAS	100	Manufacturing
Joris Ide Auvergne SAS	100	Manufacturing
Joris Ide Sud Ouest SAS	100	Manufacturing
Kingspan Light + Air SAS	100	Manufacturing
Kingspan S.a.r.l.	100	Sales & Marketing
LOGSTOR France SAS	100	Sales & Marketing
Profinord S.a.r.l.	100	Manufacturing
Skydôme S.A.S.	100	Manufacturing
Societe Bretonne de Profilage SAS	100	Manufacturing
GERMANY		
Colt International GmbH	100	Manufacturing
Essmann Gebäudetechnik GmbH	100	Manufacturing
Hype GmbH	100	Manufacturing
Joris Ide Deutschland GmbH	100	Manufacturing
Kingspan Access Floors GmbH	100	Manufacturing
Kingspan GmbH	100	Sales & Marketing
Kingspan Holding GmbH	100	Holding Company
Kingspan Insulation Gmbh & Co. KG	100	Manufacturing
Kingspan Services Deutschland GmbH	100	Sales & Marketing
Kingspan Water & Energy GmbH	100	Sales & Marketing
LOGSTOR Deutschland GmbH	100	Sales & Marketing
Schütze GmbH	100	Manufacturing
STG Beikirch GmbH	100	Manufacturing
Technocon GmbH	100	Design Services
HONG KONG		
Chemprogress HK Ltd	100	Sales & Marketing

	% Shareholding	Nature of Business
HUNGARY		
Essmann Hungaria Kft.	100	Sales & Marketing
Joris Ide Kft.	100	Manufacturing
Kingspan Kereskedelmi Kft.	100	Manufacturing
INDIA		
Kingspan Jindal Private Limited	51	Manufacturing
IRELAND		
Aerobord Limited	100	Manufacturing
Kingscourt Trustee Company Limited	100	Trustee Company
Kingspan Century Limited	100	Manufacturing
Kingspan Holdings (Irl) Limited	100	Management & Procurement
Kingspan Holdings (North America) Limited	100	Holding Company
Kingspan Holdings (Overseas) Limited	100	Holding Company
Kingspan Holdings Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan International Finance Unlimited Company	100	Finance Company
Kingspan Light & Air Limited	100	Sales & Marketing
Kingspan Limited	100	Manufacturing
Kingspan Nominees Limited	100	Holding Company
Kingspan RE Limited	100	Property Company
Kingspan Securities Limited	100	Finance Company
Kingspan Tate Limited	100	Sales & Marketing
Kingspan Water & Energy Limited	100	Manufacturing
KSP Property Limited	100	Property Company
ISLE OF MAN		
Aslan General Insurance Limited	100	Insurance
ITALY		
LOGSTOR Italia Srl	100	Sales & Marketing
LATVIA		
Kingspan SIA	100	Sales & Marketing
Balex Metal SIA	100	Manufacturing
LITHUANIA		
Balex Metal UAB	100	Sales & Marketing
Kingspan UAB	100	Sales & Marketing
LOGSTOR UAB	100	Sales & Marketing
LUXEMBOURG		
NAPS Holdings (Luxembourg) Sarl	100	Finance Company
MALTA		
KSP Finance (Europe) Limited	100	Finance Company
KSP Holdings (Europe) Limited	100	Finance Company
KSP Investments (Europe) Limited	100	Finance Company
MEXICO		
Kingspan Insulated Panels S.A. DE C.V.	100	Manufacturing
Synthequimica Mexicana S.R.L. DE C.V.	100	Sales & Marketing
MOROCCO		
SM Polyurethanes S.á.r.l.	100	Sales & Marketing

PRINCIPAL SUBSIDIARY UNDERTAKINGS

	% Shareholding	Nature of Business
NETHERLANDS		
Colt International Beheer B.V.	100	Holding Company
Colt International B.V.	100	Sales & Marketing
Colt International Holding B.V.	100	Holding Company
Colt International Productie B.V.	100	Manufacturing
Hectar Funderingstechniek B.V.	100	Sales & Marketing
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Joris Ide Netherlands B.V.	100	Manufacturing
Kingspan (MEATI) B.V.	85	Holding Company
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan Light + Air NL B.V.	100	Manufacturing
Kingspan Light + Air Production NL B.V.	100	Manufacturing
Kingspan Unidek B.V.	100	Manufacturing
KSP Finance BV	100	Finance Company
LOGSTOR Nederland B.V.	100	Sales & Marketing
NEW ZEALAND		
Kingspan Insulation NZ Limited	100	Sales & Marketing
Kingspan Limited	100	Sales & Marketing
Thermakraft Limited	100	Manufacturing
NORWAY		
Kingspan AS	100	Sales & Marketing
Kingspan Insulation AS	100	Sales & Marketing
Kingspan Miljo AS	100	Sales & Marketing
Kingspan Water & Energy AS	100	Manufacturing
PANAMA		
Acusterm Panama S.A.	100	Manufacturing
Huurre Panama S.A.	50	Manufacturing
Synthesia Technology S.A.	100	Manufacturing
PERU		
Synthesia Technology S.A.C.	100	Sales & Marketing
POLAND		
Balex Metal Sp. Z o.o.	100	Manufacturing
Colt International Sp. Z o.o.	100	Sales & Marketing
Essmann Polska Sp. Z o.o.	100	Sales & Marketing
Kingspan Sp. Z o.o.	100	Manufacturing
LOGSTOR International sp. Z.o.o	100	Holding Company
PORTUGAL		
Colt Portugal SA	100	Sales & Marketing
QATAR		
Kingspan Insulation WLL	100	Sales & Marketing

