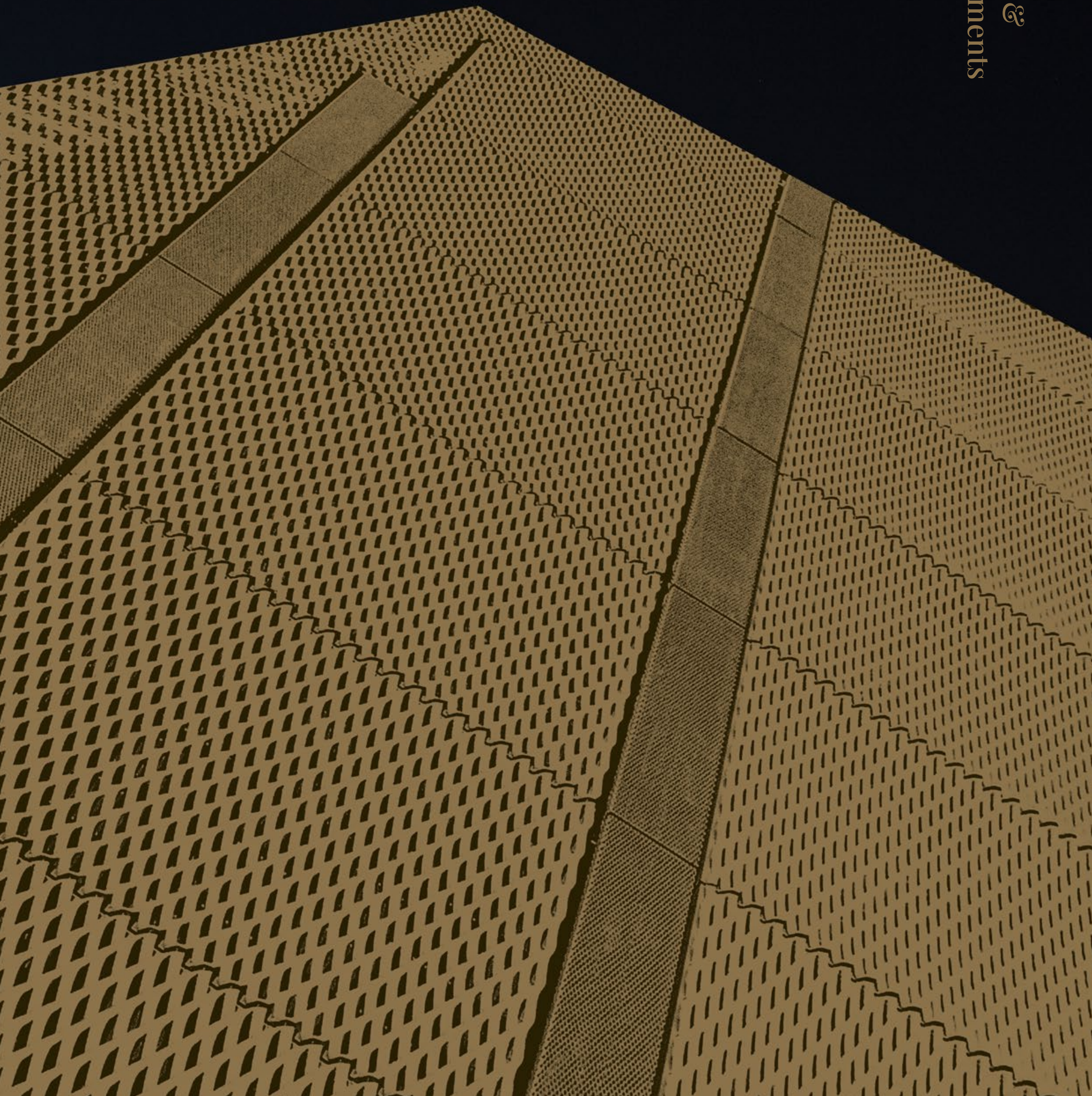
Kingspan

Annual Report & Financial Statements 2021



Annual Report & Financial Statements 2021

Etihad Arena
Abu Dhabi, UAE
Insulated Panels
KingZip Linea

The Etihad Arena is the Middle East's largest state-of-the-art indoor entertainment venue, built on the stunning waterfront of Yas Island - Abu Dhabi's leisure and holiday hub.

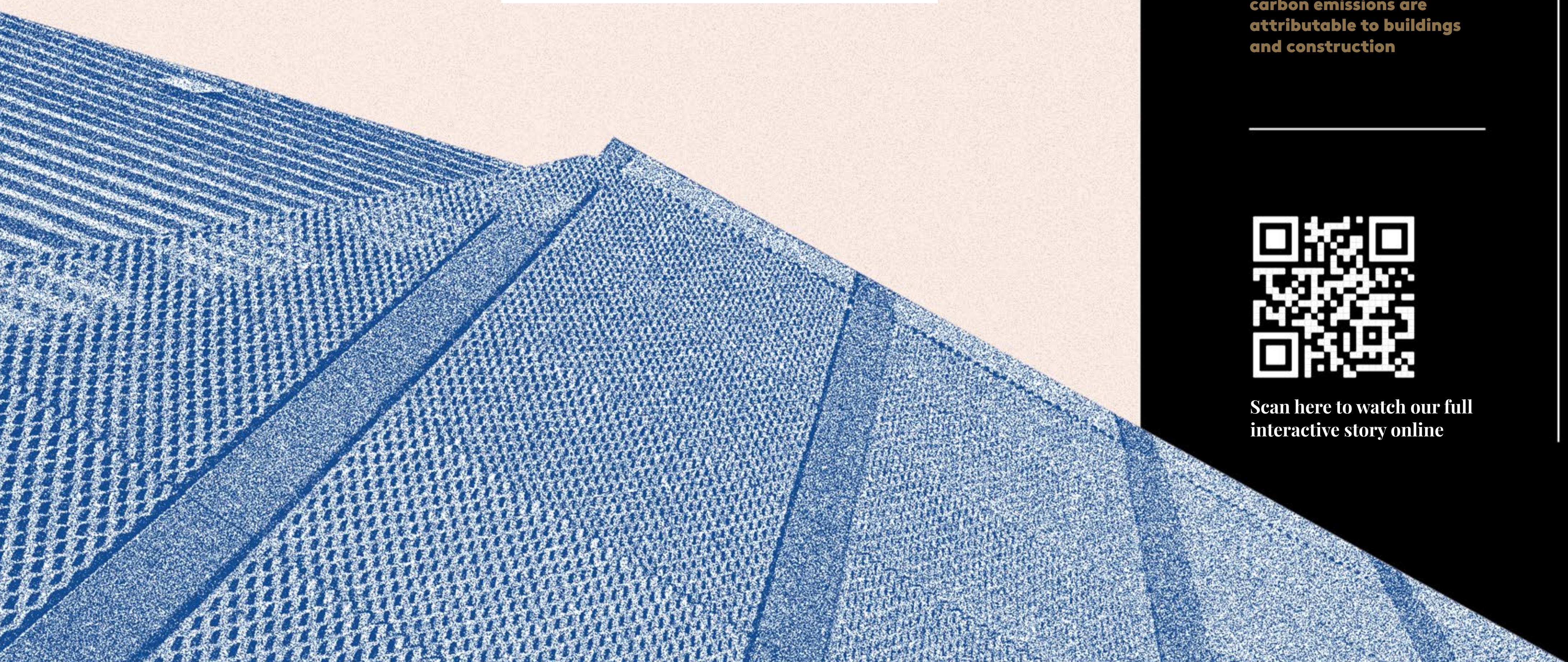
Sustainable Design of the Year Award at the MENA Green Buildings Awards in 2018.

Kingspan used a parametric design approach on a BIM workflow where the multi-layers of the KingZip system could be changed and adapted to the steel structure, allowing for the striking architectural design which was inspired by the woven mesh of the baskets used by the Bedouin tribes.

OUR PLANET PASSIONATE TARGETS DEMAND RADICAL THINKING AND ACTION

Through our range of high-performance building envelope solutions, we are uniquely placed to facilitate the decarbonisation of the built environment which is today responsible for almost 40% of global greenhouse gas emissions. Our ambitious Planet Passionate programme, which aims to reduce our environmental impact across the key themes of carbon, energy, circularity and water, will further add to our products' value proposition in the fight against climate change.

Gene M. Murtagh



AIMING HIGH TO LOWER CARBON

Climate change is a code red for humanity. It's the single biggest issue facing the world today.

39%

39% of global annual carbon emissions are attributable to buildings and construction

Scan here to watch our full interactive story online

The Time is Now

Buildings past, present and future will be central to averting a climate crisis. As a global leader in sustainable and innovative building envelope solutions, Kingspan has a pivotal role to play.

Join us on our journey to build a better world.

LEGACY OF THE PAST

Buildings & Vehicles: almost carbon copies on a global scale

The heating and cooling of today's building stock produces just 13% less carbon emissions than **ALL** road vehicles annually.

Today, over **75%** of heating and cooling energy needs in EU buildings come from fossil fuels

Mind the Gap!

It will take decades to convert today's EU consumption to renewable energy.

How do we close this gap?

The first step is to reduce energy consumption. Energy efficient building envelopes are key to unlocking lower energy demands.

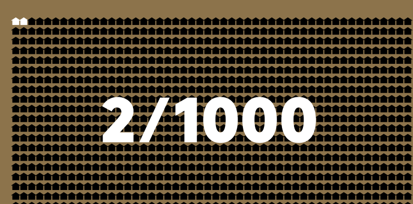
Up to 125m Europeans cannot afford to adequately heat their homes.

125m

75%

of EU buildings are energy inefficient.

Only 0.2% of EU buildings undergo deep energy renovation annually.



The foundation for change is already here

Kingspan's innovative and efficient building envelope solutions offer flexibility in renovation. Advanced insulation materials enable thinner applications, impacting less on precious light and space.

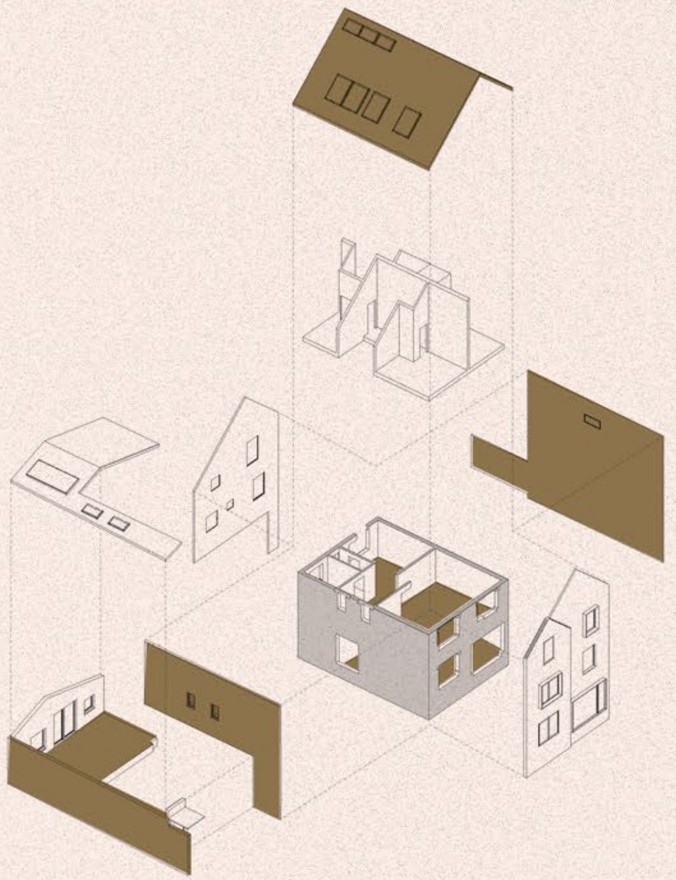
RIBA Award Winning Build

A 1950s house within a Victorian conservation zone has been cocooned in Kingspan's roof, floor and wall insulation and a contemporary outer shell was added to create a unique family home.

Photography:
Jack Hobhouse

Renovation Can Power the Shift to Renewable Energy

Sweet Home Renovation

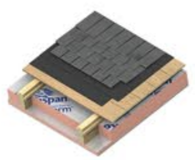


A poorly insulated home can lose 30% of its heat through the attic, 20-30% though the walls, and 10% through the floor.

ROOF INSULATION

Kingspan's advanced insulation for roofs is the thinnest commonly used insulation.

Kingspan has a range of roof insulation solutions, including its Kooltherm® range which is almost twice as efficient as synthetic mineral fibre.



WALL INSULATION

Kingspan insulation's superior thermal performance is ideal for renovation.

Refurbishing an existing building has many considerations, particularly as it relates to space. We can help combat this issue by offering higher performing, thinner insulation, such as our Kooltherm® range.

FLOOR INSULATION

A properly insulated ground floor will leave rooms more comfortable and require less time to heat up.

Kingspan has a range of insulations for floor applications, including our next-generation Optim-R® which is almost 4 times as efficient as synthetic mineral fibre, enabling its use in super space constrained applications.

73%

The renovation resulted in a 73% saving in CO_2 emissions per m²

"..the clients' brief was that they wanted to create an energy efficient and warm home. Specification of Kingspan products helped to achieve this and we greatly exceeded the energy requirements of building regulations. The clients have found that they typically don't have to turn on the heating on the upper floors and have low annual energy demands."

Tristan Wigfall, alma-nac

Building a Better World

House-within-a-House

A 1950s post-war townhouse in Brockley, London, has been enveloped in roof, floor and wall insulation and a modern outer shell to create a unique family home, one which has won RIBA awards at a national level.

By adding a warm coat around the entire structure, the thermally inefficient 1950s dwelling has been turned into a highly insulated, airtight construction. The thermal performance of the property now vastly exceeds building regulations and gives a comparative reduction in CO2 emissions from 61.55 kg CO2e/m² to 16.49 kg CO2e/m².

Our new Jönköping site hosts one of the largest rooftop solar arrays in Sweden.

POTENTIAL OF THE PRESENT

NET ZERO CO2e: Building a New Reality

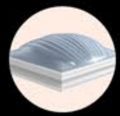
Investment in innovation and development has enabled the transition to net zero carbon buildings, even in manufacturing. It's no longer a question of how, rather how can we not?

Industry-leading innovation forging the way:

EFFICIENCY

Insulation

Energy efficiency is the cornerstone of net zero carbon buildings. Kingspan's ultra-performance insulation solutions enable the transition to renewable energy.



Light & Air

Utilising solutions which maximise the natural benefits of fresh air and sunlight improve occupant comfort and lower energy use.

RESOURCES INDEPENDENCE

Solar Power

Our innovative PowerPanel™ - an integrated insulated panel with solar PV – enables easy installation to insulate and generate.

Water Systems

Global water use is growing at 2x the rate of population growth. This precious resource can be managed through our rainwater harvesting and water treatment systems.

CIRCULARITY

Utilising Waste

One man's trash is another man's treasure. Through our LIFECycle framework we are exploring ways to reduce waste in society and in our processes. In addition, our Logstor business enables industry to use waste energy to power local communities through district heating solutions.

Net Zero in Action

Welcome to Jönköping, Sweden – Kingspan's future-ready manufacturing facility

SITE INFORMATION

Country
Sweden

Division
Insulation

Renewable energy source
Solar PV, wind, water and sustainable biomass

Manufacturing product
Kooltherm® Insulation

% renewable
>95%

3,500

PV solar modules installed and fully commissioned, making it one of the largest solar rooftop sites in Sweden.

1,100

MWh of estimated annual renewable electricity generation.

>95%

of the manufacturing process is powered by renewable energy.

Kingspan Insulation installed a rooftop solar PV installation at its manufacturing facility in Jönköping, Sweden. A 1,100MWh PV array comprises of 3,500 solar PV modules installed and fully commissioned on the roof of one of the south facing manufacturing buildings. It is among the largest solar rooftop sites in Sweden.

The building itself is heated by excess heat from the production process. Excess heat is vented into the fresh air and recirculated, further enhancing the facility's efficiency credentials.

Energy efficient to the core

Jönköping was designed and constructed with energy efficiency at its core, starting with the building envelope. Over 150k m² of Kingspan insulated panels and over 15k m² of Kingspan insulation boards enclose the facility. Natural daylight enters the building through 130 nano prismatic rooflights supplied by Kingspan Light & Air, improving occupant wellbeing and reducing the need for artificial light.

The efficiency of the factory process has been optimised by using Kooltherm® insulated piping and Kingspan insulated panels for the dryers and laminators.

Jönköping is a blueprint for what we, and others, can achieve when energy and carbon efficiency are considered as core elements of planning and design.

Henk Bassie, Managing Director Kingspan Insulation Continental Europe, at Jönköping

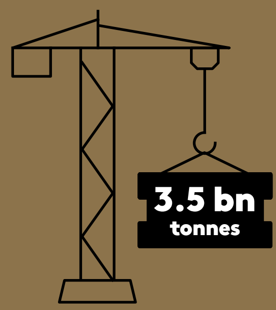
"The new Kooltherm® line in Jönköping, Sweden, uses more than 95% renewable energy and is exemplary because our Planet Passionate principles were considered in the design stage, from inception to commissioning."

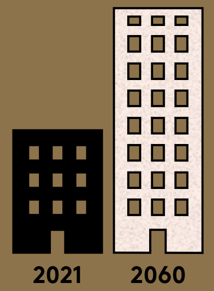
Deon Joubert
Divisional Manager (IMS Compliance)

PROMISE OF BUILDINGS YET TO COME

Living in the material world: it's time to be upfront about embodied carbon and material availability

3.5 billion tonnes of carbon emissions annually are attributable to building materials and construction...

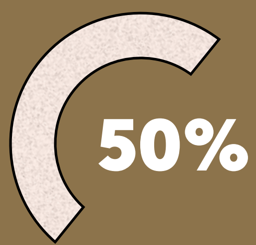




x2

...in a world where the building stock is expected to **double** *by 2060...*

...and upfront or embodied carbon is expected to account for **half** *of the entire carbon footprint of new buildings between now and 2050.*



Advancing the carbon conversation

As buildings start to decarbonise through energy-efficiency and renewable energy, the focus will shift from operational carbon – such as heat and light – to the growing priority of embodied carbon.

Kingspan has a long-standing strategy of reducing our reliance on non-renewable energy. Through our Planet Passionate programme we have set ourselves ambitious targets to further reduce carbon emissions in our own operations and, significantly, in our supply chain.

This increased focus, and our investment in IKON our Global Innovation Centre, is leading to breakthroughs in reducing embodied carbon and non-renewable virgin materials in our products.

Our Innovation and our Planet Passionate agendas combine to create real progress for our customers.

Innovative solutions to lower embodied carbon

Thinner & Lighter

Insulation materials can reduce a building's structural and ancillary product requirements, leading to embodied carbon and materials savings.

Designed for disassembly

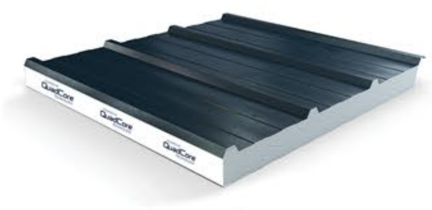
Our insulated panel systems are designed for ease of assembly and critically, disassembly, enabling their reuse or recyclability at deconstruction.

Sustainably Innovating

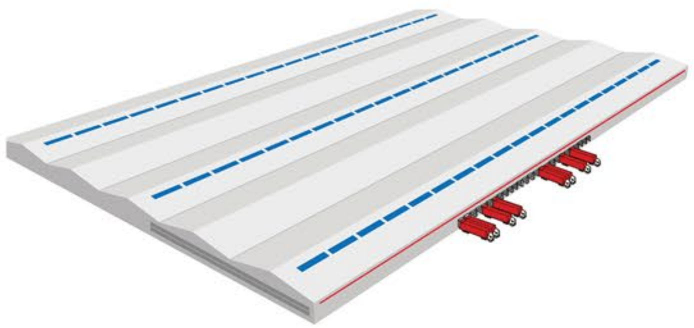
Low Carbon Insulated Panels

In 2021 the team at our IKON Global Innovation Centre, working with our supply partners, developed a low carbon insulated panel. It has 25% less embodied carbon than a standard insulated panel and upwards of 45% recycled content.

This initial development is focussed on the steel element of the insulated panel but we have several exciting R&D projects ongoing which focus on the embodied carbon and renewable elements of the insulation core.



In a 100k m² industrial building, this would equate to a saving of over 1,100 tonnes[1] of embodied CO2e in the building envelope alone.



25%
less embodied carbon

1,100 tonnes
CO2e saved

1 Comparison between insulated roof and wall panels with 100mm thickness and 10 metre panel length in building height

PLANET PASSIONATE

This is just the beginning. Our Innovation and Planet Passionate teams will continue to work with our suppliers to drive real sustainable differentiation in our products. We have ongoing R&D projects which aim to further increase recycled raw materials and to utilise natural materials in our insulation cores.

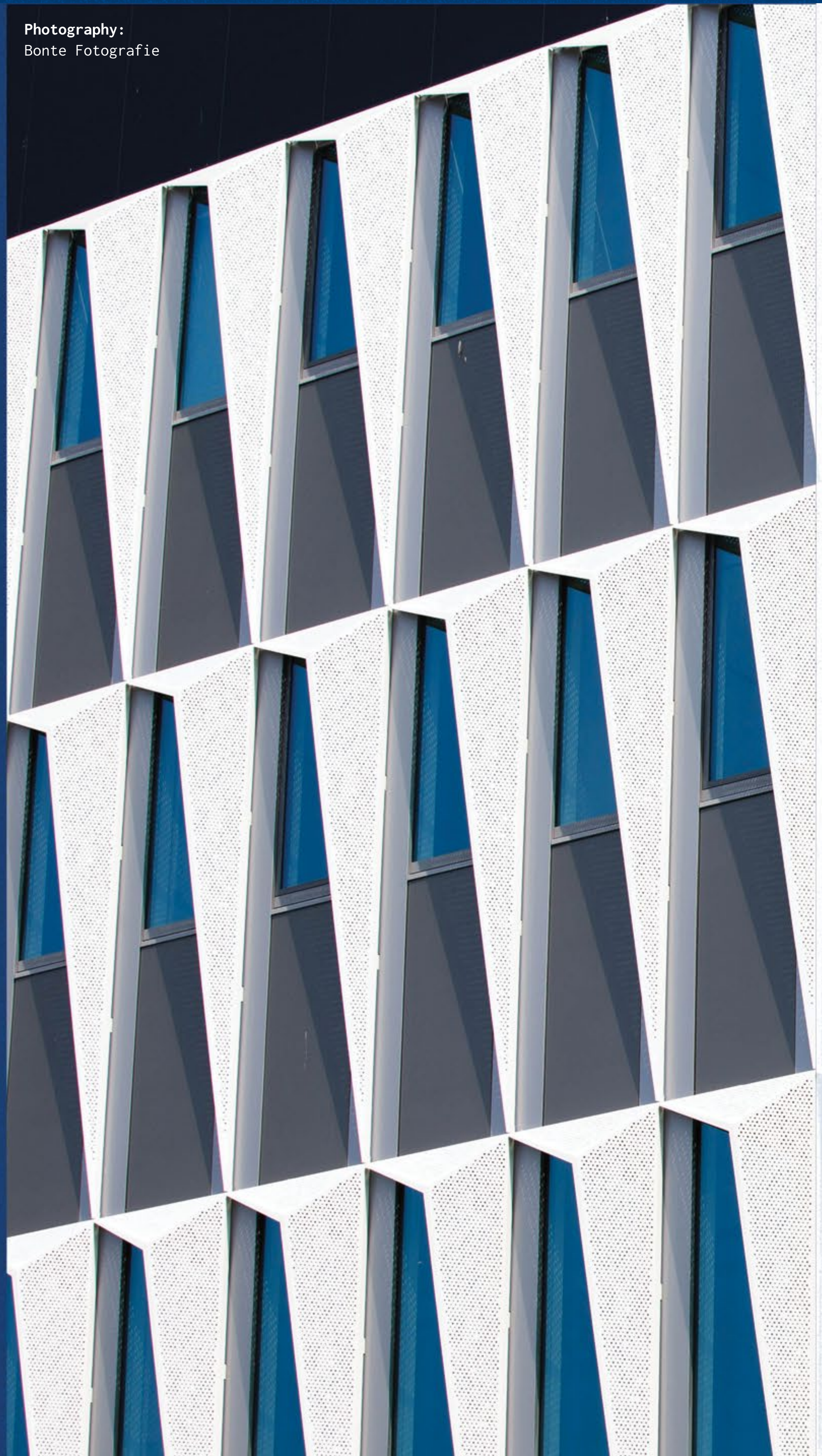
Read more about Planet Passionate on page 60

BUILDING A BETTER PAST, PRESENT AND FUTURE FOR PEOPLE AND PLANET.

SRON
Leiden, The Netherlands
Insulated Panels
Insulated wall panels with QuadCore™

This copy of the statutory annual report of Kingspan Group plc for the year ended 31 December 2021 is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF annual report is available at: https://www.kingspan.com/group/investors/reports-presentations.

Photography:
Bonte Fotografie



Our Impact

Our products directly enable low carbon and healthy buildings now and into the future.

Kingspan's insulation systems, sold in 2021, will save an estimated 850 million MWh of energy or 193 million tonnes of CO2e over their lifetime.

Ultra Energy-Efficient

193m tonnes
193 million tonnes of CO2e will be saved over the life of our insulation systems sold in 2021

15 years
Enough to power a major airline for 15 years[1]

Circular Materials

843m
In 2021 alone we upcycled 843 million waste plastic bottles

1,150
Enough recycled bottles to fill over 1,150 football pitches

Conserved Water

45bn litres
Over 45 billion litres of rainwater will be harvested by our tanks produced in 2021[2]

550m
Enough water to fill over 550 million baths

Natural Daylight & Ventilation

9bn lumens
The capacity to create 9 billion lumens of natural light annually through our daylighting systems

1m
Enough to light up 1 million homes[3]

1 Assumes 60 year product life; based on an EU airline disclosure of over 12.5m tonnes of CO2e emissions for 12 months to March 2020
2 Assumes a 20 year product life
3 Assumes 10 x 60W bulbs per home

We Are Planet Passionate

Through Planet Passionate we will reduce carbon and energy intensity in both our manufacturing processes and products, and continue our relentless pursuit of low-carbon buildings that deliver more performance and value, with clear targets to strive for by 2030.

Gene M. Murtagh

Our Commitments

CARBON

- Net Zero Carbon Manufacturing scope 1 & 2 GHG emissions by 2030
- 50% reduction in product CO_2e intensity from primary suppliers by 2030
- Zero emission company cars by 2025

ENERGY

- 60% direct renewable energy use by 2030
- 20% on-site renewable energy generation by 2030
- Solar PV systems on all wholly owned sites by 2030
- Net Zero Energy

CIRCULARITY

- Zero company waste to landfill by 2030
- Recycle 1 billion PET bottles into our manufacturing process annually by 2025
- All QuadCore™ products utilising recycled PET by 2025

WATER

- Harvest 100 million litres of rainwater annually by 2030
- Support 5 ocean clean-up projects by 2025

PLANET PASSIONATE

Read more about Planet Passionate on page 60

Our Global Reach

2021 was another year of global expansion with our manufacturing footprint growing to 198 sites from 166.

Read more about our global strategic pillar on page 26

OUR LOCATIONS

Americas
Brazil
Canada
Chile
Colombia
Mexico
Panama
Peru
Uruguay
USA

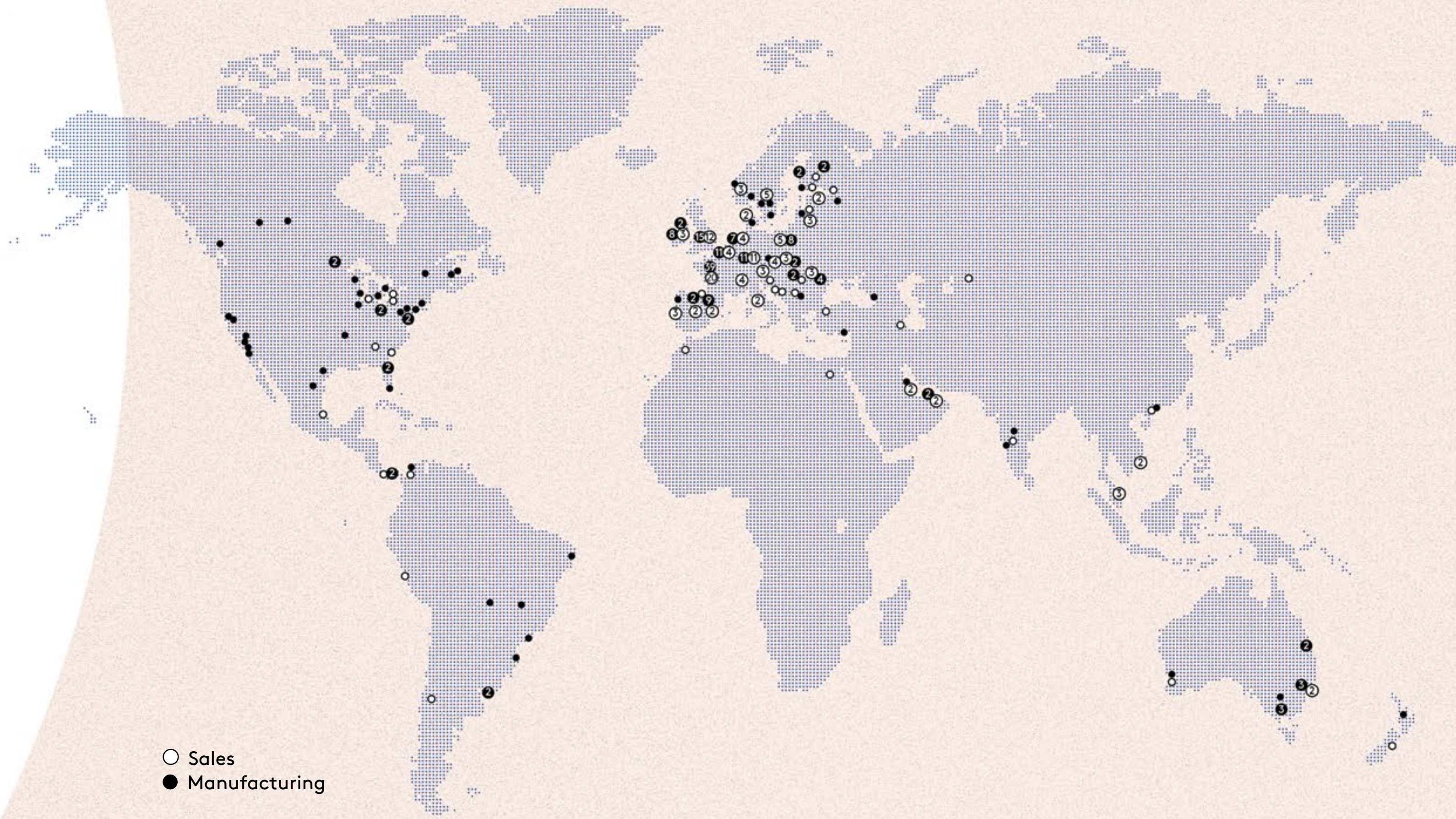
Europe
Austria
Azerbaijan
Belgium
Bosnia
Croatia
Czech Republic
Denmark
Estonia
Finland
France
Germany
Hungary
Ireland
Italy
Kazakhstan
Latvia
Lithuania
Netherlands
N. Ireland
Norway
Poland
Portugal
Romania
Russia
Serbia
Slovakia
Slovenia
Spain
Sweden
Switzerland
UK

Middle East
Qatar
Saudi Arabia
Turkey
UAE

Africa
Egypt
Morocco

Asia
China
India
Singapore
Vietnam

Australasia
Australia
New Zealand



Summary Financials

REVENUE	EBITDA[1]	TRADING PROFIT[2]	TRADING MARGIN[3]	PROFIT AFTER TAX	EPS
€6.5bn	**€893.2m**	**€754.8m**	**11.6%**	**€570.6m**	**305.6c**
+42%	*+42%*	*+49%*	*+50bps*	*+48%*	*+48%*
2020: €4.6bn	2020: €630.2m	2020: €508.2m	2020:11.1%	2020: €384.8m	2020: 206.2c

1 Earnings before finance costs, income taxes, depreciation and amortisation. Prior period comparative has been re-presented to reflect this revised definition.
2 Operating profit before amortisation of intangibles
3 Trading profit divided by total revenue

In this, my first Chairman's Statement to you the Kingspan shareholders, I am pleased to report on an exceptional performance despite what transpired to be a very challenging year.

Chairman's Statement

Jost Massenberg

2021 performance
Total revenue of €6.5bn (2020: €4.6bn) delivered record trading profits of €755m (2020: €508m), an increase of 49% on prior year. This was achieved in a year when we experienced supply chain disruptions, unprecedented raw material inflation and of course the on-going global pandemic.

We also continued to deliver on our four strategic pillars: Innovation, Planet Passionate, Completing the Envelope, and Global. Kingspan differentiates itself from its peers by continuous innovation, particularly in new sustainable technologies such as our new energy saving solar PV PowerPanel™ due to be launched later this year, and the incorporation of upcycled and organic materials in our high-performance insulation. We have also continued to progress our global footprint through acquisitions in Europe including the Logstor Group in Denmark and TeraSteel in Romania, and in the Americas including Bromyros in Uruguay and Diversifoam Products and Solatube International in the US. We are also delighted to be publishing shortly our second annual Planet Passionate Sustainability Report, which will detail all the progress made to date against our ambitious science-based targets to reduce our carbon and energy footprint, improve circularity and increase rainwater harvesting in our business.

Dividend
The Board is pleased to recommend a final dividend of 26.0 cent per share, which if approved at the Annual General Meeting, will give a total dividend for the year of 45.9 cent, compared to 20.6 cent in 2020. This is in line with the Company's previously announced shareholder returns policy. If approved, the final dividend will be paid (subject to Irish withholding tax rules) on 6 May 2022 to shareholders on the register at close of business on 25 March 2022.

Caledon Industrial Park
Ontario, Canada
Insulated Panels
KS Shadowline

Management and employees

This performance is thanks to the hard work and dedication of the Kingspan Team of over 19,000 employees globally. On behalf of the Board, I want to thank management and all the employees for their contribution to Kingspan's success in 2021. I hope to have the opportunity to meet with some of the local teams in person and hear their plans for the future, as the Board once again resumes visits to Kingspan sites later this year.

Board governance and focus

It is appropriate that in this, my first report as Chairman of Kingspan, I set out the Board's key areas of focus:

→ The Board will continue to support management to develop and implement the Company's strategy and deliver long-term value to shareholders, in line with our mission to accelerate a net zero emissions future built environment with the wellbeing of people and planet at its heart.

→ The Board is committed to high standards of corporate governance which reflects our core values of honesty, integrity and compliance in everything we do, and I was pleased to virtually meet with some of our top shareholders during the year to discuss Board governance matters with them. Full details of how we have aligned this commitment with the principles of the UK Corporate Governance Code are set out in the Directors' Report of this Annual Report.

→ The Nominations & Governance Committee continues to ensure the effectiveness of the Board through an appropriate balance of skillsets and backgrounds to reflect Kingspan's global business and culture.

→ The Report of the Remuneration Committee details how the Company's remuneration policy aligns pay for performance with the delivery of the Group strategy, and how the remuneration policy has evolved in response to shareholder feedback and changes in scale of the business.

→ The Board, through the Audit & Compliance Committee, carefully monitors and manages compliance and risk across our business. The expansion of the Audit & Compliance Committee's remit to include product certification and compliance was an important step introduced last year, and progress against this and how it was implemented is set out in that committee's report on pages 96 to 103 of this Annual Report.

→ We are committed to fully implementing the recommendations of the Eversheds Sutherland's review. A summary of how these have been implemented to date is included in the Report of the Nominations & Governance Committee with further details on our website at inquiry.kingspan.com.

Board changes

At last year's Annual General Meeting, the Company's founder and my predecessor as Chairman, Eugene Murtagh, retired as a non-executive director after 55-years with Kingspan. During that time, Kingspan grew to become the global leader that it is today based on the entrepreneurial culture that he set from the top. He leaves a tremendous legacy and a Kingspan spirit that we are all proud to be a part of. On behalf of myself and the Board, I would like to pay thanks to Eugene and look forward to his staying in contact with the Company as President Emeritus. At the same time, Bruce McLennan also retired from the Board after six years and I would like to thank Bruce for his contribution to Kingspan during that period.

As part of the continuing process of refreshing the Board, we were pleased to announce the appointments of Éimear Maloney and Paul Murtagh as non-executive directors last April. Éimear has extensive knowledge and experience of capital markets and manufacturing compliance, and Paul of US markets and entrepreneurial value creation. We were delighted to welcome them both to the Board.

Looking ahead

Whilst recognising that challenges remain in the near-term, I am excited about the opportunities that lie ahead, and I'm confident that management are focused on progressing Kingspan's proven strategy of Innovation, Planet Passionate, Completing the Envelope, and Global to deliver long-term sustainable success for the benefit of our stakeholders.

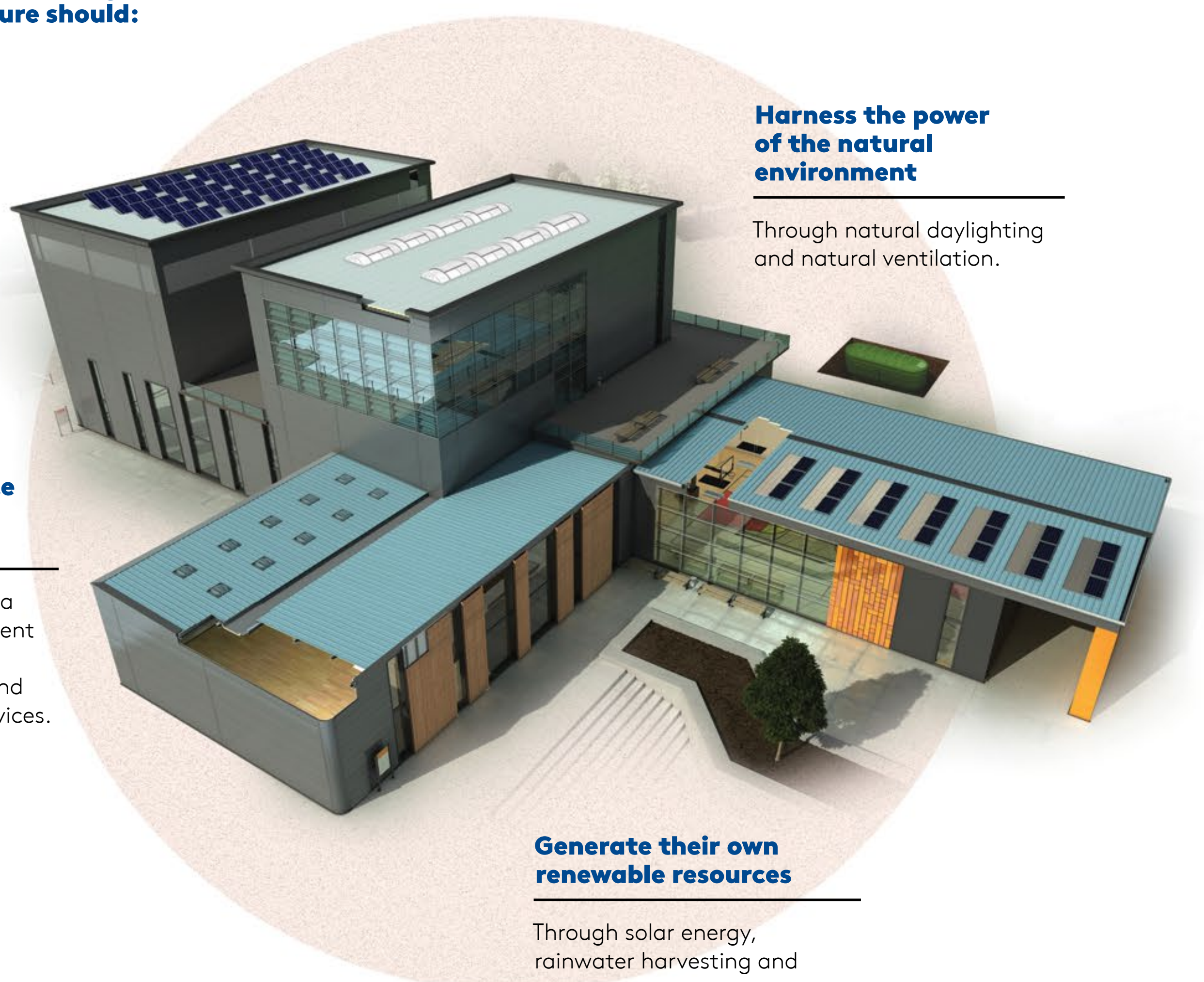
Jost Massenberg
Chairman

22 February 2022

Our Business Model and Strategy

Our mission is to accelerate a zero emissions future built environment with people and planet at its heart.

We believe buildings of the future should:



Harness the power of the natural environment

Through natural daylighting and natural ventilation.

Conserve energy and reduce carbon emissions

Through ultra energy efficient building envelopes and building services.

Generate their own renewable resources

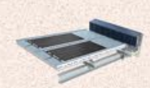
Through solar energy, rainwater harvesting and wastewater treatment.

Our Solutions

Harness the power of the natural environment

Light & Air
Kingspan Light & Air is established as a global leader providing a full suite of daylighting solutions, as well as natural ventilation and smoke management solutions, which complement our existing building envelope technologies. Thermal comfort, indoor air quality and natural daylighting are widely recognised as the most important factors affecting occupant wellbeing in buildings.

Generate their own renewable resources

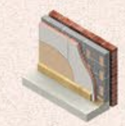


PowerPanel™
PowerPanel™ is part of our Insulated Panels division. It is an engineering innovation from Kingspan which has integrated our QuadCore™ insulated panel with solar technology, enabling a single fix installation of high-performance insulated panel with solar power generation.

Water & Energy
Sustainable water management is rapidly becoming one of the greatest challenges of our time. We manufacture and support pioneering new technologies to preserve and protect water. Kingspan is also a market leading manufacturer of innovative energy management solutions.

Conserve energy and reduce carbon emissions

Insulated Panels
Kingspan Insulated Panels is the world's largest and leading manufacturer of high-performance insulated panel building envelopes. Powered by Kingspan's proprietary and differentiated insulation core technologies, a Kingspan panelised envelope provides building owners with consistently superior build quality and lifetime thermal performance compared with built-up constructions using traditional insulation.



Insulation Boards
Kingspan is a world leader in rigid insulation board. Our advanced insulation technologies deliver superior thermal performance and air-tightness when compared with traditional insulation, resulting in thinner solutions that offer multiple advantages including more internal floorspace and daylight.

Technical Insulation
The operation of buildings accounts for 28% of carbon emissions globally. While space heating is the largest consumer of energy in buildings, heating water and space cooling are also key energy consumers. Cooling is the fastest growing use of energy in buildings. Kingspan has innovative, ultra-performance products in both piping insulation and ducting insulation. In 2021 we extended our exposure in industrial insulation to pre-insulated pipes which service the district heating segment. Industrial insulation is a segment which contains significant opportunity for Kingspan to expand in the future.

Data & Flooring
Kingspan is the world's largest supplier of raised access flooring and data centre airflow management systems. Raised access flooring is the most cost effective way of creating a flexible working environment by utilising the floor void to manage the distribution of M&E services and HVAC systems. Our systems have many benefits including optimising overall building height, achieving faster construction with greater design flexibility, enabling easier reconfiguration of a workspace, and improving indoor air quality.

Our Strategic Pillars

Our business model and our strategic pillars enable the ongoing conversion to ultra-performance building envelopes from outdated, inefficient, methods of construction.

Chefs Culinar
Wiskitki, Poland
Insulated Panels
Insulated Matrix System

INNOVATION

Kingspan's innovation agenda is driven across four key themes - performance, solutions, sustainability, and digitalisation.

We have a persistent focus on iterative performance improvements in our current portfolio including characteristics relating to thermal, structural, sustainability, fire and smoke. We innovate solutions to enable architects and building designers to create sustainable buildings, such as our integrated insulated panel with solar-PV, PowerPanel™. Digitalisation - by progressively surfacing our products digitally, we are making it easier to find them, specify them, buy them and track them.

PLANET PASSIONATE

Our Planet Passionate agenda is inextricably linked with innovation. Planet Passionate is Kingspan's 10-year sustainability programme which aims to impact three big global issues – climate change, circularity and protection of our natural world.

By setting ourselves challenging targets in the areas of carbon, energy, circularity and water, we aim to make significant advances in both our business operations and our products.

COMPLETING THE ENVELOPE

Our strategy of 'completing the envelope' aims to take our innovation and sustainability DNA and apply them to a wider portfolio of products which are complementary to our current offering.

Our solutions driven approach deepens our relationships with our customers and extends the opportunities to make buildings better for the future.

GLOBAL

Kingspan is a truly global business, operating in over 70 countries with 198 manufacturing sites across the globe.

We aim to continue expanding globally to bring ultra-performance building envelope solutions to markets which are at an earlier stage in their evolution to sustainable and efficient methods of construction.

STRATEGIC HIGHLIGHTS 2021

Innovation

PowerPanel™
PowerPanel™ is a fully integrated, factory manufactured, insulated panel with solar PV. In 2021 we installed PowerPanel™ on its first pilot project which will generate c.380 MWh of electricity annually.

Next Generation Performance
Next generations of key products continue to progress. QuadCore™ 2.0 is progressing and in a coldstore application the product reached a 120 minute fire rating, which can match or exceed synthetic mineral fibre performance.

Natural Materials
We continue to evolve the use of advanced materials and significant progress has been made on entering the 'natural' insulation market.

Planet Passionate

Planet Passionate Report
In April we published our inaugural Planet Passionate Sustainability Report, including detailed insights to our sustainability approach and the significant steps underway to help us achieve our goals.

Science Based Targets
In June, our Scope 1, 2 and 3 emissions reduction targets were approved by the Science Based Targets initiative as aligned with a 1.5°C pathway.

Low Carbon Panels
Working with our suppliers, the team at IKON has developed a low carbon panel. Initial tests show a carbon reduction of up to 25%. Initiatives like this and our founding investment in H2 Green Steel will continue to put us at the vanguard of high-performance, lower embodied carbon materials.