	% Shareholding	Nature of Business
ROMANIA		
Joris Ide S.R.L.	100	Manufacturing
Kingspan S.R.L.	100	Sales & Marketing
LOGSTOR S.R.L	100	Sales & Marketing
Terasteel S.A.	99	Manufacturing
Wetterbest S.A.	100	Manufacturing
RUSSIA		
Kingspan LLC	100	Manufacturing
Kingspan Nevinnomyssk LLC	99	Manufacturing
SAUDI ARABIA		
Colt Arabia Limited	100	Manufacturing
SERBIA		
Kingspan D.O.O.	100	Sales & Marketing
Terasteel D.O.O.	100	Manufacturing
SINGAPORE		
Colt Ventilation East Asia Pte Limited	100	Sales & Marketing
Kingspan Insulated Panels Pte Limited	100	Sales & Marketing
SLOVAKIA		
Balex Metal A.S.	70	Manufacturing
Colt International S.R.O.	100	Sales & Marketing
Kingspan S.R.O.	100	Sales & Marketing
Kingspan Light + Air Production SVK S.R.O.	100	Manufacturing
SLOVENIA		
Kingspan D.O.O.	100	Sales & Marketing
SPAIN		
Colt España S.A.	100	Sales & Marketing
Huurre Iberica S.A.	100	Manufacturing
Kingspan Insulation S.A.	100	Manufacturing
Kingspan Shaped Solutions S.L.	100	Manufacturing
Kingspan Suelo Technicos S.L.	50	Sales & Marketing
Synthesia Technology Europe S.L.U.	100	Manufacturing
Teczone Española S.A.	100	Manufacturing
SWEDEN		
Kingspan AB	100	Sales & Marketing
Kingspan BAGA AB	100	Manufacturing
Kingspan Insulation AB	100	Manufacturing
LOGSTOR Sverige Holding AB	100	Sales & Marketing
Powerpipe Systems AB	100	Manufacturing
SWITZERLAND		
Colt International (Schweiz) AG	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
LOGSTOR Schweiz AG	100	Sales & Marketing
TURKEY		
Kingspan Yapi Elemanlari A.S.	85	Manufacturing

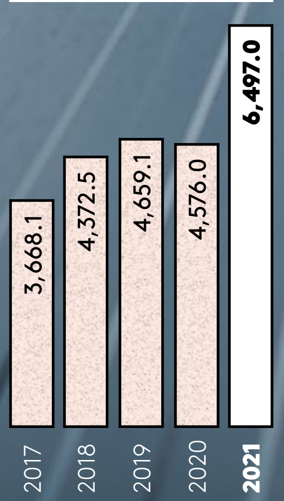
PRINCIPAL SUBSIDIARY UNDERTAKINGS

	% Shareholding	Nature of Business
UKRAINE		
Balex Metal LLC	100	Sales & Marketing
Kingspan Ukraine LLC	100	Sales & Marketing
UNITED ARAB EMIRATES		
Colt International LLC	100	Sales & Marketing
Kingspan Insulated Panels Manufacturing LLC	85	Manufacturing
Kingspan Insulation LLC	90	Manufacturing
UNITED KINGDOM		
Colt Group Limited	100	Holding Company
Colt International Licensing Limited	100	Product Development
Colt International Limited	100	Sales & Marketing
Colt Investments Limited	100	Holding Company
Ecotherm Insulation (UK) Limited	100	Manufacturing
Euroclad Group Limited	100	Manufacturing
Joris Ide Limited	100	Manufacturing
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Energy Limited	100	Sales & Marketing
Kingspan Group Limited	100	Holding Company
Kingspan Insulation Limited	100	Manufacturing
Kingspan Light + Air (UK & Ireland) Limited	100	Manufacturing
Kingspan Limited	100	Manufacturing
Kingspan Services (UK) Limited	100	Management & Procurement
Kingspan Technical Insulation Limited	100	Manufacturing
Kingspan Timber Solutions Limited	100	Manufacturing
Kingspan Trustee Company Limited	100	Trustee Company
Kingspan Water & Energy Limited	100	Manufacturing
KSP Europe Limited	100	Finance Company
LOGSTOR UK Limited	100	Sales & Marketing
Springvale Insulation Limited	100	Manufacturing
UNITED STATES		
ASM Modular Systems Inc.	100	Manufacturing
Brighter Concepts Inc.	100	Manufacturing
CPI Daylighting Inc.	100	Manufacturing
Dri-Design Inc.	95	Manufacturing
Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Insulation LLC	100	Manufacturing
Kingspan Light & Air LLC	100	Manufacturing
Major Industries Inc.	100	Manufacturing
Morin Corporation	100	Manufacturing
Pre-insulated Metal Technologies Inc.	100	Manufacturing
Solatube International Inc.	100	Manufacturing
Synthesia Technology Inc.	100	Manufacturing
Tate Access Floors Inc.	100	Manufacturing
URUGUAY		
Bromyros S.A.	51	Manufacturing
VIETNAM		
Kingspan Company Limited	100	Sales & Marketing