Expansion

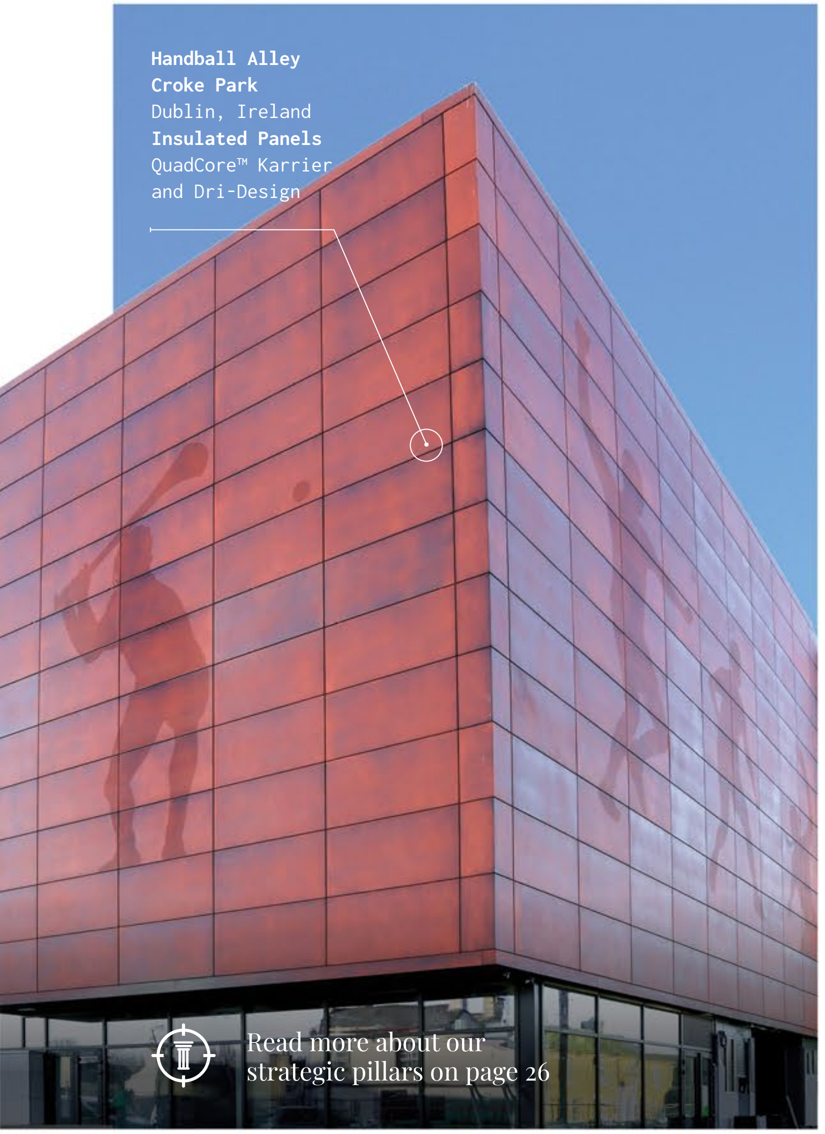
Industrial Insulation
During 2021 we announced the acquisition of the Logstor Group, a leading global supplier of pre-insulated pipe systems, with a focus of improving energy efficiency, particularly to the district heating market.

Light & Air
2021 saw the opening of our centre of excellence for polycarbonate solutions in Kingscourt. The facility has the capacity to manufacture daylighting products which can create 9 billion lumens of natural light.

Global
Organically we commissioned 5 new facilities in 2021 and we significantly increased our planned new facilities. Inorganically we continued to expand our global reach such as our ongoing expansion in insulation board in North America which has a significant long-term conversion opportunity.

Our Strategic Goals

Our strategic goals are aligned with our mission to accelerate a zero emissions future built environment with people and planet at its heart.



Read more about our strategic pillars on page 26

To advance materials, building systems and digital technologies to address issues such as climate change, circularity and the protection of our natural world.

To be the world's leading provider of low energy, sustainably produced, building envelopes – Insulate and Generate.

To expand globally, bringing high-performance building envelope solutions to markets which are at an earlier stage in the evolution of sustainable and efficient building methods.

- Innovation
- Global
- Planet Passionate
- Completing the Envelope

Our Values

Our values have always been the foundation of our strategy and are fundamental to how we do business and interact with each other.

OUR BELIEF

Historically, construction has taken from nature with little consideration given to the finite resources available. Buildings were constructed without contemplating how they might impact future generations. We believe the buildings of the future need to deliver more than ever before. They must combat climate change by maximising energy efficiency through superior thermal performance while incorporating products that are lower in embodied carbon across their entire lifecycle. Using less energy is not enough; buildings should generate their own energy too. Buildings should be healthy and inspirational, optimising the benefits of daylight and fresh, clean air. They should be designed, constructed and operated to protect natural resources and conserve water as much as possible. Above all they must be safe, protecting people and property from fire and other natural hazards.

OUR CULTURE AND VALUES

Kingspan has grown from a family business and many of the values associated with family businesses form the backbone of our culture today. The business has been built on trust in the integrity of our people and of our offering. We value this trust and recognise it as being fundamental to our ongoing success. We are entrepreneurial, collaborative, honest, and we stand behind a common cause – better buildings for a better world.

We are innovative. We are the market leader in the field of high-performance building envelope solutions, which ensure lifetime carbon and resource savings. We have gained this position through a creative and solutions driven mindset, which continues to inform our innovation agenda today.

We think long-term. The strategy of the business is driven by long-term ambitions and not by quarterly performance. The success of this strategy can be seen in our long-term growth. This ethos is apparent in our multi-year commitments such as our 10-year Planet Passionate programme which will drive real, positive, impact for the environment and forms a common goal across the business globally.

CODE OF CONDUCT

Kingspan expects the highest standards of integrity, honesty and compliance with the law from our employees, our directors and our partners globally. We actively encourage our employees to speak out if they experience instances that are not in keeping with the principles outlined in our Code of Conduct.

Through 2021 our employees, globally, underwent training on our updated Code of Conduct. Our business success is inextricably linked to our behaviours, and our aspiration is to maintain a culture where our everyday actions are built on five core principles:

→ Clear, ethical and honest behaviours and communications;

→ Compliance with the law;

→ Respect for the safety and wellbeing of colleagues;

→ Protection of our Group assets;

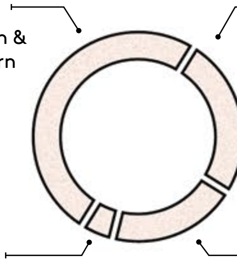
→ Upholding our commitment to a more sustainable future.

Please see further detail at: **https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct**

2021 in a Nutshell

15% Other	85% Energy Efficiency & Conversion		DRIVERS
36% Via Distribution	64% Direct		CHANNEL
21% Residential	9% Office & Data	70% Commercial & Industrial	SECTOR
23% Refurbishment	77% New Build		END-MARKET

GEOGRAPHY



REVENUE

€6.5bn *+42%*

2020: €4.6bn

TRADING PROFIT[1]

€754.8m *+49%*

2020: €508.2m

APPLICATIONS

> Retail
> Distribution
> Leisure
> Accommodation
> Food
> Manufacturing
> Data Management
> Infrastructure

VALUE CREATED

EBITDA[2]

€893.2m *+42%*

2020: €630.2m

ROCE

19.5%

2020: 18.4%

Total Shareholder Return

83.9%

2020: 5.4%

Dividend

45.9c *+123%*

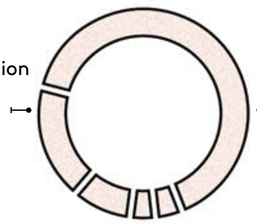
2020: 20.6c

EPS

305.6c *+48%*

2020: 206.2c

PRODUCTS



HOW WE CREATE VALUE

> Product innovation and differentiation
> Excellent customer service
> Energy efficient sustainable building envelope solutions
> We operate our businesses to the highest standards
> We acquire excellent businesses
> We recycle capital to optimise returns
> We maintain financial discipline
> We balance our portfolio of businesses across product and geography
> We drive sustainable practices in our operations through our Planet Passionate initiatives

HOW WE OPERATE

198

Global manufacturing facilities

19,000+

Employees

> Management controls
> Quality systems
> Responsible supply chain partnerships

1 Operating profit before amortisation of intangibles
2 Earnings before finance costs, income taxes, depreciation and amortisation. Prior period comparative has been re-presented to reflect this revised definition.

DRV PNK Stadium
Fort Lauderdale, USA
Insulated Panels
Designwall 4000 with QuadCore™

Vilanova Office
Saint-Grégoire, France
Insulated Panels
JI Grégale B300

Chief Executive's Review

Gene M. Murtagh

2021 was a year marked by extraordinary volatility in supply chains and wider society. Whilst this dynamic created significant challenges to our business, and indeed our industry, underlying demand remained strong through the year, albeit somewhat weaker in quarter four.

OPERATIONAL SUMMARY

→ Unprecedented raw material inflation with strong price recovery effort.

→ Strong underlying volume growth of 13% and 11% in Insulated Panels and Insulation respectively.

→ Insulated Panels sales increase of 45% driven by strong momentum generally in construction activity, raw material led price growth further enhanced by strong demand in high growth sectors. Year end order backlog volume 28% ahead of the same point in 2020. 66% growth in sales value of QuadCore™.

→ Insulation sales increase of 50% reflecting strong demand in key markets and inflation recovery on pricing. Strong development activity during the year including acquisition of Logstor, a leading global supplier of technical insulation solutions.

→ Light & Air sales growth of 24% reflecting the acquisition of Colt Group in Q2 2020 and the acquisition of Skydôme in 2021. Strong backlog at year end.

→ Water & Energy sales increase of 29% reflecting a strong performance across all key markets, with the exception of Australasia.

→ Data & Flooring sales growth of 21% reflecting strong data centre activity and ongoing development of the European operations.

→ Invested a total of €714m in acquisitions, capex and financial investments during the period.

→ Since period end, approximately €800m committed on three transactions subject to customary approvals.

Business Review

2021 was a year marked by extraordinary volatility in supply chains and wider society. Whilst this dynamic created significant challenges to our business, and indeed our industry, underlying demand remained strong through the year, albeit somewhat weaker in quarter four. Our key raw materials also saw dramatic price inflation, and in all, in the region of €700m of cost increases were required to be passed through to market. The result of all of this was a record performance by the Group with revenue growing by 42% to €6.5bn, and trading profit growth of 49% to €755m. Basic EPS grew by 48%.

Activity was strong across most of our markets in both residential and industrial construction, newbuild and RMI. Order intake trends displayed in the first half eased off over the course of the second half. That said, the Insulated Panels global order backlog finished the year ahead by 28% in volume. North and South America, France and Britain were particular stand-out positives. The Group's growing presence in the tech, online distribution and automotive segments was instrumental in delivering this performance.

The demand for significantly more efficient materials and methods of construction is clearly gaining much needed momentum and, with the prevailing energy cost and supply threats around the world, it is likely that the drive toward conservation will be accelerated.

FINANCIAL HIGHLIGHTS

42% ↑
Revenue to €6.5bn (pre-currency, up 42%)

49% ↑
Trading profit[4] up 49% to €755m (pre-currency, up 49%)

50bps ↑
Group trading margin[3] of 11.6% (2020: 11.1%), an increase of 50bps

48% ↑
Basic EPS up 48% to 305.6 cent (2020: 206.2 cent)

26.0c
Final dividend per share of 26.0 cent (2020: 20.6 cent)

0.88x
Year end net debt[1] of €756.1m (2020: €236.2m). Net debt to EBITDA[2] of 0.88x (2020: 0.40x)

19.5%
ROCE of 19.5% (2020: 18.4%)

1 Net Debt pre-IFRS 16
2 Net debt to EBITDA is pre-IFRS 16 per banking covenants
3 Trading profit divided by total revenue
4 Operating profit before amortisation of intangibles

PLANET PASSIONATE TARGETS		Target Year	2020	2021**	Change	2022 (forecast)
CARBON	- Net Zero Carbon Manufacturing - scope 1 & 2[1] GHG emissions (tCO2e)	2030	312,640*	299,077	-4.3%	**287,000**
	- 50% reduction in product CO2e intensity from primary supply chain partners (%)	2030	0	0	-	**0**
	- Zero emission company cars (annual replacement %)	2025	11	29	164%	**30**
ENERGY	- 60% Direct renewable energy (%)	2030	19.5*	26.1	34%	**28**
	- 20% On-site renewable energy generation (%)	2030	4.9*	4.8	-2.0%	**6**
	- Solar PV systems on all wholly owned facilities (%)	2030	21.7*	28.4	31%	**34**
	- Net Zero Energy (%)	2020	100	100	-	**100**
CIRCULARITY	- Zero Company waste to landfill (tonnes)	2030	18,642*	16,294	-13%	**15,000**
	- Recycle 1 billion PET bottles into our manufacturing processes (million bottles)	2025	573	843	47%	**900**
	- QuadCore™ products utilising recycled PET (% sites)	2025	5	5	-	**15**
WATER	- Harvest 100 million litres of rainwater (million litres)	2030	20.1*	20.6	2.5%	**35**
	- Support 5 Ocean Clean-Up projects (No. of projects)	2025	1	2	100%	**3**

1: excluding biogenic emissions
*Restated figures due to improved data collection methodologies
**Scope and boundaries: Planet Passionate targets include manufacturing & assembly sites within the Kingspan Group in 2020 and organic growth.

Intensity Indicator	Change YoY
Carbon Intensity (tCO2e/€m revenue)	29% reduction
Energy Intensity (MWh/€m revenue)	15% reduction
Landfill Waste Intensity (t/€m revenue)	35% reduction
Water Intensity (million lt/€m revenue)	14% reduction

Planet Passionate
2021 was the second year of our ambitious ten-year programme to further boost the environmental ethos of Kingspan. This builds upon the foundations laid over our previous ten-year Net Zero Energy programme that completed successfully in 2020. The current programme encompasses stretching goals across twelve target areas (see above).

We have recently announced revised 1.5°C aligned science-based targets bringing them in line with our Planet Passionate programme goals to reduce Scope 1, 2 and 3 greenhouse gas (GHG) emissions. The Group has now committed to reducing absolute Scope 1 and 2 GHG emissions by 90% by 2030 from a 2020 base year. It has also pledged to reduce absolute Scope 3 GHG emissions by 42% within the same timeframe. We will also implement a €70 per tonne internal carbon charge from 2023 which will galvanise full alignment across the organisation.

Expansion
Over the course of the year we invested a total of €714m on acquisitions, capex and financial investments. The largest of these was Logstor Group, a European based provider of highly insulated district heating infrastructure, acquired in June 2021 for €245m. The acquisition of Romania based TeraSteel also completed in the period. Additionally, we entered the Uruguay Insulated Panel market with the acquisition of 51% of Bromyros, and enhanced our insulation channel in Australia and New Zealand with the acquisition of Thermakraft. We also became a founding investor in the ground breaking H2 Green Steel in Sweden that aims to become the world's first zero carbon steel facility. In the second half of 2021 we acquired California based Solatube International, an exciting bolt-on to our North American Light & Air offering.

Organically, we commissioned 5 new manufacturing facilities or lines across the globe in 2021, enabling the ongoing conversion to high-performance materials.

We have plans for approximately 25 new manufacturing facilities or lines over the next four years to support the growth of our full spectrum of building envelope solutions.

Acquisitions After Year End
Following year end we have reached agreement to acquire Ondura Group ('Ondura') from Naxicap. Ondura, 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 business recorded sales in 2021 of €424m with EBITDA of €63m. The consideration is €550m payable in cash on completion and conditional on obtaining customary approvals. The acquisition of Ondura is fully aligned with Kingspan's long stated strategy to develop multiple technologies in roofing applications and will serve as our global platform for advancing these solutions.

We have also reached agreement, subject to customary approvals, to acquire Troldtekt, a leading Danish headquartered manufacturer of natural low carbon acoustic insulation. In addition we have acquired THU Perfil, an architectural and ceilings solutions business in Spain.

Innovation
PowerPanel™(an engineered combination of QuadCore™ insulated panel and solar PV) development completed during the period and a large scale project on an in-house roof was completed in quarter three. This is now fully operational with real time energy monitoring underway. The approval process is nearing completion which should pave the way for a full scale market launch during quarter two, in Britain and Ireland initially. We are also fine-tuning our Rooftricity™ proposition, a funded solution whereby the customer outlay for a re-roof or newbuild incorporating PowerPanel™ will be minimal. Encouragingly, the soft launch project pipeline is ahead of our expectations.

QuadCore™ 2.0 is also progressing and in a coldstore application, the product reached a 120 minute fire rating, which is a dramatic leap forward and will in many cases match if not exceed the performance of synthetic mineral fibre cored products. QuadCore™ sales value grew by 66% globally in 2021.

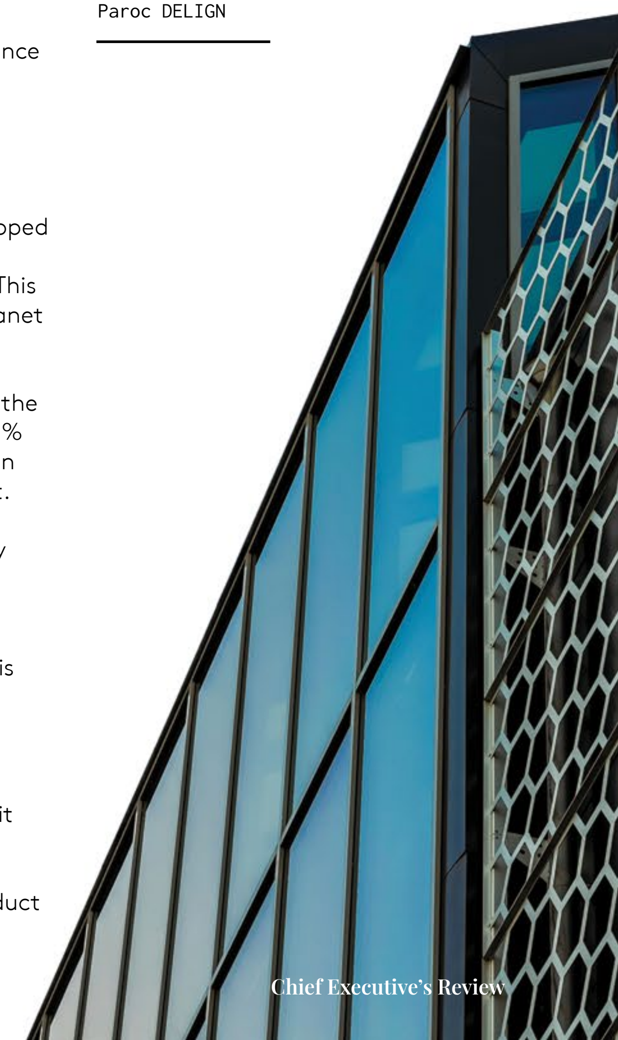
The team at our IKON Global Innovation Centre has also developed a low carbon insulated panel in collaboration with our suppliers. This is a prime example of how our Planet Passionate agenda is translating into market leading, sustainable products. Initial testing suggests the development panel will have c.25% less embodied carbon and contain upwards of 45% recycled content.

In addition, projects are underway to achieve an 'A' classification for Optim-R®, AlphaCore®, and 'B' classification for key Kooltherm® applications. Significant progress is also being made on entering the 'natural' insulation category.

Product Integrity
The Group's product integrity audit and compliance programme is extensive. Over the course of the year, 576 third party external product and system audits took place. A further 90 manufacturing sites were internally audited under the process overseen by the Audit & Compliance Committee of the Group's Board.

ISO 37301 is the leading global standard for establishing, developing and monitoring compliance systems. We have embarked on a programme of widespread adoption of this standard across the Group and during 2021, the standard's first year of implementation, 9 manufacturing facilities across Kingspan achieved it. During 2022, we anticipate adding another 25 locations, including the Kingscourt Insulated Panels facility which will be the first of its kind in Europe. Two of our US plants in Modesto and Deland were fully approved in 2021 making them joint first in the world.

Ahlsell
Mölndal, Sweden
Insulated Panels
Paroc DELIGN



Insulated Panels

Activity was particularly strong throughout the year in our largest segment. Sales volumes reached a record at almost 80 million m², order intake by volume was up by 20% and the volume backlog ended the year ahead by 28%. QuadCore™ comprised 16% of global insulated panels order intake value and we again expect that to increase in the year ahead.

Non-residential newbuild construction has been buoyant in many of our key markets, and coupled with our growing segmental exposure to high growth end-markets combined to deliver a record year. Raw material expectations were instrumental in driving demand early in the year and as inflation topped out, so too did order intake leading to a reduction in backlog, albeit finishing the year comfortably ahead of prior year.

Raw material movements for 2022 are unclear and we will respond appropriately with pricing of our own products in the event of any significant movement.

The organic volume expansion we are experiencing necessitates a number of new greenfield facilities across the world. These expansion projects are, or will be shortly, underway in France, Romania, the US, Brazil, Vietnam and Australia.

Intermedi
Drongen, Belgium
Insulated Panels
Dri-Design Shadow with QuadCore™

TURNOVER

€4,229.2m

+45%[1]

2020: €2,917.4m

TRADING PROFIT

€519.8m

+62%

2020: €321.3m

TRADING MARGIN

12.3%

+130bps

2020: 11.0%

1 Comprising underlying +38%, currency -1% and acquisitions +8%. Like-for-like volume +13%.

Photography: Bert Demasure

Insulation

Sales volumes in the first half of the year were particularly healthy, easing back somewhat in the latter half as the distribution network began to unwind high inventories accumulated during the period of rising prices earlier in the year. In total, volume for the year was ahead by 11% accounting to just over 70 million m² of deliveries globally. Kooltherm® volume was modestly ahead for the full year. Industrial insulation sales, including applications like pipe, ducting and district heating/cooling were in the region of €300m for the full year, including €150m from the acquisition of Logstor Group in the second half. We believe industrial applications are a real opportunity for significant growth potential over the longer term.

To support future organic growth we are either underway with, or planning, new facilities for Optim-R® in the US, PIR board in France, industrial pipe insulation in the Benelux, PIR board in Saudi Arabia and are carrying out a viability assessment for a district heating pipe insulation plant in either Britain or Ireland. Conversion of waste heat from manufacturing and data warehousing processes will increasingly be captured and re-distributed through such infrastructure.

We are relentless in our commitment to offer an unparalleled spectrum of insulation solutions. In addition to the technologies referred to in the innovation section, early feasibility work has begun on entering the production of stone wool to support our existing and future requirement of that material.

1 Comprising underlying +26%, currency +1% and acquisitions +23%. Like-for-like volume +11%.

TURNOVER

€1,182.9m

+50%[1]

2020: €787.0m

TRADING PROFIT

€146.7m

+33%

2020: €110.1m

TRADING MARGIN

12.4%

-160bps

2020: 14.0%

East Village Plot N06
London, Britain
Insulation
Pipe Insulation

Light & Air

TURNOVER

€552.2m

+24%(1)

2020: €445.5m

TRADING PROFIT

€36.0m

+15%

2020: €31.2m

TRADING MARGIN

6.5%

-50bps

2020: 7.0%

1 Comprising underlying +1% and acquisitions +23%

This relatively new segment for the Group has been evolving rapidly with global revenue for the year of €552.2m. Organic growth in 2021 amounted to a modest 1%, and the contribution of the Colt acquisition in 2020 delivered €178m revenue in 2021. The recovery of cost inflation has been slower than expected owing to the long contract lead time with customers. Recovery is now well underway and should deliver a positive margin evolution during 2022.

France and Germany were both strong performers whilst the US slipped back a little against very strong project comparatives in 2020.

In addition to bedding down the Colt acquisition, a number of bolt-ons were added during 2021 including Solatube International and Major Industries in the US. The former creates a wider global opportunity for the transmission of natural light into buildings via tubular daylighting systems, whilst Major Industries adds to our existing range of architectural wall daylighting solutions.

AFAS
Leusden, The Netherlands
Light & Air
Glass roofs and facade
Insulation
Unidek Dijkotop

Water & Energy

This division delivered a good performance despite the headwinds presented by market constraints evident in Australia.

The focus of this business unit is water related storage, heating, treatment and harvesting solutions all of which present attractive opportunities across the world. The business has focused to date on Europe and Australia and the Americas is a real development opportunity and will therefore become a region of growing focus.

Separately, a product development initiative on hydrogen storage for the transportation sector is underway and expected to be an interesting opportunity over the longer term.

Palmyra II
Kangaroo Valley, Australia
Water & Energy
Kingspan made to measure rainwater tanks

TURNOVER

€261.3m

+29%(1)

2020: €202.7m

TRADING PROFIT

€20.0m

+23%

2020: €16.3m

TRADING MARGIN

7.6%

-40bps

2020: 8.0%

1 Comprising underlying +14%, currency +4% and acquisitions +11%

Data & Flooring

↑

TURNOVER

€271.4m

+21%(1)

2020: €223.4m

↑

TRADING PROFIT

€32.3m

+10%

2020: €29.3m

↓

TRADING MARGIN

11.9%

-120bps

2020: 13.1%

This business unit offers solutions to both office flooring and multiple data centre offerings, primarily designed to conserve the use of power in the storage and management of data. Whilst the office sector has been comparatively subdued, data applications are expanding apace worldwide. Our aim is to partner with the leading global providers in helping optimise energy consumption and related emissions.

1 Comprising underlying +21%

Looking Ahead
2022 has started well helped by the strong order backlog at the end of last year, although it is still early days. Raw material prices which saw steep increases through much of 2021 remain at elevated levels with no evidence yet of this situation changing significantly. Our trading outlook beyond the first quarter is less visible although the prevailing mood in our end-markets, for the most part, remains one of cautious optimism.

Our innovation pipeline is most encouraging and, in particular, this year should see the market launch of PowerPanel™ and Rooftricity™, our fully integrated insulated panel and solar propositions. Our Planet Passionate agenda continues to meet all our targeted commitments and is resonating strongly with our customers worldwide. The Group remains well capitalised with approximately €1.3 billion of cash and undrawn facilities on hand.

Worldwide, there is a growing momentum amongst policy makers, consumers and other stakeholders to design and occupy buildings which consume less energy and we are evidently well positioned to harness this over the long term.

Gene M. Murtagh
Chief Executive Officer
22 February 2022

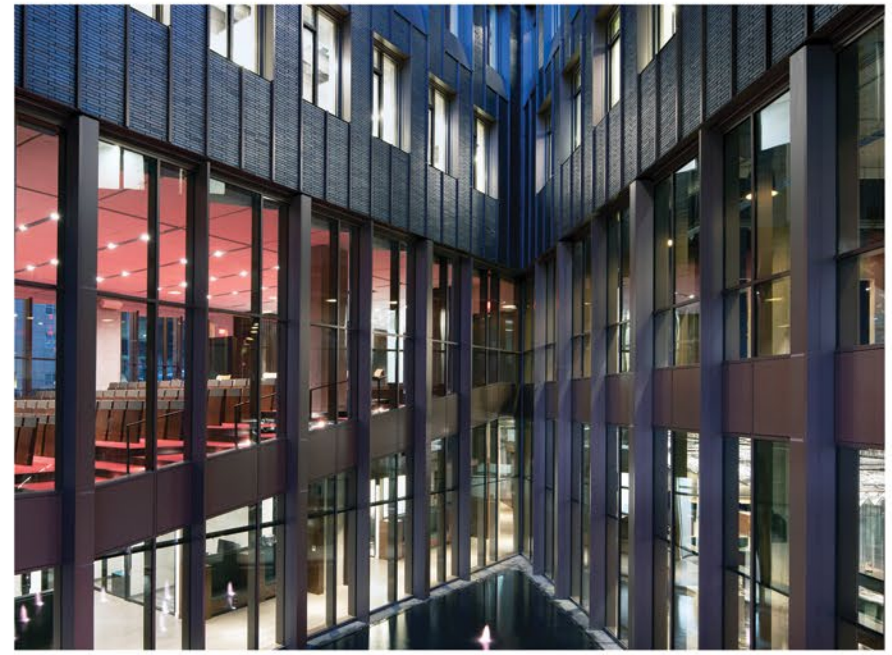
Facebook EMEA HQ
Dublin, Ireland
Data & Flooring
RMG and FDEB
Floor Systems

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2021 and of the Group's financial position at that date.

Geoff Doherty

Code Building
Virginia, USA
Insulated Panel
KS Karrier Panel
and MCM Facade



Overview of results
Group revenue increased by 42% to €6.5bn (2020: €4.6bn) and trading profit increased by 49% to €754.8m (2020: €508.2m) with an increase of 50 basis points in the Group's trading profit margin to 11.6% (2020: 11.1%). Basic EPS for the year was 305.6 cent (2020: 206.2 cent), representing an increase of 48%.

The Group's underlying sales and trading profit growth by division are set out below:

Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	+38%	-1%	+8%	+45%
Insulation	+26%	+1%	+23%	+50%
Light & Air	+1%	-	+23%	+24%
Water & Energy	+14%	+4%	+11%	+29%
Data & Flooring	+21%	-	-	+21%
Group	+30%	-	+12%	+42%

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+52%	-	+10%	+62%
Insulation	+16%	+1%	+16%	+33%
Light & Air	+3%	-	+12%	+15%
Water & Energy	+4%	+3%	+16%	+23%
Data & Flooring	+11%	-1%	-	+10%
Group	+38%	-	+11%	+49%

The key drivers of sales and trading profit performance in each division are set out in the Business Review in the Report of the Directors.

Finance costs (net)
Finance costs for the year increased by €11.3m to €36.3m (2020: €25.0m). A net non-cash charge of €nil (2020: charge of €2.0m) was recorded in respect of swaps on USD private placement notes which were fully repaid during the year. The Group's net interest expense on borrowings (bank and loan notes net of interest receivable) was €32.2m (2020: €19.3m). This increase reflects higher average gross debt levels in 2021. In particular, this includes a full year interest expense for the Green Private Placement loan notes issued in December 2020, as well as a negative return on Euro denominated cash balances. Lease interest of €3.7m (2020: €3.6m) was recorded for the year. €0.2m (2020: €0.1m) was recorded in respect of a non-cash finance charge on the Group's defined benefit pension schemes.

Taxation
The tax charge for the year was €118.4m (2020: €74.9m) which represents an effective tax rate of 17.2% (2020: 16.3%). The increase in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

Dividends and share buyback
The Board has proposed a final dividend of 26.0 cent (2020: 20.6 cent) per ordinary share payable on 6 May 2022 to shareholders registered on the record date of 25 March 2022. An interim dividend of 19.9 cent per ordinary share was declared during the year (2020: nil). In summary, therefore, the total dividend for 2021 is 45.9 cent compared to 20.6 cent for 2020. This is in line with the previously announced revised shareholder returns policy.

During the year, the Company issued 405,588 shares in satisfaction of obligations falling under share schemes which comprised newly issued shares of 189,444 and the reissuance of 216,144 treasury shares.

Separately, the Company repurchased 600,000 shares at a weighted average price of €78.16 during the year. This is consistent with an objective of maintaining a broadly constant issued share capital over time.

Retirement benefits
The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has three legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group has a number of smaller defined benefit pension liabilities in Mainland Europe. The net pension liability in respect of all defined benefit schemes was €28.0m as at 31 December 2021 (2020: €45.9m) with the decrease reflecting, primarily, the impact of actuarial gains in the year.

Intangible assets and goodwill
Intangible assets and goodwill increased during the year by €440.3m to €2,001.8m (2020: €1,561.5m). Intangible assets and goodwill of €418.9m (2020: €57.3m) were recorded in the year relating to acquisitions completed by the Group. An increase of €50.9m (2020: decrease of €72.4m) arose due to year end exchange rates used to translate intangible assets and goodwill other than those denominated in euro. There was an annual amortisation charge of €29.5m (2020: €23.5m).

Financial key performance indicators
The Group has a set of financial key performance indicators (KPIs) which are presented in the table below. These KPIs are used to measure the financial and operational performance of the Group and to track ongoing progress and also in achieving medium and long term targets to maximise shareholder return.

Key Performance Indicators	2021	2020
Basic EPS growth	48%	1%
Sales performance	+42%	-2%
Trading margin	11.6%	11.1%
Free cashflow (€m)	127.1	479.7
Return on capital employed	19.5%	18.4%
Net debt/EBITDA	0.88x	0.40x

(a) Basic EPS growth. The growth in EPS is accounted for primarily by a 49% increase in trading profit partially offset by an increase in the Group's effective tax rate by 90 basis points to 17.2% and an increase in minority interest. The effective tax increased due to the geographical mix of earnings year on year. The minority interest amount increased year on year due to a strong performance at the Group's operations which have minority stakeholders.

(b) Sales performance of +42% (2020: -2%) was driven by a 30% increase in underlying sales and a 12% contribution from acquisitions. The increase in underlying sales reflected a combination of strong price growth due to raw material inflation, volume growth due to ongoing structural adoption and buoyant construction markets worldwide.

(c) Trading margin by division is set out below:

	2021	2020
Insulated Panels	12.3%	11.0%
Insulation	12.4%	14.0%
Light & Air	6.5%	7.0%
Water & Energy	7.6%	8.0%
Data & Flooring	11.9%	13.1%

The Insulated Panels division trading margin advanced year on year reflecting the market mix of sales as well as positive operating leverage driven by 13% volume growth in the year. The trading margin decrease in the Insulation division reflects, in the main, a strong margin performance in 2020 reflecting a positive lag effect on raw material prices in the early part of 2020 and short term overhead curtailment with both factors not applying in 2021. The reduced trading margin in Light & Air reflects a lag in inflation recovery and investment in specification and other processes as the division continues to scale up. The Water & Energy trading margin decrease reflects the category and geography mix and overhead curtailment in the prior year. The decrease in trading margin in Data & Flooring reflects the geographic market and product mix of sales year on year and impact of increased raw material prices.

(d) Free cashflow is an important indicator and reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Free cashflow	2021	2020
	€m	€m
EBITDA*	893.2	630.2
Lease payments	(38.6)	(33.7)
Movement in working capital**	(429.3)	107.7
Movement in provisions	6.9	(2.1)
Net capital expenditure	(163.6)	(126.1)
Net interest paid	(34.5)	(21.6)
Income taxes paid	(126.8)	(89.7)
Other including non-cash items	19.8	15.0
Free cashflow	127.1	479.7

*Earnings before finance costs, income taxes, depreciation and amortisation. Prior period comparative has been re-presented to reflect this revised definition.
**Excludes working capital on acquisition but includes working capital movements since that point

Working capital at year end was €977.8m (2020: €450.8m) and represents 13.8% (2020: 8.8%) of annualised sales based on fourth quarter sales. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. Working capital levels in the business were unusually low at the end of 2020 reflecting constrained supply chains and restricted availability at that point. Furthermore, the 30% growth in underlying sales in 2021 required a consequential investment in working capital to support the sales growth. The December 2021 working capital position is untypically high reflecting higher than normal inventory levels. The business took the opportunity to build an element of buffer stocks as availability opened up in the second half of 2021. We expect working capital levels to normalise during 2022.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 19.5% in 2021 (2020: 18.4%). The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy. The increase in profitability was the key driver of enhanced returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 0.88x (2020: 0.40x) is comfortably less than the Group's banking covenant of 3.5x in both 2021 and 2020. The calculation is pre-IFRS 16 in accordance with the Group's banking covenants.

Acquisitions and capital expenditure
During the year the Group made a number of acquisitions for a total upfront consideration of €540.2m.

In February 2021, the Group acquired 100% of the share capital of TeraSteel a Romanian based manufacturer of insulated panels and ancillary products for a consideration of €81.6m.

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

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 and 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 Group's organic capital expenditure during the year was €168.8m encompassing a number of strategic capacity enhancements and ongoing maintenance.

Since period end, we have committed approximately €800m on three transactions, subject to customary approvals.

EU Taxonomy
New disclosures are required in the current year under the EU Taxonomy Regulation (Sustainable finance taxonomy - Regulation (EU) 2020/852). The disclosures will be included in our Planet Passionate Sustainability Report that will be published at a later date, within the required timeframe.

COVID-19 Pandemic
The Group took a number of steps to protect its financial position at the outset of the global pandemic in the first quarter of 2020. Many construction markets were severely impacted at the early stage of the virus albeit most experienced some

element of recovery through 2020 and improving further in 2021. The key impact in 2021 was reduced availability of materials particularly in the first half of the year. The Group did not avail of Covid-19 related furlough and benefits in either 2020 or 2021 having repaid in full €17m in supports received in 2020.

Capital structure and Group financing
The Group funds itself through a combination of equity and debt. Debt is funded through a syndicated bank facility and private placement loan notes. The primary bank debt facility is a €700m Planet Passionate Revolving Credit Facility arranged in May 2021, maturing in May 2026, and which was undrawn at year end. This substantially replaced outgoing facilities of €751m.

The Group's core funding is provided by six private placement loan notes (2020: seven); 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 weighted average term, as at 31 December 2021, of all drawn debt was 6.3 years (31 December 2020: 6.3 years).

The Group had significant committed undrawn facilities and cash balances which, in aggregate, were €1.3bn at 31 December 2021.

Key financial covenants
The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements which exclude the impact of IFRS 16:

→ A maximum net debt to EBITDA ratio of 3.5 times; and

→ A minimum EBITDA to net interest coverage of 4 times.

The performance against these covenants in the current and comparative year is set out in the table adjacent.

Net debt
Net debt increased by €519.9m during 2021 to €756.1m (2020: €236.2m). This is analysed in the table below.

Movement in net debt	2021	2020
	€m	€m
Free cashflow	127.1	479.7
Acquisitions	(540.2)	(46.1)
Purchase of financial asset	(5.0)	-
Share issues	0.1	-
Repurchase of treasury shares	(46.9)	-
Dividends paid	(73.5)	-
Dividends paid to non-controlling interests	(3.2)	(1.2)
Cashflow movement	(541.6)	432.4
Exchange movements on translation	21.7	(35.4)
Movement in net debt	(519.9)	397.0
Net debt at start of year	(236.2)	(633.2)
Net debt at end of year	(756.1)	(236.2)

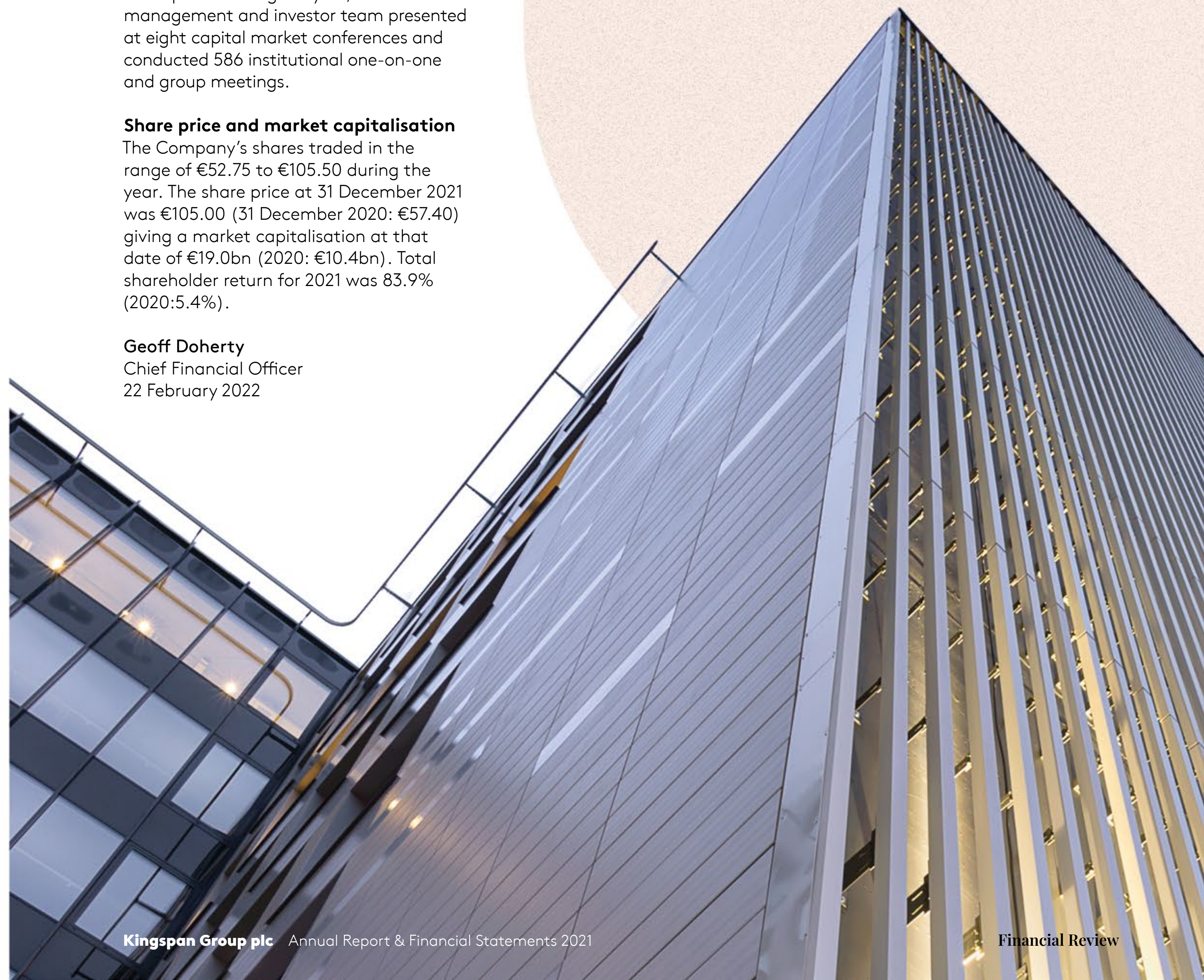
		2021	2020
	Covenant	Times	Times
Net debt/EBITDA	Maximum 3.5	0.88	0.40
EBITDA/Net interest	Minimum 4.0	26.2	27.9

Financial risk management
The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Investor relations
Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management and investor team presented at eight capital market conferences and conducted 586 institutional one-on-one and group meetings.

Share price and market capitalisation
The Company's shares traded in the range of €52.75 to €105.50 during the year. The share price at 31 December 2021 was €105.00 (31 December 2020: €57.40) giving a market capitalisation at that date of €19.0bn (2020: €10.4bn). Total shareholder return for 2021 was 83.9% (2020:5.4%).

Geoff Doherty
Chief Financial Officer
22 February 2022



Risk & Risk Management

As a leading building supplies manufacturer in a highly competitive international environment, Kingspan is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.

Read more about our global strategic pillars on page 26

Overall responsibility for risk management lies with the Board who ensures that risk awareness is set at an appropriate level. To ensure that risk awareness is set at an appropriate level, the Audit & Compliance Committee assists the Board by taking delegated responsibility for risk identification and assessment, in addition to reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

The chairman of the Audit & Compliance Committee reports to the Board at each board meeting on its activities, both for audit matters and risk management. The activities of the Audit & Compliance Committee are set out in detail in the Report of the Audit & Compliance Committee on page 98.

The Board monitors the Group's risk management systems through this consultation with the Audit & Compliance Committee but also through the Group's divisional monthly management meetings, where at least two executive directors are present. The risks and trends are the focus of each division's monthly management meeting, where their performance is also assessed against budget, forecast and prior year. Key performance indicators are also used to benchmark operational performance for all manufacturing sites.

In addition to this ongoing assessment of risk within the divisions, the Audit & Compliance Committee oversees an annual risk assessment for the Group whereby each divisional management team is formally asked to prepare a risk assessment for their business. This assessment involves evaluating group-wide risks, as put forward by the Board, and also presenting additional risks that are specific to their business.

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are as follows:

Volatility in the macro environment

Risk and impact

Kingspan products are targeted at both the residential and non-residential (including retail, commercial, public sector and high rise offices) construction sectors. As a result, demand is dependent on activity levels which may vary by geographic market and is subject to the usual drivers of construction activity, (i.e. general economic conditions and volatility, Brexit, pandemics, political uncertainty in some regions, interest rates, business/consumer confidence levels, unemployment, and population growth).

While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend in demand for many of the Group's products.

Actions to mitigate

The exposure to the cyclicality or downturn due to the impact of a pandemic of any one construction market is partially mitigated by the Group's diversification geographically, by end application and by product.

As set out in the Business Model & Strategy, the Group has mitigated this risk through diversification as follows:

- significant globalisation strategy with a presence in over 70 markets;
- launch of new innovative products and an approach of continual improvements to existing product lines; and
- acquisitions made during the year extend the geographic reach of the Group.

The full details of these diversifications are set out in the Business Model & Strategy report contained in this Annual Report.

Product failure

Risk and impact

A key risk to the Kingspan business is the potential for functional failure of our product which could lead to health, safety, and security issues for both our people and our customers.

The Kingspan brand is well established and is a key element of the Group's overall marketing and positioning strategy. In the event of a product failure, the Kingspan brand and/or reputation could be damaged and if so, this could lead to a loss of market share.

Actions to mitigate

Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business:

- New products go through a certification process which is undertaken by a recognised and reputable authority before it is brought to market.
- The Group appointed a Head of Compliance & Certification reporting to the Group CEO to ensure a rigorous approach to certification, testing and product compliance across the Group and to ensure consistent and robust application of processes centred around our core commitment to product safety.
- The terms of reference for the Audit & Compliance Committee include oversight of the product compliance agenda.
- Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in addition to the sourcing and handling of raw materials.
- The construction of a dedicated Kingspan Fire Test centre using Kingspan products allows for more expedient and significant testing to take place.
- Quality audits are undertaken at our manufacturing sites. 88 of our facilities are ISO 9001 certified.
- Effective training is delivered to our staff.
- Proactively monitor the regulatory and legislative environment.

Innovation Global Planet Passionate Completing the Envelope

Failure to innovate

Risk and impact

Failing to successfully manage and compete with new product innovations, changing market trends and consumer tastes could have an adverse effect on Kingspan's market share, the future growth of the business and the margins achieved on the existing product line.

Actions to mitigate

- Innovation is one of Kingspan's four pillars to increasing shareholder value and therefore plays a key role within the Group.
- There is a continual review of each division's product portfolios at both the executive and local management level to ensure that they target current and future opportunities for profitable growth.
- This risk is further mitigated by continuing innovation and compelling marketing programmes. The launch of the IKON Global Innovation Centre in 2019 has served to enhance the capabilities of the Group to innovate. Kingspan also has a deep understanding of changing consumer and industry dynamics in its key markets and continues to refine its omnichannel customer centric approach, enabling management to respond appropriately to issues which may impact business performance.

Climate change

Risk and impact

Kingspan's products provide a solution to climate change, particularly with respect to reducing carbon emissions in the built environment. Climate change is therefore both an opportunity and a risk for Kingspan.

Climate risks within our business include regulatory changes, substitution risk should we fail to maintain our market leading offering, rising energy or carbon prices within our own operations or in our supply chain, and physical risk to our operations or those of our suppliers.