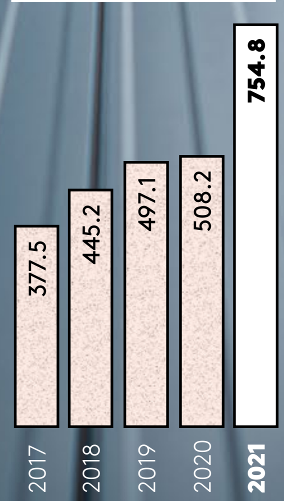
5 Year Summary

RESULTS (AMOUNTS IN €M)	2021	2020	2019	2018	2017
Revenue	6,497.0	4,576.0	4,659.1	4,372.5	3,668.1
Trading profit	754.8	508.2	497.1	445.2	377.5
Net profit before tax	689.0	459.7	454.4	404.9	346.5
Operating cashflow	490.6	750.8	627.1	530.3	362.5
EQUITY (AMOUNTS IN €M)					
Gross assets	6,387.9	5,341.6	4,288.4	4,029.4	3,235.6
Working capital	977.8	450.8	582.8	543.9	477.8
Total shareholder equity	2,959.3	2,397.6	2,120.4	1,788.9	1,568.0
Net debt	756.1	236.2	633.2	728.3	463.9
RATIOS					
Net debt as % of total shareholders' equity	25.5%	9.9%	29.9%	40.7%	29.6%
Current assets / current liabilities	1.80	2.21	1.66	1.59	1.65
Net debt / EBITDA	0.88	0.40	1.09	1.40	1.05
PER ORDINARY SHARE (AMOUNTS IN €CENT)					
Earnings	305.6	206.2	204.6	184.0	159.0
Operating cashflows	270.5	414.3	347.3	294.9	202.1
Net assets	1,631.8	1,323.1	1,174.2	994.7	876.7
Dividends	45.9	20.6	13.0	42.0	37.0
Average number of employees	17,880	15,424	14,529	13,469	11,133

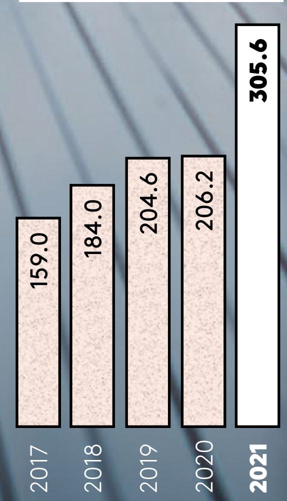
REVENUE (€m)



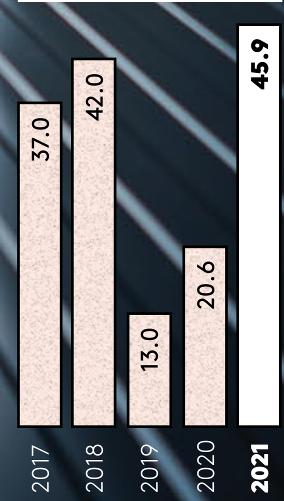
TRADING PROFIT (€m)



EPS(CENT)



DPS(CENT)



Aligned with our Planet Passionate strategy, we are committed to producing an environmentally conscious Annual Report. To reduce our environmental impact, this report is printed on 100% recycled pre- and post-consumer waste, forest-certified, carbon-balanced paper.

Recycling paper reduces waste that would otherwise go to landfill. This, in turn, reduces the carbon based emissions that would have been released through landfill degradation. The effects of climate change and growing pressures on the planet's limited resources necessitate the move towards a low-carbon circular economy. Paper is a truly sustainable product, and recycled paper is an absolute example of a circular product in action.

Source: revivepaper.com

Environmental Credentials

PAPER

Revive 100% recycled. See more at revivepaper.com

PAPER CREDENTIALS

→ Manufactured from FSC® recycled certified fibre derived from 100% pre- and post-consumer waste.

→ Manufactured in accordance with ISO certified standards for environmental, quality and energy management.

→ Carbon balanced.

→ BRC certified storage and distribution.

PRINT CREDENTIALS

→ 98% vegetable based inks.

→ The bioglaze laminate used on this cover can be recycled along with paper, as it is an acetate polymer made from wood pulp and cotton.

design: reddog.ie