Actions to mitigate

Risks relating to climate change are managed through a multi-disciplinary, and company wide, risk management process. Examples of how climate change risks are mitigated include:

- **Planet Passionate** – following the successful completion of our Net Zero Energy programme (our programme designed to reduce energy consumption and generate on-site renewable energy), Kingspan launched the next stage of our sustainability journey in 2020, our 10-year Planet Passionate programme, which includes 12 ambitious targets in the areas of Carbon, Energy, Circularity and Water. This strategic agenda will enable significant advances in the sustainability of both our business operations and our products.
- **Innovation** – our innovation agenda is inextricably linked with our Planet Passionate programme, helping us to drive market leading products in the areas of carbon savings and sustainability. Innovation is supported through ongoing investments such as the opening of the IKON Global Innovation Centre in 2019.
- **Global Presence** – Kingspan operates out of 198 manufacturing sites across the globe, diversifying our physical risk from climate change. We have also built relationships with a wide range of global supply partners to limit the reliance on any one supplier or even a small number of suppliers.

Innovation Global Planet Passionate Completing the Envelope

Business interruption (including IT continuity)

Risk and impact

Kingspan's performance is dependent on the availability and quality of its physical infrastructure, its proprietary technology, its raw material supply chain and its information technology. The safe and continued operation of such systems and assets are threatened by natural and man-made perils and are affected by the level of investment available to improve them.

The building industry as a whole is going through some significant change with respect to building regulations and codes. The risks associated with misunderstanding some of the potential changes and the nature of our product set are more prevalent today.

Any significant or prolonged restriction to its physical infrastructure, the necessary raw materials or its IT systems and infrastructure could have an adverse effect on Kingspan's business performance.

Actions to mitigate

- Kingspan insists on industry leading operational processes and procedures to ensure effective management of each facility. The Group invests significantly in a rigorous programme of preventative maintenance on all key manufacturing lines to mitigate the risk of production line stoppages.
- The impact of production line stoppages is also mitigated by having business continuity plans in place to allow for the transfer of significant volume from any one of our 105 plants in the Insulated Panels division or 42 plants in the Insulation division to another in the event of a shutdown.
- In addition, and as part of our consequential loss insurance, Kingspan is subject to regular reviews of all manufacturing sites by external risk management experts, with these reviews being aimed at enhancing Kingspan's risk profile.
- Kingspan continues to focus on developing, enhancing, and protecting its IP portfolio. As a global leader in building envelope solutions, Kingspan considers its IP security to be paramount. In addition to trade secret policies and procedures, Kingspan has developed appropriate IP strategies to protect and defend against infringements.
- To reduce Kingspan's exposure to raw material supply chain issues, Kingspan retains strong relationships with a wide range of raw material suppliers to limit the reliance on any one supplier or even a small number of suppliers.
- Kingspan continues to inform all stakeholders of the characteristics of our product offerings, their appropriate application and benefits, to limit the risk of misunderstanding within the building industry.
- Kingspan's IT infrastructure is constantly reviewed and updated to meet the needs of the Group. Procedures have been established for the protection of this infrastructure and all other IT related assets. These include the development of IT specific business continuity plans, IT disaster recovery plans and back-up delivery systems, to reduce business disruption in the event of a major technology failure.

Innovation Global Planet Passionate Completing the Envelope

Credit risks and credit control

Risk and impact
As part of the overall service package, Kingspan provides credit to customers and as a result there is an associated risk that the customer may not be able to pay outstanding balances.

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.

Actions to mitigate
- Each business unit has rigorous established procedures and credit control functions around managing its receivables and takes action when necessary.
- Trade receivables are primarily managed through strong credit control functions supplemented by credit insurance to the extent that it is available. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which the Group's executive directors are present.
- Control systems are in place to ensure that credit authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.

Employee development and retention

Risk and impact
The success of Kingspan is built upon effective management teams committed to achieving a superior performance in each division. Failure to attract, retain or develop these teams could have an impact on business performance.

Actions to mitigate
Kingspan is committed to ensuring that the necessary procedures are in place to attract, develop and retain the skill levels needed to achieve the Group's strategic goals. These procedures include strong recruitment processes, succession planning, remuneration reviews, including both long and short term incentive plans, and targeted career development programmes.

Fraud and cybercrime

Risk and impact
Kingspan is potentially exposed to fraudulent activity, with particular focus on the Group's online banking systems, online payment procedures and unauthorised access to internal systems.

Actions to mitigate
The security and processes around the Group's IT and banking systems are subject to review by divisional management and internal audit. These systems are continually reviewed with updates and improvements implemented as required. Robust IT and security policy documents and related alerts are circulated by Group management to all divisions to ensure a consistent and effective approach is taken across the Group.

Innovation Global Planet Passionate Completing the Envelope

Acquisition and integration of new businesses

Risk and impact
Acquisitive growth is an important element of Kingspan's development strategy. A failure to execute and properly integrate significant acquisitions and capitalise on the potential synergies they bring may adversely affect the Group.

Actions to mitigate
- All potential acquisitions are rigorously assessed and evaluated, both internally and by external advisors, to ensure any potential acquisition meets Kingspan's strategic and financial criteria.
- This process is underpinned by extensive integration procedures and the close monitoring of performance post acquisition by both divisional and Group management.
- Kingspan also has a strong track record of successfully integrating acquisitions and therefore management have extensive knowledge in this area which it utilises for each acquisition.

Health & Safety

Risk and impact
The nature of Kingspan's operations can expose its contractors, customers, suppliers and other individuals to potential health and safety risks.

Health and safety incidents can lead to loss of life or severe injuries.

Actions to mitigate
A robust health and safety framework is in place throughout the Group's operations requiring all employees to complete formal health and safety training on a regular basis.

- The Group monitors the performance of its health and safety framework and takes immediate and decisive action where non-adherence is identified.
- The development of a strong safety culture is driven by management and employees at every level and is a core part of doing business with integrity.

Laws and regulations

Risk and impact
Kingspan is subject to a broad range of existing and evolving governance requirements, environmental, health and safety and other laws, regulations and standards which affect the way the Group operates. Non-compliance can lead to potential legal liabilities and curtail the development of the Group.

Actions to mitigate
- Kingspan's in-house legal team is responsible for monitoring changes to laws and regulations that affect the business and is supported by external advisors.
- A comprehensive framework of policies is in place that set out the ways employees and suppliers are expected to conduct themselves.
- The Group's Code of Conduct sets out the fundamental principles which it requires all its directors, officers, and employees to adhere to in order to meet those standards.
- Training is provided through a variety of mediums in key areas of legal and regulatory compliance, including a suite of mandatory training for those that join Kingspan.
- A robust whistleblowing process is in place that allows the anonymous reporting through an independent hotline of any suspected wrongdoing or unethical behaviour, including reporting instances of non-compliance with laws and regulations. All reported cases are investigated.

Innovation Global Planet Passionate Completing the Envelope

Sustainability Report

On the left: **Agricultural Building,** TS Finsterwolde,The Netherlands,**Insulated Panels,** JI Wall products

Below: Mystery Bay House, New South Wales, Australia
Water & Energy, Kingspan made to measure rainwater tanks

KINGSPAN'S MISSION

To accelerate a net zero emissions future built environment with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water.

We recognise the vital importance of achieving this while: enhancing the safety and wellbeing of people in buildings; enabling the circular economy; and always delivering more performance and value. We believe the answers lie in challenging building industry traditions with innovation in advanced materials and digital technologies. What defines us is our relentless pursuit for better building performance whilst being Planet Passionate in everything we do.

Our commitment to sustainability is instilled at every level of Kingspan and at every step in the manufacturing process. In developing our approach to sustainability we have built on materiality assessments conducted at a divisional level as well as incorporating guidelines from recognised associations such as the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), of which Kingspan is a signatory. Kingspan recognises that it has a responsibility as a business leader to contribute towards the achievement of the United Nation's Sustainable Development Goals (SDGs). We will be publishing our second Kingspan Planet Passionate Sustainability Report in March 2022 with more detail on how we contribute to the SDGs.

Kingspan's OneDek® flat roof insulated panel being installed in California

SUSTAINABILITY REPORT

Product Passionate

Kingspan is driven by a belief that advanced materials and methods of construction hold the answer to some of the great challenges that our planet and society face.

From products that insulate better while creating more internal space, to those that harness more natural daylight, we are dedicated to extending the limits of ultra-performance envelope design with a core focus on energy efficiency.

We have innovated a portfolio of advanced products and solutions for architects and building owners which enable them to construct buildings that consume less resources, future proofing their investment, generating returns through enhanced internal space and operational performance, and facilitating efficient construction through thinner, lighter and safer to handle materials. Increasingly we are enhancing our service and solutions through digitalising our offer. By surfacing all of our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.

Kingspan's insulation systems, sold in 2021, will save an estimated 850 million MWh of energy or 193 million tonnes of CO2e over their lifetime.

Today, the construction and operation of buildings together account for 39% of energy related CO2e emissions. The energy efficiency of buildings is therefore fundamental in combating climate change. Our advanced building envelope solutions help building owners to reduce energy emissions. Our solutions also help to enhance occupant health and wellbeing through improved thermal comfort, natural daylighting, natural ventilation, and increased space.

ULTRA ENERGY-EFFICIENT

193m tonnes

193 million tonnes of CO2e will be saved over the life of our insulation systems sold in 2021

15 years

Enough to power a major airline for over 15 years[1]

CONSERVED WATER

45bn litres

Over 45 billion litres of rainwater will be harvested by our tanks produced in 2021[2]

550m

Enough water to fill over 550 million baths

CIRCULAR MATERIALS

843m

In 2021 alone we upcycled 843 million waste plastic bottles

1,150

Enough recycled bottles to fill over 1,150 football pitches

NATURAL DAYLIGHT & VENTILATION

9bn lumens

The capacity to create 9 billion lumens of natural light annually through our daylighting systems

1m

Enough to light up 1 million homes[3]

1 Assumes 60 year product life; based on an EU airline disclosure of over 12.5m tonnes of CO2 emissions for 12 months to March 2020
2 Assumes a 20 year product life
3 Assumes 10 x 60W bulbs per home

Product Integrity

Ensuring the safe use of our products in buildings is central to our approach to product development, testing and support. This encompasses both the safety of those who are installing our products and crucially, those who live and use the buildings that contain our products.

Today, fire safety is often reduced to a simplistic "combustible" versus "non-combustible" definition, based on a small-scale test. Important factors such as building design, installation methodology and the interaction of the different materials in the actual system are not tested in small-scale materials classification testing. Hence, our approach to the safe use of our insulation products in buildings is founded on the principle that system testing is the best way to assess fire performance of any roof or cladding system, regardless of the insulation materials used.

As a manufacturer of products incorporating a very wide spectrum of insulation solutions, including both combustible and non-combustible insulation, we have extensive experience with system testing for fire performance across a range of insulation types and system build-ups. It is this knowledge that informs our belief that fire safety should be predicated on tested performance of the actual system, rather than a presumption that certain materials will be safe in any build-up.

It is also very important to understand that there is a wide spectrum of performance in combustible materials. Thermoset combustible materials (such as QuadCore™ and Kooltherm®) are designed to char when subjected to fire, the char forms a barrier which helps to limit heat from reaching the insulation beneath. This char will break down slowly and allow the flames to char another layer of insulation, but it takes a significant amount of time. In addition, when the flame is removed, Kingspan thermoset insulation self-extinguishes. These are important characteristics underpinning their ability to help systems pass the most rigorous large-scale system tests.

For example, a wide range of Kingspan insulated panels carry an FM (FM Global) or LPCB (Loss Prevention Certification Board) Approval, both of which are testing regimes developed by the insurance industry. These approvals provide objective third-party testing, which is underpinned by quarterly, bi-annual and annual factory surveillance audits (depending on the region) to verify compliance. Independent certification bodies take samples of insulated panels from our factories and send them to their own laboratories for fire testing to verify ongoing compliance. These independent audits also include assessments of change control, formulations, processing parameters, labelling and internal testing.

During 2021, over 570 of these external product audits were carried out across the Group.

The behaviour of the insulated panels in these tests has been consistent with a significant number of independently investigated real fire case studies, where Kingspan LPCB and FM approved panel systems have been exposed to real fires in a range of building types including school, hospital, retail, distribution, storage, food manufacture/processing, industrial and a car. Whilst all these case studies relate to insulated panels with a PIR core, large scale system tests embedded within LPCB and FM approvals indicate that QuadCore™ insulated panels will perform in a similar or better manner. Key findings from these real fire investigations include:

- No evidence to indicate that the PIR insulated panels increased the risk of fire spread;
- PIR cores within the insulated panels charred in the immediate vicinity of the fire;
- Fires were not propagated within the PIR core of the insulated panel;
- PIR insulated panels did not char significantly outside of the area of the main fire; and
- Building contents were the dominant influence on fire severity, and the fire severity was not significantly influenced by the PIR insulated panel.

The Kooltherm® range of insulation boards and KoolDuct® pre-insulated ductwork are manufactured with a phenolic insulation core, which has been proven to offer superior fire and smoke performance to other commonly used rigid thermoset insulants.

A comprehensive range of building facade systems incorporating our insulation board and insulated panels products have successfully passed Kingspan large-scale facade tests around the globe including, but not limited to, NFPA 285 (North America), LEPIR II (France), SP 105 (Nordics), AS 5113 (Australia), ISO 13785-2 (Czech Republic) and MSZ 14800-6 (Hungary). As it relates to large scale fire tests, there are a total of 14 systems incorporating Kooltherm® which have met the requirements of BR135 when tested to BS 8414 (UK) and there are 6 insulated panel based systems that have met the requirements of BR 135 when tested to BS 8414. We recognise that all testing, for fire and other aspects of performance, must be supported by a robust approach to ensuring that the integrity of this information can be assured and disseminated to enable a golden thread from testing through to the service life of our products on buildings and beyond. Furthermore, safe use of our products on buildings must be supported by accurate and truthful marketing together with competent technical and installation advice.

This approach underpins a programme of work that is underway across Kingspan, which is built upon four pillars:

1

CULTURE OF HONESTY, INTEGRITY AND COMPLIANCE

Our updated group-wide Code of Conduct has been rolled out across all businesses in Kingspan based on the three principles of honesty, integrity and compliance. This updated Code of Conduct sets out clear expectations for all employees with respect to clear, ethical and honest business communications, together with in compliance with the law. Over 90% of Kingspan's employees have completed training on our updated Code of Conduct.

2

INTEGRITY OF PRODUCT COMPLIANCE

Led by our Group Head of Compliance & Certification, a new product compliance programme has been rolled out across the Group to the ISO 37301 Compliance Management standard, which will be audited by our Group Internal Audit function with reporting to the Board's Audit & Compliance Committee. Accreditation for the ISO 37301 Compliance Management Systems has been achieved by the Product Compliance and Certification function and by nine manufacturing locations across four of the Group's five divisions. An additional twenty five sites are expected to obtain ISO 37301 accreditation in 2022.

3

DIGITAL TRACEABILITY OF PRODUCT INFORMATION

Our group-wide Digital Transformation programme has a core focus on the implementation of a group-wide Product Information Management (PIM) system to ensure accuracy of all product information, including that which is related to testing and compliance. The PIM will provide accurate and up-to date product information to a suite of customer tools, including Kingspan's proprietary BIMDesigner platform which will support the golden thread of Kingspan product information through building models and into building passports. The Kingspan PIM project has been underway since 2019.

4

COMPETENCY IN TECHNICAL SUPPORT AND INSTALLATION

An extensive Marketing Integrity programme was launched in 2021, aligned with the incoming UK Code for Construction Product Information, to ensure accurate and truthful representation of product information in marketing materials. This is being supported by a training programme with a key focus on representation of testing and accreditations and using a Skills, Knowledge, Expertise and Behaviour (SKEB) approach to competency. Group Internal Audit will be auditing the use of the SKEB competency framework within the marketing function. This programme of work is being rolled out to all businesses, with the aim of assuring the highest standards of product safety and compliance. We are also piloting a Learning Management System to further advance skills within the business.

"Product integrity is a fundamental aspect of our overall value proposition to our customers, this programme will drive market-leading infrastructure, technology and knowledge to support this important agenda."

Gene M. Murtagh

Planet Passionate

Increasingly our customers want solutions which not only enable them to preserve resources, but solutions which are also sourced and manufactured in a an environmentally responsible way.

In December 2019 Kingspan launched the next phase of our sustainability journey, our Planet Passionate programme. Through this programme we are working with our suppliers and throughout our business to meet our ambitious goals in the areas of carbon, energy, circularity and water. In an effort to reduce a key source of carbon in construction, embodied carbon, we are targeting Net Zero Carbon Manufacturing by 2030 and a 50% reduction in carbon intensity from our primary suppliers by 2030. Our Head of Innovation works together with our Global Head of Sustainability, and our CEO, to ensure that product development is closely aligned with our Planet Passionate objectives.

In 2021, we chose to voluntarily update our existing science-based targets. These more ambitious targets were approved by the Science-Based Initiative in June and classified our ambition as aligned with a 1.5°C future.

PLANET PASSIONATE

The innovation and partner driven approach to achieving these goals will put us at the vanguard of high-performance and sustainable building envelope solutions.

Our Planet Passionate programme consists of 12 targets across 4 key areas:

Planet Passionate Targets	Target Year	2020 Underlying Business			**2021 Business**		
		2020	2021	Change	**2020**	**2021**	**Change**
CARBON							
- Net Zero Carbon Manufacturing - scope 1 & 2[1] GHG emissions (tCO_2e)	2030	312,640*	299,077	-4.3%	**342,589 ****	**317,071**	**-7.4%**
- 50% reduction in product CO2e intensity from primary supply chain partners (%)	2030	0	0	-	**0**	**0**	**-**
- Zero emission company cars (annual replacement %)	2025	11	29	164%	**11**	**28.5**	**159%**
ENERGY							
- 60% Direct renewable energy (%)	2030	19.5*	26.1	34%	**19.5***	**24.8**	**27%**
- 20% On-site renewable energy generation (%)	2030	4.9*	4.8	-2.0%	**4.9***	**4.6**	**-6.1%**
- Solar PV systems on all wholly owned facilities (%)	2030	21.7	28.4	31%	**21.7**	**29.2**	**35%**
- Net Zero Energy (%)	2020	100	100	-	**100**	**100**	**-**
CIRCULARITY							
- Zero Company waste to landfill (tonnes)	2030	18,642*	16,294	-13%	**18,642***	**17,090**	**-8%**
- Recycle 1 billion PET bottles into our manufacturing processes (million bottles)	2025	573	843	47%	**573**	**843**	**47%**
- QuadCore™ products utilising recycled PET (% sites)	2025	5	5	-	**5**	**5**	**-**
WATER							
- Harvest 100 million litres of rainwater (million litres)	2030	20.1*	20.6	2.5%	**20.1***	**20.6**	**2.5%**
- Support 5 ocean clean-up projects (no. of projects)	2025	1	2	100%	**1**	**2**	**100%**

2020 Underlying Business includes manufacturing & assembly sites within the Kingspan Group in 2020 plus their organic growth.
2021 Business includes all manufacturing & assembly sites within the Kingspan Group, including additions since 2020.
1: excluding biogenic emissions.
* Restated figures due to improved data collection methodologies.
** 2020 GHG emissions were recalculated due to structural changes that occurred in 2021 and to improved data collection methodologies.

CARBON

Through our Planet Passionate programme we aim to enable low carbon buildings, not only in the operational phase but also in the upfront and construction phase. 2021 highlights include:

- → The planned introduction of a €70/tonne internal carbon charge by 2023.
- → Electrification and zero carbon manufacturing: At our new Jönköping site in Sweden, the fully electrified manufacturing process is powered by >95% renewable electricity. A rooftop solar PV system was installed comprising of 3,500 modules, the system will generate 1,100 MWh of renewable electricity per annum. This is a pivotal example of how to construct sustainable manufacturing facilities today and provides a blueprint for future Kingspan facilities.
- → We installed an additional 33 new EV charging stations across our business, with a further 45 to be commissioned in early 2022. In addition, we converted 29% of our annual replacement cars to zero emissions cars.
- → A key facet of our carbon ambition is to reduce our upstream carbon emissions, particularly as they relate to our purchased goods and services which, in 2021, accounted for over 79% of our total value chain emissions. We have had significant engagement with our key raw material suppliers and tracking of their decarbonisation plans, and we had over 50 meetings on supply chain engagement in 2021. One outcome of this is our investment in H2 Green Steel which aims to produce steel with over 90% less embodied carbon by 2024. This is a clear signal to the market about what we expect from our suppliers over the short to medium-term.

ENERGY

Through the second year of our programme, the focus was on designing and implementing measures and initiatives that will put us on a path to reach 60% direct use of renewable energy by 2030.

- → The new renewable energy projects that came online in 2021 will produce more than 4.55 GWh of energy annually.
- → We added 13 new rooftop solar-PV projects across our business.
- → We also made significant progress with our energy suppliers, converting 36 electricity contracts to renewable electricity and a further 3 from LPG to bioLPG.

CIRCULARITY

Our vision is to deliver circular solutions to enable a circular transition for the construction sector.

- → Kingspan Data & Flooring has been awarded the prestigious Cradle to Cradle certification at Bronze level, based on an impartial and independent evaluation of material health, material reutilisation, renewable energy, water stewardship and social fairness.
- → We recycled 65% of our waste in 2021 and we continued our research into ways to minimise waste. Recycling trials are ongoing to investigate ways in which Kingspan factory waste could be reutilised to add value to other industries while helping us divert waste from landfill.
- → QuadCore™ warranty: To reflect Kingspan commitment to hold responsibility for the end-of-life stage of its products, Kingspan Insulated Panels have upgraded the QuadCore™ warranty to incorporate premium lifetime service and maintenance support, including an end of life take back scheme, which will ensure that the materials recovered are reused or recycled.

WATER

As a manufacturer of solutions to harvest and recycle water, we recognise the need for future water security and the protection of our natural water systems.

- → In 2021, we installed 7 rainwater harvesting systems across our business, adding 8.6 million litres to our capacity. In total, we harvested 20.6 million litres of rainwater during the year.
- → We are delighted to announce our partnership with Seabin Project. Seabin Project is the second clean-up project we're supporting. The sponsorship will result in direct, measurable impact, with the Kingspan sponsored Seabin unit estimated to collect almost 1,300kg of marine debris annually.
- → Kingspan continues to support the removal of plastic waste from the Mediterranean each year through the ECOALF Foundation's network of 2,600 fishermen in Spain. Our aim is to incorporate as much as feasible, of the ocean plastic recovered, into our manufacturing processes. In 2021, 190 tonnes of marine debris were collected by ECOALF Foundation's Upcycling the Ocean project in Spain.

In 2021 we further developed our detailed Planet Passionate roadmap including target specific strategies and timelines. Key initiatives include the announcement of the introduction of an internal carbon charge of €70/tonne across the business by 2023 and creating a blueprint for zero carbon manufacturing.

People Passionate

Attract, Retain and Develop

What has been achieved at Kingspan would not be possible without the people that work hard every day to drive the Group forward. A dynamic and motivated workforce is key to delivering towards the future growth strategy of the business. For this reason, talent is at the heart of future planning at Kingspan.

Kingspan's leadership team holds an annual Talent Forum in September to review succession plans, metrics on key positions hired throughout the year and to forecast future talent gaps as part of our human capital risk assessment.

GENDER BALANCE

	Male	Female
2021	80%	20%
2020	81%	19%
2019	81%	19%

INJURY FREQUENCY RATE

	p/100k hours
2021	1.2
2020	1.2
2019	1.4

FATALITIES

2021	1
2020	1
2019	1

Engagement And Retention

At Kingspan we use multiple tools to drive talent retention. These include traditional motivational tools such as reviews and objective setting, but there is also the opportunity to join a network of people across the Company to drive real change through innovation and engagement with our Planet Passionate initiatives. We are building a network of Planet Passionate Champions to help scale local action at our sites across the globe. In 2021, our employees conducted over 20 Planet Passionate related project initiatives at our locations around the world including waste workshops, local clean-up projects, tree planting events, and deployment of beehive sanctuaries.

In 2021 we redesigned and relaunched Kingspan's Internal Career Portal which provides an open and transparent forum for Kingspan employees to learn about and apply for career opportunities across all our businesses worldwide. It has a wealth of information about the types of roles and skills that are in demand to deliver on our strategic objectives.

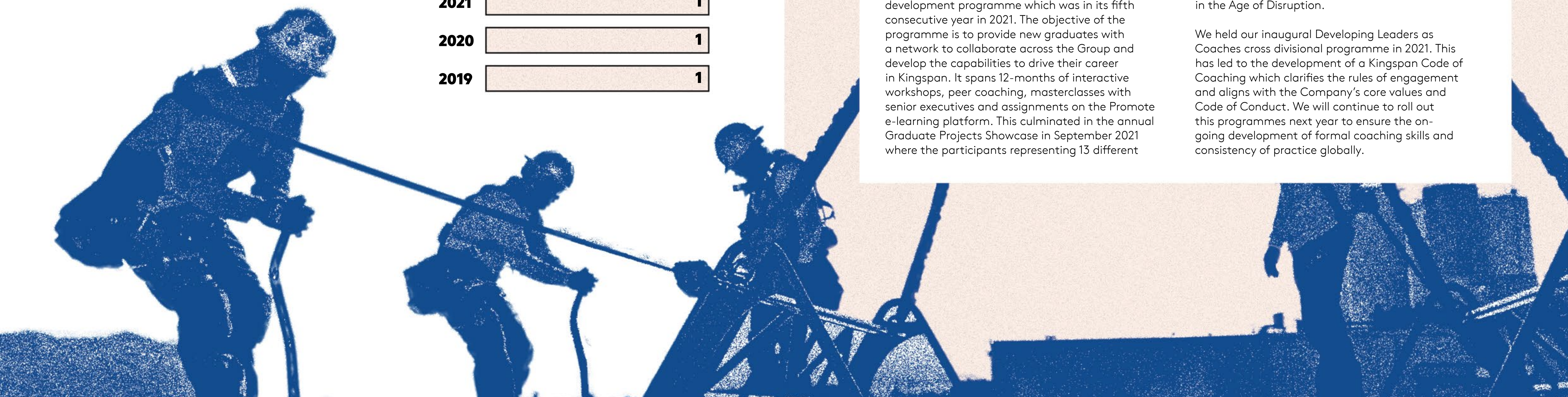
Next Generation of Leaders
Kingspan continues to be an attractive employer of choice for young, talented graduates with a 44% increase in applications to our global website in 2021 for graduate positions.

Graduates participated in our Yours to Shape development programme which was in its fifth consecutive year in 2021. The objective of the programme is to provide new graduates with a network to collaborate across the Group and develop the capabilities to drive their career in Kingspan. It spans 12-months of interactive workshops, peer coaching, masterclasses with senior executives and assignments on the Promote e-learning platform. This culminated in the annual Graduate Projects Showcase in September 2021 where the participants representing 13 different countries presented five business improvement projects to a wide-ranging internal audience across Kingspan. The next cohort, which commenced with a launch in November 2021, is our largest group of international graduates to-date with 45 participants of which one third are female.

High Impact Leadership Development
PEAK (Programme for Executive Acceleration in Kingspan) was launched in 2018 and is targeted at middle to senior managers who are currently, or will soon commence, managing a team. It aims to increase leadership diversity by deepening and widening the pool of potential senior leaders to match the increasing scale and global nature of the business. Over 100 executives have participated in PEAK which has strengthened cross divisional relationships as well as led to further integration of executive talent from recent acquisitions.

Advanced Management Programme
An Advanced Management Programme was launched in May 2021 in partnership with INSEAD's executive business school in France. This new programme supports Kingspan's senior leaders to engage with the enterprise level goals in a more collaborative way while transforming their leadership capabilities to drive significant long-term growth. Thirty of our senior executives attended a week-long residential programme on INSEAD's campus in Fontainebleau in November 2021 as well as undertaking a 5-week online module on Innovation in the Age of Disruption.

We held our inaugural Developing Leaders as Coaches cross divisional programme in 2021. This has led to the development of a Kingspan Code of Coaching which clarifies the rules of engagement and aligns with the Company's core values and Code of Conduct. We will continue to roll out this programmes next year to ensure the on-going development of formal coaching skills and consistency of practice globally.



Protect

Kingspan takes the safety of our employees incredibly seriously. All accidents, as well as near misses, are recorded and reviewed. Health and Safety (H&S) is under ongoing review at a facility and divisional level and a Group H&S Committee sits at least annually. It is an opportunity for all divisions and geographies to share best practice and discuss operational experiences that will improve the welfare of all our employees. We are deeply saddened to report that during the year, a fatal road accident occurred while an employee was travelling between our facilities in Brazil. An investigation is underway to discover the circumstances leading up to the tragedy. Policies and training will be updated to reflect any learnings.

Hazard Identification Processes include (but are not limited to)

- → All near misses are assessed and processes are updated.
- → Employees are encouraged to make suggestions for process improvements.
- → Safety walks by responsible persons.
- → Periodic workplace inspections.
- → Risk assessment on new machines at installation.

Initiatives implemented throughout 2021

- → COVID-19 safety measures were an ongoing priority for 2021 and many safety initiatives to support the safe return to work were implemented across the Group.
- → Replacement of smoke and heat management skylights by Colt Group at Insulated Panels sites in Northern and Eastern Europe.
- → Upgrade of site yard and roadways in Insulated Panels Northern and Eastern Europe.
- → Machinery guarding and interlock system upgrade in Data & Flooring.

Equal opportunities, employee rights and diversity

Kingspan is committed to providing equal opportunities from recruitment and appointment, training and development to appraisal and promotion opportunities for a wide range of people, free from discrimination or harassment and in which all decisions are based on work criteria and individual performance. We see diversity and inclusiveness as an essential part of our productivity, creativity and innovation. Diversity is widely promoted within Kingspan, over one third of our most recent graduate programme are female and 27% of our senior executive team, reporting to the CEO, are female.

Our policies

Aims

- → Comply with all local laws in the countries we operate in.
- → Ensure supply chain accountability.

Modern slavery

Slavery and human trafficking are abhorrent crimes and we all have a responsibility to ensure that they do not continue. At Kingspan we pride ourselves on conducting our business ethically and responsibly. The Modern Slavery Act 2015 became UK legislation and required all large UK companies and businesses who supply goods or services in the UK to publish a slavery and human trafficking statement each financial year on their website. Kingspan is fully committed to ensuring that modern slavery is not taking place in our business or any of our supply chains. We adopted and published our policy statement at the end of 2016 and all our businesses are responsible for ensuring supplier compliance with the legislation.

Supply chain engagement

Kingspan has developed an ethical and environmental strategy for procuring materials and services. We seek to build and maintain long term relationships with key suppliers and contractors to ensure that they are aligned to the same goals and standards as Kingspan, to address strategic global issues, emerging trends and ultimately our customer needs. This approach has divisional and regional variances based on the local requirements and materials, but is built on core social, ethical and environmental standards. In all cases we aim to foster an environment of collaboration.

Customer experience programme

Our Customer Experience programme is all about capturing what, how and why our customers experience the things they do.

During 2021 we received feedback from over 14,000 customers, from over 100 countries. As customer experience becomes more important in a digital world our feedback programme gives us a means to hear what our customers have to say about their experience with us, keeps our finger on the pulse and provides us with the insights to develop and drive new digital technologies to help make meaningful change happen.

Our Communities

Kingspan grew out of a family business and those family values continue to shape how we engage with our communities today. Decades on, Kingspan remains deeply rooted in the community of Kingscourt, Ireland, where the business was founded. Being engaged in our local communities is a core element of the culture of Kingspan.

Kingspan launched its new Kingspan Planet Passionate Communities initiative in November 2021. Through it we strive to support people and communities around the world while promoting sustainable practices using responsibly sourced solutions. By creating a local impact, we aspire to build a world that is powered by renewable energy, net-zero carbon, manages water sustainably, and protects the earth's valuable resources by reducing, reusing and recycling.

On a global level, we have joined forces with GOAL, the international humanitarian response agency, to develop critical infrastructure with sustainability at its core, in healthcare and education.

At the core of our Planet Passionate Communities initiative is the ambition to create a positive legacy and a better world. By forging a local legacy, here, at Kingspan, we are determined to use our expertise to create positive impacts for people and communities internationally, and to advance the sustainability agenda for all.

In the first year of our partnership with GOAL, Kingspan and GOAL will join forces to build a new wing at a key hospital in Puerto Cortes, Honduras.

The project will be implemented by GOAL's humanitarian support staff on the ground using Kingspan's sustainable products and systems to build a new 24-bed ward for general care in the hospital.

Kingspan | PLANET PASSIONATE COMMUNITIES

Across Kingspan we carried out a number of environmental projects.

Top left: our colleagues in Australia cleaning up the water around Sydney Opera House.

Bottom: our colleagues in Canada on a waterside clean up.

Top right: our colleagues in Russia taking part in an ecological project in St. Petersburg, during which 100 trees were planted.

The Board

The Board is committed to high standards of corporate governance and aims to embed our core values of honesty, integrity and compliance in everything we do.

Non-Executive Chairman

Jost Massenberg
(Age 65)
Germany
Independent
N

Jost Massenberg was appointed to the Board in February 2018, and was appointed as Non-Executive Chairman of Kingspan in 2021.

Relevant skills & experience: Jost is the former Chief Executive Officer of Benteler Distribution International GmbH, and prior to that he was the Chief Sales Officer and a member of the executive board of ThyssenKrupp Steel Europe AG. As Chairman, he brings to bear more than 30 years' industry experience in European steel and major manufacturing businesses, as well as his broad leadership experience as a chairman and non-executive director of other companies.

Qualifications: PhD Business Admin.

External appointments: Chairman of VTG Aktiengesellschaft, and a non-executive director in a number of large private companies.

Chief Executive Officer

Gene M. Murtagh
(Age 50)
Ireland

Gene Murtagh is the Group Chief Executive Officer. He was appointed to the Board in November 1999.

Relevant skills & experience: Gene joined the Group in 1993, and was appointed CEO in 2005. He was previously the Chief Operating Officer from 2003 to 2005, and prior to that he was managing director of the Group's Insulated Panels business and of the Water & Energy business. He leads the development of the Group's strategy and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.

Executive directors

Geoff Doherty
(Age 50)
Ireland

Geoff Doherty is the Group Chief Financial Officer. He joined the Group and was appointed to the Board in January 2011.

Relevant skills & experience: Prior to joining Kingspan, Geoff was the Chief Financial Officer of Greencore Group plc and Chief Executive of its property and agribusiness activities. He is a qualified chartered accountant, with extensive experience of capital markets and financial management in an international manufacturing environment.

External appointments: Non-executive director of Ryanair Holdings plc.

Russell Shiels
(Age 60)
United States of America

Russell Shiels is President of Kingspan's Insulated Panels business in the Americas as well as Kingspan's global Data & Flooring business. He joined the Board in December 1996.

Relevant skills & experience: Russell has experience in many of the Group's key businesses, and was previously Managing Director of the Group's Building Components and Raised Access Floors businesses in Europe. He brings to the Board his particular knowledge of the building envelope market in the Americas, as well as his understanding of the office and data centre market globally.

Gilbert McCarthy
(Age 50)
Ireland

Gilbert McCarthy is Managing Director of the Group's Insulated Panels businesses in the UK, Ireland, Western Europe, Middle East and Australasia. He was appointed to the Board in September 2011.

Relevant skills & experience: Gilbert joined the Group in 1998, and has held a number of senior management positions including managing director of the Off-Site division and general manager of the Insulation business. He brings to the Board his extensive knowledge of the building envelope industry, in particular in Western Europe and Australasia.

Board Committees: A Audit & Compliance N Nominations & Governance R Remuneration

Non-executive directors

Linda Hickey
(Age 60)
Ireland
Independent
R N

Linda Hickey was appointed to the Board in June 2013, and is appointed as the Senior Independent Director and the Workforce Engagement Director.

Relevant skills & experience: Linda was previously the Head of Corporate Broking at Goodbody Capital Markets where she worked closely with multi-national corporates and the investor community. Prior to that Linda worked at NCB Stockbrokers in Dublin and Merrill Lynch in New York. Her considerable knowledge and experience of capital markets and corporate governance provide important insights to the Board.

Qualifications: B.B.S.

External appointments: Non-executive director of Cairn Homes plc and Greencore Group Plc.

Michael Cawley
(Age 67)
Ireland
Independent
A R

Michael Cawley was appointed to the Board in May 2014.

Relevant skills & experience: Michael is a chartered accountant, and was formerly Chief Operating Officer & Deputy Chief Executive of Ryanair. His extensive international financial and business experience as well as his role on other audit committees are an asset to the Board and to the Audit & Compliance Committee.

Qualifications: B. Comm., F.C.A.

External appointments: Chairman of Hostelworld Group plc, and non-executive director of Flutter Entertainment plc and Ryanair Holdings plc.

John Cronin
(Age 62)
Ireland
Independent
N

John Cronin was appointed to the Board in May 2014.

Relevant skills & experience: John is a qualified solicitor, and formerly partner and chairman of McCann FitzGerald. He has more than 30 years' experience in corporate, banking, structured finance and capital markets matters. He is a member of the International Bar Association and is a past President of the British Irish Chamber of Commerce. His valuable legal, corporate governance and capital markets experience brings a unique perspective to the Board.

Qualifications: B.A. (Mod) Legal Science; Solicitor in Ireland and England & Wales.

External appointments: Non-executive director of the Dublin Theatre Festival Limited.

Anne Heraty
(Age 61)
Ireland
Independent
A R

Anne Heraty was appointed to the Board in August 2019.

Relevant skills & experience: Anne is the founder and former Chief Executive Officer of Cpl Resources plc. She has over 20 years' experience running an international recruitment and outsourcing business and is currently on the board of IBEC, having previously held a number of other public and private non-executive directorships, and brings this broad business and entrepreneurial experience to the Board.

Qualifications: B.A. in Mathematics & Economics.

External appointments: Non-executive director of Cpl Resources plc.

Éimear Moloney
(Age 51)
Ireland
Independent
A

Éimear Moloney was appointed to the Board in April 2021.

Relevant skills & experience: Éimear was previously a senior investment manager in Zurich Life Assurance (Irl) plc and has excellent knowledge and experience of capital markets and asset management. She is a fellow of the Institute of Chartered Accountants in Ireland, and a member of the Institute of Directors in Ireland. In addition to her business and financial expertise, Éimear also brings valued compliance experience from the pharmaceutical manufacturing environment to the Board and the Audit & Compliance Committee.

Qualifications: B.A. Accounting & Finance; MSc. Investment and Treasury.

External appointments: Non-executive director of Hostelworld Group plc, Yew Grove REIT plc, and Chanelle Pharmaceuticals Group.

Paul Murtagh
(Age 48)
United States of America

Paul Murtagh was appointed to the Board in April 2021.

Relevant skills & experience: Paul is the chairman and CEO of Tibidabo Scientific Industries Ltd, and was formerly the chairman and CEO of Faxitron Bioptics LLC and chairman of Deerland Probiotics & Enzymes Inc. Previously he worked in investment banking at Merrill Lynch & Co. in New York and Sydney. He brings to the Board his excellent understanding of the US market and his significant experience in building successful global businesses.

Qualifications: B. Comm International.

External appointments: Non-executive director of a number of private companies.

Company Secretary

Lorcan Dowd
(Age 53)
Ireland

Lorcan Dowd was appointed Head of Legal and Group Company Secretary in July 2005.

Relevant skills & experience: Lorcan qualified as a solicitor in 1992. Before joining Kingspan he was Director of Corporate Legal Services in PwC in Belfast, having previously worked as a solicitor in private practice.

Board Committees: A Audit & Compliance N Nominations & Governance R Remuneration

Report of the Nominations & Governance Committee

Jost Massenberg

The Kingspan Board recognises that the values, integrity and behaviours that shape our culture and corporate governance are the foundation of long-term success.

As a Board, we strive to continue to enhance our corporate governance practice and disclosure to ensure we not only meet the standards expected of us but, more importantly, we promote the success of the business for all of our stakeholders. At the heart of those efforts is an entrepreneurial Board that adheres to high standards of governance.

Throughout 2021, the Board continued to refine and improve our corporate governance practice in line with the principles of the 2018 UK Corporate Governance Code (the 'Code'). We consistently strive to ensure that our reporting continues to be meaningful in detailing how we integrate the Code's principles within our decision making. We continue to make enhancements to our governance processes and this translates to less governance risk, based on our purpose, values, strategy, business and outlook. We are committed to ensuring that our long-term ambitions go hand in hand with high standards of corporate governance, as well as a Board equipped with an abundance of diversity, experience and expertise.

One significant change during 2021 was the retirement of the Company's founder, Eugene Murtagh, as Chairman and non-executive director of the Board after 55 years at its helm. I was honoured to succeed him as independent non-executive Chairman, and I look forward to working with my fellow directors to shape the Board for the future. Part of this reshaping of the Board included the appointment of two new non-executive directors, Éimear Moloney and Paul Murtagh, who bring fresh thinking and challenge to the Board. Further details of this refreshment process are set out in this Report of the Nominations & Governance Committee. Also, as part of planning for the future, we are currently carrying out the external evaluation of the Board, its committees and structures, and I will report on the key outcomes of this review in next year's Annual Report.

During the year, we had the pleasure of engaging with major shareholders and stakeholders on a number of occasions and I would like to thank all of those who provided their views on governance, remuneration and strategy to the Board during our various engagements. We look forward to continuing these conversations both in the run up to and following our Annual General Meeting this year.

Jost Massenberg
Chairman

Medical Centre
Orly, France
Insulated Panels
JI Sonora, Brise and Albe

This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the UK Corporate Governance Code (July 2018) (the 'Code') and the Irish Corporate Governance Annex (the 'Annex').

Both the Code and the Annex can be obtained from the following websites respectively: www.frc.org.uk and www.euronext.com

Statement of compliance
The directors confirm that the Company has throughout the accounting period ended 31 December 2021 complied with the provisions of the UK Corporate Governance Code (July 2018) and the Irish Corporate Governance Annex, as set out below.

Stakeholder views
The Board notes the importance of the principle underpinning Provision 5 of the Code, which asks Boards to have regard for engagement mechanisms with stakeholders. The Board recognises its responsibilities in this respect and other sections in this Annual Report set out clearly the long-lasting partnerships we have developed with customers, suppliers and communities. We are also aware of the importance of engagement with the workforce to the development of strategy as well as uncovering of risk and promoting new opportunities. Linda Hickey has been appointed as the director responsible for workforce engagement to facilitate the channelling of employee views to Board discussions. During the year, she had the opportunity to hear employee views on a range of topics through participation in our graduate and management development programmes, although site visits and further face-to-face meetings remained restricted. In addition, in 2021 we commenced a programme, working with external advisers, to develop wider employee engagement across the Group which will in time develop a deeper dialogue on a broad range of issues including culture, vision, health & well-being, and training & development. This process of engagement will allow the Board to consistently assess and monitor the evolution of the Company's corporate culture, while promoting the ability of the workforce to raise concerns.

Board committees
The Board has established three standing committees: Audit & Compliance, Nominations & Governance, and Remuneration. All committees of the Board have written terms of reference setting out their authorities and duties - these terms are available on the Group's website **www.kingspan.com**. The members of each committee as at the date hereof, and the date of their first appointment to the committee, are set out in the table below. The details of each committee's activities during the year are detailed in their respective reports as set out in this Annual Report.

Attendance at Board and Committee meetings are set out in the table below.

Cilla em Guarapuava
Parana, Brazil
Insulated Panels
Evolution and Concept Panels

Audit & Compliance Committee		
Michael Cawley (Chair)	Appointed 2014	Independent
Anne Heraty	Appointed 2019	Independent
Éimear Moloney	Appointed 2021	Independent
Nominations & Governance Committee		
Jost Massenberg (Chair)	Appointed 2019	Independent
John Cronin	Appointed 2014	Independent
Linda Hickey	Appointed 2021	Independent
Remuneration Committee		
Linda Hickey (Chair)	Appointed 2015	Independent
Michael Cawley	Appointed 2014	Independent
Anne Heraty	Appointed 2021	Independent

Attendance at Board and Committee meetings during the year ended 31 December 2021

	Board		Audit & Compliance		Nominations & Governance		Remuneration	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Eugene Murtagh*	1	1			1	1		
Jost Massenberg	6	6			3	3		
Gene M. Murtagh	6	6			3	3		
Geoff Doherty	6	6						
Russell Shiels	6	6						
Gilbert McCarthy	6	6						
Linda Hickey	6	6			2	2	4	4
Michael Cawley	6	6	4	4			4	3
John Cronin	6	6			3	3		
Anne Heraty	6	6	4	4			3	3
Bruce McLennan*	1	1	1	1	1	1	1	1
Éimear Moloney**	5	5	3	3				
Paul Murtagh**	5	5						

Column A - indicates the number of meetings held during the period the director was a member of the Board and/or Committee.
Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or Committee.
* Retired as a director as of 30 April 2021
** Appointed as a director as of 30 April 2021

Board composition and responsibilities
There is a clear division of responsibilities within the Group between the Board and executive management, with the Board retaining control of strategic and other major decisions. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. One of the key roles for the Chairman in doing so is promoting a culture of objectivity, openness and debate. In addition, the Chairman facilitates constructive Board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The balance of skills, background and diversity of the Board contributes to the effective leadership of the business and the development of strategy. The Board's composition is central to ensuring all directors contribute to discussions. As outlined below, the Board continues to review its composition to ensure appropriate refreshment and renewal which is essential to bringing fresh thinking to Board discussions and constructive challenge to the Board's decision making.

As a means of fostering challenge and director engagement, the non-executive directors, led by the senior independent director, meet without the Chairman present at least annually. Likewise, the Chairman holds meetings with the non-executive directors without the executives present. In each of these settings, there is a collegiate atmosphere that also lends itself to a level of scrutiny, discussion and challenge.

All directors have access to the advice and services of the Company Secretary. Where necessary or requested, directors can also avail of independent third-party advice on Company issues or relevant Board matters – including, but not limited to matters such as remuneration, succession etc. The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation with Kingspan's business operations and systems on appointment, including trips to manufacturing sites with in-depth explanations of the processes involved at the site.

Board changes
During the past year, we continued to deliver on the objective of continuous refreshment and renewal at Board level, which we believe brings fresh thinking and constructive challenge to the Board.

In 2021, the Company was pleased to announce two new appointments to the Board: Éimear Moloney joined as an independent non-executive director and Paul Murtagh as a non-executive director. These appointments broaden the skillset and diversity of the Board while reflecting our increasingly global footprint as a business. A breakdown of the background and skillset of all of the non-executive directors, a central tenet of promoting Board effectiveness, is provided in the table later in the report.

Following the conclusion of last year's Annual General Meeting, Eugene Murtagh, Kingspan's founder and Chairman, retired after leading the Group for more than 55 years. The Board as a whole expressed its deep gratitude to Mr Murtagh for his vision and leadership over those years, and awarded him the honorary title of President Emeritus. Following a comprehensive and considered process, the Nominations & Governance Committee recommended the Board appoint Jost Massenberg as independent non-executive Chairman, to succeed Mr Murtagh. Mr Massenberg has more than 30 years' industry experience in European steel and international manufacturing businesses, and since his appointment to the Board in 2018, he has gained a valuable understanding of the Board and the Kingspan Group, providing continuity and stability of Board leadership for the period ahead.

Also, at the conclusion of last year's Annual General Meeting, Bruce McLennan retired as a non-executive director of the Board and the Board thanked him for his contribution to the Group over the previous six years.

Shareholders' meetings and rights
The Company operates under the Irish Companies Act 2014 (the 'Act'). This Act provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called Extraordinary General Meetings ('EGM').

The Company must hold an AGM each year in addition to any other shareholder meeting in that year. The AGM is an important forum for shareholders to meet with and hear from Company directors. The ordinary business of an AGM is to receive and consider the Company's Annual Report and statutory financial statements, to review the affairs of the Group, to elect directors, to declare dividends, to appoint or reappoint auditors and to fix the remuneration of auditors and directors. At the 2021 AGM, shareholders were provided with the facility to fully participate on-line using the latest technology platforms. The Board is committed to using technology solutions which offer shareholders the opportunity to attend and vote on-line, as well as in person, which in line with developing trends elsewhere, would facilitate a wider global participation by our shareholders at our AGM, whilst still providing them with equivalent rights to vote and ask questions.

The Chairman of the Board of Directors shall preside as chairman of every general meeting and in his absence, one of the directors present will act in the capacity of chairman. The quorum for a general meeting shall be not less than three members present in person or by proxy and entitled to vote. All ordinary shares rank pari passu and carry equal voting rights. Every member present in person or by proxy shall upon a show of hands have one vote and every member present in person or by proxy shall upon a poll have one vote for each share of which they are the holder. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, have a casting vote. Further details of shareholders rights with respect to the General Meetings are set out in the Shareholder Information section of this Annual Report.

Internal control and risk management systems
The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the financial statements, and it is regularly reviewed by the Board in compliance with 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the Financial Reporting Council.

The Board has delegated responsibility to the Audit & Compliance Committee to monitor and review the Group's risk management and internal control processes, including the financial, operational and compliance controls. This is done through detailed discussions with management and the executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year end audit and the half year process, all of which are designed to highlight the key areas of control weakness in the Group. Further details of the work conducted by the Audit & Compliance Committee in this regard is detailed in the Report of the Audit & Compliance Committee contained in this Annual Report.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting processes are:

→ Budgets and strategic plans are approved annually by the Board and compared to actual performance and forecasts on a monthly basis;

→ Sufficiently sized finance teams with appropriate level of experience and qualifications throughout the Group;

→ Formal Group Accounting Manual in place which clearly sets out the Group financial policies in addition to the formal controls;

→ Formal IT and treasury policies and controls in place;

→ Centralised tax and treasury functions;

→ Sales are submitted and reviewed on a weekly basis whilst full reporting packs are submitted and reviewed on a monthly basis; and

→ Internal audit function review financial controls and report results/findings on a quarterly basis to the Audit & Compliance Committee.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's consolidation process are:

→ The review of reporting packages for each entity as part of the year end audit process;

→ The reconciliation of reporting packages to monthly management packs as part of the audit process and as part of management review;

→ The validation of consolidation journals as part of the management review process and as an integral component of the year end audit process;

→ The review and analysis of results by the Chief Financial Officer and the auditors with the management of each division;

→ Consideration by the Audit & Compliance Committee of the outcomes from the annual risk assessment of the business;

→ The review of internal and external audit management letters by the Chief Financial Officer, Head of Internal Audit & Compliance and the Audit & Compliance Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

In addition, the remit of the Audit & Compliance Committee was extended in 2020 to include reviewing the effectiveness of the controls and processes relating to product compliance by:

→ Reviewing reports from the Group Head of Compliance relating to product compliance, certification and accreditation, including implementation status of the Group's ISO 37301 Compliance Management Systems targets;

→ Auditing compliance with the Group Marketing Integrity Manual incorporating the CCPI best practice principles;

→ Monitoring the culture of compliance across the Group.

Further information on the risks faced by the Group and how they are managed are set out in the Risk & Risk Management section of this Annual Report.

Leadership and Board renewal
The Nominations & Governance Committee (the 'committee'), leads the process for appointments while ensuring plans are in place for orderly succession to both the Board and senior management positions.

In April this year, Éimear Moloney and Paul Murtagh were appointed to the Board on the recommendation of the committee. In considering candidates for appointment as non-executive directors, the committee remains guided by the principle that all appointments will be made based on merit and skills, but having regard, where possible to diversity of gender, age, nationality and ethnicity. The committee considered whether or not to engage a firm of consultants to assist in the process of recruiting new non-executive directors, and agreed that in order to ensure best fit with the Company, it would use the knowledge and contacts of the committee to identify suitable candidates.

The committee maintains a pool of potential candidates, and after considering Ms Moloney's skillset, including her financial and capital markets experience, as well as her strong experience in the manufacturing controls environment, she was considered most suitable. Members of the committee met with Ms Moloney before recommending her appointment to the Board. In considering the appointment of Mr Murtagh, the committee had regard to his deep understanding of the US market and his proven entrepreneurial track record. The committee keeps the on-going refreshment and renewal of the Board, which is essential to bring fresh thinking and constructive challenge to the Board's decision making, under constant review.

It is to be noted that half of the current independent non-executive directors will come to the end of their nine-year terms in the next 15 months, and ordinarily would then retire in accordance with the Company's usual practice. The other half have been on the Board for three years or less. Given the transition to the newly appointed independent Chairman during the year, and the potential for renewing and reshaping the Board in the coming years, the committee agreed to extend the term of Linda Hickey, the Senior Independent Director, for a further period of up to three years (subject to annual re-election at the AGM). It is considered that this will provide continuity and stability to the Board at this important time, and that Ms Hickey's insight and experience will benefit the Board during this period.

Aligning succession planning to Kingspan's wider strategy is a cornerstone of strong Board governance, and has been, and will continue to be, a focus of the committee. A fundamental aspect of overseeing appointments to senior management remains the development of a diverse pipeline. Among Kingspan's senior management team, 27% of employees reporting directly to the CEO are female, and significantly this year 28% and 33% of attendees on Kingspan's senior management and graduate development programmes respectively were female, and 68% and 38% of the participants in the respective programmes were from an international (non UK/Irish) background, as Kingspan is attracting more and more diversity into senior leadership roles.

The non-executive directors on the Board currently have the mix of skills and experience as set out in the table below.

Name	Domicile	International	Financial	Governance	Leadership	Industry	Risk	Legal
Jost Massenberg	German	•	•	•	•	•		
Linda Hickey	Irish	•	•	•	•			
Michael Cawley	Irish	•	•	•	•	•	•	
John Cronin	Irish	•	•	•	•		•	•
Anne Heraty	Irish	•	•	•	•	•		
Éimear Moloney	Irish	•	•	•	•	•	•	
Paul Murtagh	USA	•	•	•	•	•		

Performance evaluation
Kingspan has in place formal procedures for the evaluation of its Board, committees and individual directors. The purpose of this formal evaluation is to ensure that the Board of Directors (on a collective and individual basis) is performing effectively and to ensure stakeholder confidence in the Board. The Chairman reviews annually the performance of the Board of Directors, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group.

An external evaluation of the Board's performance was commenced in early 2022. This review, which was due to be carried out last year, was postponed for 12 months to allow for the transition to the new independent Chairman and also for the expanded role of the Audit & Compliance Committee to become established, before being formally reviewed. The review is being undertaken by Better Boards, who also undertook the last external review in 2018. It will follow on from the key themes examined as part of the previous process, as well as also considering:

- The on-going renewal and refreshment of the Board, and its potential reshaping over future years;
- The role of the committees, including in particular the expanded role of the Audit & Compliance Committee;
- The transition to the new independent Chairman;
- Board culture.

Details of the outcome of the evaluation will be provided in next year's Annual Report.

Conflicts of interests
Acknowledging the importance of independent representation to the effective functioning of the Board, as well as the scrutiny and, when necessary, the challenging of management, as part of the evolution of our governance framework, the committee has previously adopted a conflicts of interest policy which guides all decisions of the Board when actual or potential conflicts of interest arise.

The policy stipulates that directors are required to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or may conflict, with the Company's interests. Directors are required to give notice of any potential situational and/or transactional conflicts, which are considered at the following Board meeting and, if appropriate, situational conflicts are authorised. Directors are not allowed to participate in such considerations or to vote regarding their own conflicts.

Effectiveness and independence
The committee has reviewed the size and performance of the Board during the year and this process occurs annually. The Board continues to ensure that each of the non-executive directors, remain impartial and independent in order to meet the challenges of the role. Throughout the year, more than half of the Board (55%), comprised independent non-executive directors. Linda Hickey is the senior independent director on the Board. The senior independent director provides a sounding board for the Chairman and serves as an intermediary for the other directors and shareholders when necessary. The directors consider that there is strong independent representation on the Board.

The Board has had due regard to various matters which might affect, or appear to affect, the independence of certain of the directors. The Board considers that each of the non-executive directors on the Board, (excluding Paul Murtagh), are independent.

In determining the independence of John Cronin, the committee noted that he was previously a partner of McCann FitzGerald, one of the Company's legal advisors, and took into account the following material factors:

- He had no role in the selection or retention of legal advisors to the Company;
- All work undertaken by McCann FitzGerald for the Company was managed by other employees within the firm, and there were formal arrangements in place, both at McCann FitzGerald and Kingspan, to ensure there were no conflicts of interests;
- Since his appointment to the Board, Mr. Cronin has not had any involvement in advising the Company on any legal matters;
- He is an experienced and accomplished corporate lawyer who adds important legal and regulatory experience to the Board.

Mr. Cronin retired from McCann FitzGerald on 1 March 2021. The total fees paid to McCann FitzGerald during the year were €160,373 (2020: €145,541) and account for substantially less than 1% of McCann FitzGerald's annual revenues.

In addition to these considerations, at the time of Mr Cronin's appointment, we engaged with ISS to discuss the steps we had taken to avoid any potential for a conflict of interests. Both parties were satisfied at the time that the relationship was not likely to impact Mr Cronin's independence as a director, and the Company agreed to disclose annually the fees paid to McCann FitzGerald as a related party transaction.

In these circumstances the Board continues to be satisfied that Mr Cronin remains fully independent, and that there was no material relationship, financial or otherwise, which might either directly or indirectly influence his judgement.

In assessing the independence of Linda Hickey, the Board had due regard to her length of service on the Board, and to her previous position as a senior executive at Goodbody Stockbrokers, (one of the Company's corporate brokers), from which she retired in April 2019. The Board noted that corporate broking fees and expenses paid to Goodbody Stockbrokers during her tenure there were typically in the region of €60,000 per annum. In assessing Ms Hickey's independence, the committee formed the view that she has always expressed a strongly independent voice at the Board and its committee meetings, including the Remuneration Committee of which she is chair, and that she has always exercised her judgement as a non-executive director, and as the Senior Independent Director, independent of any other relationships within the Board. The Board also took into account her unrivalled experience in capital markets and governance, which is hugely valuable to the Company and our shareholders, and concluded that her independence was not affected.

External commitments
Directors may serve on other boards provided they continue

to demonstrate the requisite commitment to discharge their duties effectively. The committee reviews the extent of the directors' other interests on an ongoing basis throughout the year. The committee is satisfied that each of the directors commits sufficient time to their duties in relation to the Company. The Chairman and each of the directors have also confirmed they have sufficient time to fulfil their obligations to the Company.

In assessing the time commitments of Board members, the committee had particular regard for the external commitments of Michael Cawley, who is also a non-executive director of Ryanair Holdings plc, and Flutter Entertainment plc, as well as chairman of Hostelworld Group plc. Mr Cawley informed the committee that he will be retiring from the Board of Flutter Entertainment plc in April 2022. The committee reviewed Mr Cawley's attendance and contribution as a non-executive director, as well as his other mandates. It noted that Mr Cawley was a strong contributor to the Board and its committees, and that his attendance at and preparation for meetings during the year abundantly demonstrated his commitment to discharge his duties (including in particular his role as chair of the newly expanded Audit & Compliance Committee). The committee is satisfied that he will continue to devote sufficient time to the Board and its sub-committees.

In October 2021 Geoff Doherty was appointed to the board of Ryanair Holdings plc. The committee was satisfied that this appointment would not impinge on Mr Doherty's duties as an executive director of Kingspan, and considered that the appointment would give Mr Doherty a fresh perspective of a global industry leader in a different sector with a similar entrepreneurial high growth culture and a particular focus on compliance and safety.

The committee will continue to keep under review the external commitments of all directors.

School Upgrade
Toronto, Canada
Insulated Panels
KS Micro-Rib & MF Panels

The Eversheds Sutherland Review
Last year Kingspan announced a review, conducted by Eversheds Sutherland, of compliance and governance in the UK Insulation business. Kingspan committed to implementing in full the recommendations.

We are pleased to set out on the following page a summary of the actions which the Board has taken in response to those recommendations. Full details are published on our microsite: inquiry.kingspan.com

Recommendation	Response
Develop a renewed compliance and leadership strategy.	→ Clear corporate mission statement and statement of purpose established – as published on www.kingspan.com and as the foreword to the Group Code of Conduct introduced in October 2020. → Clear accountability for risk management in respect of testing, accreditation and marketing material (the "Three Functions") established through the creation of: - The Group Head of Compliance ("GHC"); - Product Compliance Officers ("PCO") in each business; - Group Compliance Manual; and - Group Marketing Integrity Manual.
Appoint a third party expert to audit and advise on best practice on product fire testing, accreditation and marketing material.	→ External consultants appointed by UK Insulation business to audit and advise on best practice regarding the Three Functions and assist with design and implementation of world class change management system. → Accreditation for the ISO 37301 Compliance Management Systems has been achieved by the Group function and by nine manufacturing locations across four of the five divisions. Work to secure ISO 37301 accreditation for all manufacturing locations is underway.
Take steps to implement consistent, well-documented and effective controls in respect of product testing. Develop failsafe systems for the Three Functions to implement the best practice procedures, as may be advised by the External Expert.	→ The Group Compliance Manual documents the best practice procedures and controls to be followed to secure ISO 37301 accreditation. → Implementation of a group-wide Product Information Management (PIM) infrastructure to ensure control and accuracy of all product information is underway.
Implement controls in respect of the Three Functions, ensure there is communication training to promote transparency around product capabilities in the sale process and also in respect of engagement with third party accreditation. Increase awareness in risk accountability across the organisation.	→ The Group Marketing Integrity Manual introduces mandatory rules to ensure the accuracy and transparency of marketing materials across the Group. → Awareness in risk accountability concerning compliance with the Three Functions underpinned by the principles in the Group Code of Conduct, by the appointment of the GHC, the PCOs and by the implementation of ISO standards and on-going training across the Three Functions.
Review and enhance the system and process for retaining customer observations and data.	→ Customer observations and data concerning a complaint or non-conformance are reviewed in accordance with the process recommended in ISO 37301, and any necessary corrective action is taken to prevent reoccurrence. → Net Promoter Score surveys undertaken annually, and the customer trends and feedback are shared with each business unit.
Establish a sub-committee of the Kingspan Group Plc Board to include non-executive directors, to monitor compliance and the Three Functions.	→ The role of the Audit Committee has been expanded into an Audit & Compliance Committee, with responsibility to monitor compliance in the Three Functions. → The GHC and the Head of Internal Audit & Compliance report regularly to the Audit & Compliance Committee – with the role of the Group Internal Audit function being expanded to incorporate product compliance.
The Company should undertake a review of the composition of the boards of directors of subsidiaries and the conduct and reporting of meetings.	→ The composition, conduct and reporting of the board of directors of subsidiaries is governed by the updated Group Accounting Manual. → The composition of the board of directors of the subsidiaries will be reviewed annually.
Prepare a bespoke directors' duties manual for directors' of Kingspan subsidiaries.	→ A director's duties manual has been issued together with training on the same being rolled out in Q1 2022. → Training on the manual will form part of every new statutory director's induction on appointment.

Report of the Remuneration Committee

Linda Hickey

On behalf of the Remuneration Committee (the 'committee'), I am pleased to present the 2021 Report on Directors' Remuneration.

Our remuneration philosophy
At Kingspan, we have developed a clear philosophy around remunerating and incentivising employees at all levels of the organisation. As detailed in prior reports, the principles against which we determine our approach to remuneration, and make decisions, are:

→ Pay for performance;

→ Simplicity;

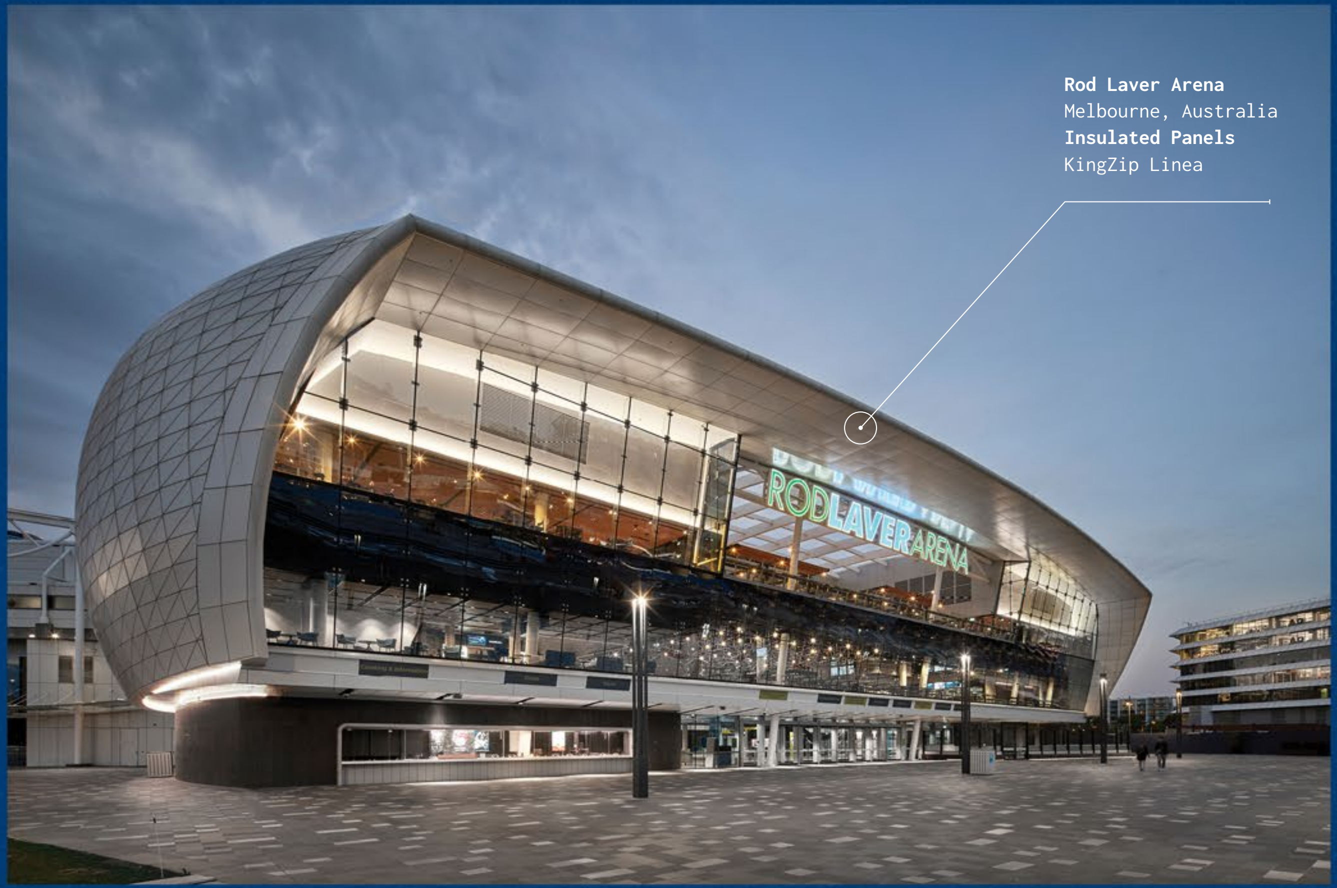
→ Transparency;

→ Alignment with shareholders.

Variable remuneration is only paid for strong performance and maximum pay-outs will only be realised for truly exceptional performance under simple measures that are key to the delivery of strategy. A significant portion of remuneration is delivered through equity, ensuring strong levels of alignment between the interests of management and shareholders. This approach cascades through the organisation and promotes transparency and simplicity for participants and our shareholders.

We are confident that our focus on simplicity and a high-performance culture has played a key role in driving the growth of the business and significant value creation for stakeholders over the years. €1,000 invested in Kingspan in 2011 would have been worth €15,710 at the end of 2021.

The 2021 AGM
At our 2021 AGM, 37% of votes were against Resolution 5, the approval of our 2020 Remuneration Report. In advance of the AGM, we had conducted an extensive consultation, and there was general support for many of the committee decisions made during the year, including the decision to reduce all bonus awards for executive directors to zero to reflect the broader stakeholder experience in 2020.



Rod Laver Arena
Melbourne, Australia
Insulated Panels
KingZip Linea

The committee received feedback from a number of shareholders concerning Peter Wilson's retirement, in particular regarding whether the committee should have applied clawback provisions to his LTIP awards. The committee acknowledged and reflected on the various views expressed, and wrote to shareholders in October to provide a better understanding of the basis of its decision. In reviewing the arrangements of his departure, the committee had considered Mr Wilson's length of service; contribution and performance over 39 years; the established rules of the PSP; the reduction of his bonus to zero for 2020; and the significant step taken by him in retiring early (despite no finding of wrongdoing against him), reflecting a recognition by him that this was the right time to hand over the Insulation business to new leadership. The committee believes it took a balanced decision that reflected the wider factors detailed above.

I hope that the constructive conversations we have had with shareholders and proxy advisors over the past year have served to enhance respective understandings of how we approached key decisions on pay and governance.

2021 business performance and pay outcomes
Kingspan's business has continued to prosper, notwithstanding another challenging year of raw material inflation, supply chain shortages, and rolling lockdowns. The past year was one of record performance for Kingspan across a number of measures, including shareholder returns, revenue, trading profit and EPS. TSR and EPS represent key measures in our incentive plans, and outcomes under the short and long-term schemes reflect the strength of underlying and market performance.

The annual performance bonus outcome for the executive directors is underpinned by exceptional growth across the divisions and for the Group as a whole. EPS performance of 305.6 cent (up 48%) resulted in a full pay-out for the CEO and CFO under that component, as well as for that component of the divisional MDs' bonuses. For both Gilbert McCarthy and Russell Shiels, the divisional targets were also achieved at maximum. The strength of financial performance was also aligned with an improvement in the Group Net Promoter Score (NPS), which is particularly satisfying following its inclusion as a metric for the first time last year. In all of these circumstances, the committee was satisfied that pay-outs in 2021 reflected underlying Group performance, individual contributions and wider circumstances.

Similarly, the PSP awards granted in 2019 vested in full on the back of top quartile TSR growth of 180% and EPS growth of 66% over the three-year vesting period.

In terms of long-term incentives, the underlying health of the Group has been reflected in the achievement of top quartile TSR performance among the peer group for the eleventh cycle in a row, together with the achievement of stretching EPS targets over the three-year vesting period, resulting in full vesting.

Review of the remuneration policy
During the second half of 2021, the committee reviewed the existing remuneration policy to ensure it remained fit for purpose, whilst reflecting the change in scale of our business. Since our current remuneration policy was approved there has been substantial growth in the business in terms of market cap (up 182%), financial performance (trading profit €755m, up 70%), average headcount (17,880 employees, up 33%) and operations (198 sites, up 53%).

While the committee does not seek to respond to short-term market-based fluctuations, the structural changes at Kingspan over the past decade have been significant, as a result of which the Company's size is now commensurate with the top half of the FTSE 100. The committee believes that it is important to ensure arrangements continue to evolve with the scale and strategy of the Company, a part of which is ensuring different elements of remuneration for an exceptionally strong management team remain competitive against similarly sized companies.

The committee has determined that any adjustments should be gradual and focused on long-term shareholder alignment, rather than taking a short-term approach and making significant adjustments to base remuneration on the back of sizeable growth. Consequently, the following changes are being proposed:

Post-employment shareholding policy: While the current executives have strong alignment with shareholders through their existing holdings, in order to further augment that alignment with shareholders, it is proposed that the current post-cessation shareholding guidelines, which require newly appointed executive directors to retain the lower of shares or equity interests held on cessation and 200% of salary, for two years post-employment, will be extended to the incumbent executive directors.

LTIP award levels: As part of the policy review, the committee considered how to continue to appropriately incentivise the executive directors, acknowledging their increased roles, and driving continued focus on long-term sustainable growth and shareholder alignment. As a result, the committee proposes that the maximum potential LTIP award levels should be increased to 300% of salary (up from 200%) under the current policy. Recognising that the policy may run for four years, the amendment will provide some additional headroom to adjust remuneration if the scale and complexity of the business continues to grow. The committee considers 300% of base salary as an appropriate market ceiling for the Kingspan executive directors over the coming four years, particularly noting the exceptional growth of the business over the period since the last policy review. However, there is no current intention to grant awards at the maximum level. For 2022, subject to shareholder approval of the new remuneration policy, the committee intends to grant awards at up to 225% of salary to the CEO with corresponding increases to the other executive directors.

Non-executive directors' remuneration policy: Finally, we are proposing two small changes to non-executive directors' remuneration. We propose firstly to update the policy to enable a fee to be paid to the Senior Independent Director ("SID") reflecting the increasing time commitment for this role specifically where the SID holds another committee chair role (currently only one fee can be paid if a non-executive director holds both SID and another committee chair role). Secondly, we are proposing a modest increase in the SID and committee chair fees, as set out later in this report.

Shareholder consultation: Following the finalisation of our proposals, I wrote to shareholders representing 70% of the register. The committee was very pleased to virtually meet with 6 of our top shareholders and receive feedback from several others (representing in total 47% of the register), which provided a rounded picture of shareholder views on the proposals outlined above.

While feedback varied in terms of the specifics, there was general support from shareholders for the changes, in particular to reflect the growth of the business, to continue to drive superior performance and to protect against any potential retention issues. One area discussed with shareholders was the committee's initial proposal to extend the recruitment policy to give flexibility to award Restricted Share Units ("RSUs") in exceptional circumstances when recruiting. While there was an acceptance that there are significant differences in pay structures in a number of regions where we operate, there was also a consistent view that awards should be performance-based. As a result of this shareholder feedback, we have removed the mooted proposal relating to RSUs.

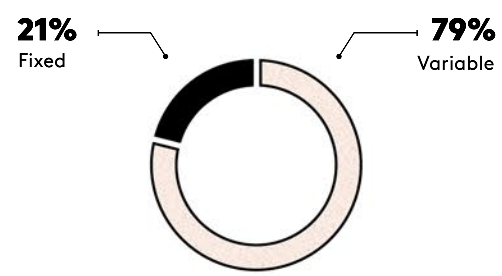
As a committee, we are fully aware of the sensitivities around any increase in remuneration potential. In crafting the current proposals, which the committee believes affords the business sufficient headroom to ensure the retention of some of the highest performing executives globally, benchmarking data was referenced, which looked primarily at similarly sized UK and Irish companies (in terms of market cap and revenue). While that exercise identified that the executive directors' remuneration is well below median under each of the fixed, short and long-term elements of pay, the committee has decided to focus any changes on long-term remuneration, as opposed to addressing the shortfall on each.

As such, it has opted to increase potential future grants under one element of pay – the LTIP – which it considers the most appropriate means of continuing to recognise the contribution of executives while aligning any changes in pay to shareholder interests.

Looking ahead
We are confident that the proposed remuneration policy will build on the success of the policy approved in 2019 and continue to serve Kingspan and its shareholders over the coming four years. We have continued to integrate our ambitious sustainability agenda and our customer NPS performance into our pay arrangements. We remain committed to ensuring that our remuneration framework drives superior performance and reflects the evolving needs of stakeholders. At our 2022 AGM, we hope that shareholders agree and support both of our remuneration proposals.

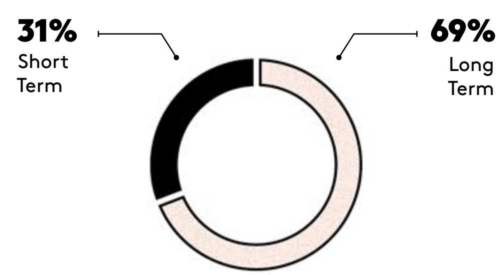
Linda Hickey
Chair of the Remuneration Committee

FIXED PAY VS VARIABLE PAY



VARIABLE PAY

Short term vs Long term



Corporate Governance
As an Irish listed company, Kingspan reports against the provisions of the UK Corporate Governance Code (July 2018) and the Irish Corporate Governance Annex. Under the Code, the Remuneration Committee is responsible for determining the policy for executive director remuneration and setting remuneration for the chair, executive directors and senior management. In addition, we review broader workforce remuneration and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration. The committee has done so and is confident the pay principles and philosophy set out previously are aligned with the Company's approach to pay in general, and the culture and values of the organisation.

In addition, the Shareholder Rights Directive II (SRD II) was transposed into Irish Law in 2020. Under the SRD II, Kingspan is required to put an advisory remuneration policy to shareholders at least once every four years. A remuneration policy is being proposed at the 2022 AGM, having previously been proposed voluntarily in 2019.

2021/2022 Remuneration at a Glance
This section provides a snapshot of remuneration received by executive directors during 2021 and the remuneration proposals for the year ahead.

Salary
With the exception of Russell Shiels, there were no increases to executive directors' base salaries in 2021 from the prior year. As outlined in last year's Annual Report, the committee carried out a review of Mr Shiels' role and responsibilities, and noted that this had increased significantly in recent years as a result of recent organic and inorganic expansion particularly in LATAM. The committee awarded Mr Shiels a 3% salary increase in 2021, and agreed to grant a further 4% increase over US inflation (6%) in 2022 to reflect his increased responsibilities. The committee is satisfied that these changes properly align Mr Shiels' package with his increased responsibilities and no further adjustments will be required.

Annual bonus
As provided by the approved remuneration policy, the maximum annual bonus potential for the executive directors is 150% of basic salary, which remains unchanged. The CEO and CFO's annual bonus is based on the achievement of Group EPS performance targets. For Divisional MDs, bonuses are based on a combination of stretching profit targets for their respective divisions, plus an element of Group EPS targets. In addition, in 2021 we introduced an additional non-financial metric, the Net Promoter Score (NPS), for the first time.

		Weighting	Targets	Performance	Payout (% of max.)
CEO/CFO	EPS (93%)		90% - 110% of prior year	148%	100%
	NPS (7%)		NPS in excess of 44	45	100%
Divisional MDs	Divisional profit targets (40%)		90% - 110% of prior year	119% - 142%	100%
	EPS (53%)		90% - 110% of prior year	148%	100%
	NPS (7%)		NPS in excess of 44	45	100%

The 2021 targets and final outturns of the annual performance bonuses are detailed in full above.

Based on the measures above, all targets were significantly exceeded, and each of the directors achieved 100% of maximum pay-out, which is the equivalent of 150% of salary for each executive.

Performance Share Plan

The Performance Share Plan ('PSP') awards vesting in February 2022, relate to awards granted in 2019. These awards were subject to EPS growth and relative TSR performance targets measured over the three year period from 2019 to 2021. Target and actual outturns are set out in the table below.

Prior to confirming the pay-outs, the committee undertook an evaluation of whether vesting levels reflected Group performance, individual contribution and any wider circumstances over the three-year period to December 2021.

Measure	Weighting	Targets	Performance	Payout (% of max.)
EPS	50%	6%-12% CAGR	18.4% CAGR	100%
TSR	50%	Median to Upper quartile	93rd percentile	100%

Remuneration for the year ahead

Element of Remuneration	Committee Decisions	Rationale
Salary increases	The executive directors will receive basic increases of 4.5% which is in line with the general workforce increases of c. 3% to 6%, depending on markets. As previously flagged in last year's annual report, Mr Shiels will receive an additional incremental adjustment to reflect his increased responsibilities in the Americas giving him a total increase of 10%.	With the exception of Mr Shiels, these increases reflect the wider inflationary increases that the business is experiencing in almost all markets.
2022 bonus	The committee has determined that there will be no material changes to the bonus framework for 2022. The measures will remain unchanged and maximum bonuses will be capped at 150% of salary.	The bonus scheme has proven effective at driving a relentless focus on profitability, while extending the measures to include a customer lens – a core part of sustainable value creation and a great success in 2021.
2022 LTIP	Subject to shareholder approval of the proposed changes to the policy at the AGM in 2022, awards will be made at 225% of base salary for the CEO and 200% of base salary for the other executive directors.	As the business continues to grow at an exceptional rate, it is important to make efforts to drive superior returns and remain competitive. Overall maximum performance incentive opportunity of 375% of salary remains below arrangements at similarly sized UK and Irish businesses.

Remuneration Policy Review

Under the Shareholders' Rights Directive, which was transposed into Irish Law in March 2020, Kingspan is obliged to submit its remuneration policy to shareholders for a non-binding advisory vote at least every four years. In light of the proposed changes to the policy approved in 2019, a new policy will be brought to shareholders at the 2022 AGM.

As an Irish company, the UK Companies (Miscellaneous Reporting) Regulations 2018 are not directly applicable, but Kingspan follows these requirements as a matter of best practice unless they conflict with Irish or other legal requirements, or there are other reasons where it is considered not practicable to do so.

The following section sets out the remuneration policy to be proposed at the 2022 AGM, as well as the key changes where relevant. The design of the policy is guided by the following overarching principles:

→ Pay for performance ensuring that variable remuneration is only paid for strong performance and maximum payouts will only be realised for truly exceptional performance.

→ Simplicity so that executives and shareholders can understand our pay arrangements without overly complex rules.

→ Transparency so that it is objectively transparent with high levels of disclosure in the Annual Report.

→ Alignment with shareholders by delivering a significant proportion of remuneration through equity, and by setting executive share ownership guidelines.

In addition, the committee also considered the key parameters set out by the UK Code, which we believe our principles are broadly aligned to:

Matters	Explanation
Clarity	The policy is clear, uncomplicated and well understood by the executive directors. It is based on measures aligned to strategy.
Simplicity	Aligned with our existing principle of simplicity, with clear and focused incentive plans that do not incorporate excessive measures.
Risk	The policy is designed to discourage inappropriate risk taking and to ensure that it is not rewarded. This is achieved by balance between short-term and long-term incentive plans and the introduction of non-financial metrics, with recovery provisions and the ability of the committee to utilise discretion to adjust formulaic outcomes.
Predictability	Incentive plans are subject to established limits, with objective targets and straight line vesting dictating pay-outs.
Proportionality	Aligned with our principle of pay-for-performance, so that any pay is fully proportional to performance and stakeholder experience.
Alignment to culture	Our high performance culture is designed to drive superior returns for shareholders, whilst the introduction of sustainability measures embeds our Planet Passionate goals throughout the business.

Total Pay over 5 Years	Year 1	Year 2	Year 3	Year 4	Year 5
Fixed Pay	Salary Benefits, Pension				
Annual Bonus (Malus and clawback provisions apply)	Up to 100% of salary in cash	Excess bonus in shares Two year deferral period No further performance conditions			
LTIP (Malus and clawback provisions apply)	Three-year performance period			Two-year post-vesting holding period No further performance conditions	
Shareholding Requirement (Not a monetary requirement)	Executive directors' minimum shareholding requirement				

Since our remuneration policy was first approved in 2019, we have continued to engage extensively with shareholders and to review best practice. This feedback has played a key role in the design of our remuneration framework, including the following changes previously made and detailed in our Annual Reports in 2019 and 2020:

a. The inclusion of a two-year post vesting holding period under the LTIP;

b. The introduction of post-cessation shareholding guidelines for all new executive directors;

c. Pension contributions for new executive directors in line with the workforce rate in the relevant market;

d. A reduction in pension contributions for incumbent executive directors to 10% of base salary by the end of 2024;

e. The introduction of non-financial measures into both the annual bonus and long-term incentive plans.

We will be formally including the above changes into the new policy. We set out below a detailed summary of the changes to current policy which will be proposed for shareholder approval at the 2022 AGM.

Element of pay	Current Policy	Proposed Policy	Rationale
Base salary	Base salaries are reviewed annually by the Remuneration Committee in the last quarter of each year. Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect performance, changes in remit, roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.	**No change to current policy**	No prescribed maximum.
Benefits	In addition to their base salaries, executive directors' benefits include, but are not limited to, life and health insurance and the use by the executive directors of company cars (or a taxable car allowance) and relocation or similar allowances on recruitment, each in line with typical market practice.	**No change to current policy**	No prescribed maximum.
Pensions	Kingspan operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base salary only. Incumbent executive directors' pensions will be reduced to 10% of salary by the end of 2024. Newly appointed executive directors will be capped at the rate applicable in the relevant market. Alternatively, Kingspan may pay a cash amount subject to all applicable employee and employer payroll taxes and social security.	**No change to current policy**	10% from end of 2024.
Annual performance bonus	Executive directors receive an annual performance related bonus based on the attainment of financial and non-financial targets set prior to the start of each year. Bonuses are paid on a sliding scale if the targets are met. Maximum bonus is only achieved if ambitious incremental growth targets are achieved. No more than 100% of salary can be delivered in cash through the bonus plan. Any performance related bonus achieved in excess of the cash amount is satisfied by the grant of share awards, which are deferred for two years. The committee has discretion to adjust formulaic bonus outcomes in line with the Corporate Governance Code.	**No change to current policy**	Drives focus on profitability, while also including a customer lens. 150% of base salary. (Threshold payment 0% of salary).
Long-term incentive plan	Executive directors are entitled to participate in Kingspan's Performance Share Plan (PSP). Under the terms of the PSP, performance shares are awarded to the executive directors and the senior management team. The performance shares will vest after three years only if the Group's underlying performance has improved during the 3-year performance period, and if certain financial and non-financial performance criteria are achieved over the performance period. The awards are subject to a two-year post vesting holding period.	**Proposed change to maximum potential award level to 300%, with 225% grant to CEO in current year.**	Delivers long-term sustainable growth, incorporating Planet Passionate goals. Maximum award to be increased to 300% of base salary to provide scope for further adjustment if required. (Threshold vesting 25% of maximum).
Clawback and malus	Covers material misstatement of financial results, material breach of executive's employment contract, error in calculation, failure of risk management, corporate failure, wilful misconduct, recklessness and or fraud resulting in serious damage to the financial condition or business reputation of the company. The period within which clawback can be operated is 2 years from payment of annual bonus and/or vesting of LTIP awards.	**No change to current policy**	Alignment with best practice and the Code.
Shareholding guideline	200% of salary to be achieved through the retention of at least 50% of all vested variable pay awards. Achievement of guideline is measured through beneficially owned shares only. For new appointees, the committee may consider it appropriate to require a percentage of the annual bonus paid to be deferred into shares, in order to achieve this guideline.	**No change to current policy**	Alignment with best practice and the Code.
Post cessation of employment and general shareholding requirements	All executive directors (both incumbent and newly appointed) will be subject to a post-employment shareholding requirement of the lower of (i) shares or equity interests held on cessation, and (ii) 200% of salary, for 2 years post-employment. Achievement is measured through beneficially owned shares, and the retention of vested deferred share and LTIP awards.	**Proposed change to current policy**	Alignment with best practice and the Code.
Recruitment	In exceptional circumstances, such as to facilitate recruitment, the committee may exercise its discretion and grant LTIPs up to a maximum of 400% of salary.	**No change to current policy**	To allow flexibility on appointment of a new executive director.
Non-executive director fees	The Chairman receives a single fee for all of his or her responsibilities. Other non-executive directors receive a basic board membership fee. The chairs of board committees and the Senior Independent Director receive an additional fee for this role. Where a non-executive director holds more than one role a separate fee is payable for each role reflecting the additional time commitments and responsibilities of each.	**Proposed change to current policy**	To reflect the increased responsibilities of these roles.

The following are key structural aspects of the remuneration policy:

Executive director shareholding guidelines

The committee recognises that share ownership is important in aligning the interests of management with those of shareholders. The new policy extends the application of the existing shareholding guidelines, whereby all executive directors are now required to acquire a holding of shares in the Company equal to 200% of salary and to retain these for a period of two years post cessation of employment. The executive directors in practice have holdings significantly in excess of this requirement, and details of these shareholdings are provided in the Report of the Directors contained in this Annual Report.

Clawback and malus

The committee recognises that there could potentially be circumstances in which performance related pay (either annual performance related bonuses and/or PSP Awards) is paid out and where certain circumstances later arise which bring the committee to conclude that the payment should not have been made in full or in part. The clawback of performance related pay, and malus provisions (where awards are reduced to nil before they have vested) would apply in certain circumstances including:

- a material misstatement of the Company's financial results;
- a material breach of an executive's contract of employment;
- error in calculation;
- failure of risk management;
- corporate failure;
- any wilful misconduct, recklessness, and/or fraud resulting in serious damage to the financial condition or business reputation of the Company.

The committee may also adjust the bonus and PSP that is payable if it considers the formulaic outcome is not representative of the underlying performance of the Company, investor experience or employee reward outcome.

2021 Remuneration Outturn

Pension

Following a thorough review of remuneration during the course of 2020 and incorporating both evolving best-practice and the perspectives of shareholders, all contractual pension contributions will be reduced to 10% of base salary by the end of 2024. While recognising that certain shareholders have differing expectations on the timing and level of pension, the committee believes this approach fairly and appropriately balances the legacy contractual entitlement of each of the executive directors with the general expectations of shareholders and wider stakeholders.

2021 performance related bonus

In 2021 all executive directors were eligible for a maximum performance related bonus opportunity of up to 150% of base salary. The CEO and CFO's annual performance related bonuses were principally based (93% of total opportunity) on Group EPS growth targets over prior year, with the maximum annual performance related bonus being payable on the achievement of 110% Group EPS growth over prior year. The committee considered this to be a stretching target, particularly in light of the global pandemic and market volatility that was evident from the end of the prior year. The ability for the executives to continue to drive EPS growth in such a challenging environment is testament to their performance and that of the organisation as a whole.

For each of the Divisional MDs, up to 40% of their total bonus opportunity was based on achieving stretching divisional profit targets, with maximum bonus being payable on the achievement of 10% divisional profit growth. A further 53% of the Divisional MDs' total bonus opportunity was payable on the achievement of the same Group EPS targets as for the CEO and CFO, ensuring a healthy balance between incentivising divisional and Group growth.

The committee also introduced an additional non-financial measure, based on the Net Promoter Score (NPS), for the first time in 2021. The NPS programme was launched by Kingspan in 2019 across the Group and has become embedded as part of our business strategy. NPS is a rigorous measure of customer experience across a range of touch points in the business, and as such it closely aligns our strategy with the experience of a key stakeholder group. In 2021 up to 7% of each of the executive directors' total bonus opportunity (ie 10% of base salary) was based on achieving progression of the Group NPS score.

Executive Director	Pension Contribution 2021	2022	2025	Annual Percentage Point Reduction
Gene Murtagh	18%	16%	10%	2% annually
Geoff Doherty	24%	20%	10%	4% in year 1 and 2 3% in year 3 and 4
Gilbert McCarthy	20%	17%	10%	3% in year 1 and 2 2% in year 3 and 4
Russell Shiels	33%	23%	10%	10% in year 1 5% in year 2 4% in year 3 and 4

Directors' Remuneration for year ended 31 December 2021 (EUR'000)

Executive Directors	Gene Murtagh 2021	Gene Murtagh 2020	Geoff Doherty 2021	Geoff Doherty 2020	Russell Shiels[1] 2021	Russell Shiels[1] 2020	Gilbert McCarthy 2021	Gilbert McCarthy 2020	Peter Wilson[10] 2021	Peter Wilson[10] 2020	Total 2021	Total 2020
Fixed Remuneration												
Salary and Fees	**888**	888	**573**	573	**520**	523	**530**	530	**-**	512	**2,511**	3,026
Pension Contributions[2]	**161**	161	**140**	140	**169**	173	**106**	106	**-**	198	**576**	778
Benefits[3]	**35**	33	**34**	31	**53**	48	**43**	43	**-**	20	**165**	175
Total Fixed Remuneration	**1,084**	1,082	**747**	744	**742**	744	**679**	679	**-**	730	**3,252**	3,979
Performance Pay												
Annual Incentives[4]												
Cash Element	**888**	-	**573**	-	**520**	-	**530**	-	**-**	-	**2,511**	-
Deferred Share Awards	**444**	-	**287**	-	**260**	-	**265**	-	**-**	-	**1,256**	-
Long Term Incentives[5]												
LTI - Grant Value[6] [7]	**1,499**	1,308	**830**	740	**768**	620	**768**	684	**-**	586	**3,865**	3,938
LTI - Share Price Growth[6] [7]	**1,826**	900	**1,011**	509	**936**	427	**936**	470	**-**	403	**4,709**	2,709
Total Performance Pay	**4,657**	2,208	**2,701**	1,249	**2,484**	1,047	**2,499**	1,154	**-**	989	**12,341**	6,647
Total Remuneration	**5,741**	3,290	**3,448**	1,993	**3,226**	1,791	**3,178**	1,833	**-**	1,719	**15,593**	10,626

Non Executive Directors[8]	2021	2020
Jost Massenberg	**258**	75
Linda Hickey	**85**	85
Michael Cawley	**85**	85
John Cronin	**75**	75
Anne Heraty	**75**	75
Éimear Moloney [9]	**50**	-
Paul Murtagh [9]	**50**	-
Bruce McLennan [10]	**25**	75
Eugene Murtagh [10]	**64**	191
Total non-executive pay	**767**	661
Total Directors' remuneration	**16,360**	11,287

(1) Russell Shiels' remuneration is denominated in USD, and has been converted to Euro at the following average rates USD: 1.1828 (2020: 1.142).
(2) The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement as a non-pensionable cash allowance in lieu of the pension benefit foregone, subject to all applicable employee and employer payroll taxes.
(3) Benefits principally relate to health insurance premiums and company cars/car allowances. In the case of Russell Shiels the cost of life insurance and permanent health benefit is also included.
(4) The annual incentive amount is earned for meeting clearly defined EPS growth, divisional profit and NPS targets. Details of the bonus plan and targets are set out on pages 88 to 91 of the Remuneration Report.
(5) Long Term Incentives are granted annually pursuant to the Kingspan Group Performance Share Plan (PSP). Details of the PSP scheme and targets are set out on pages 88 to 91 of the Remuneration Report.
(6) The vesting value of the 2019 LTIP award (vesting in 2022) has been calculated using the average share price for the 30 days ending on 16/02/2022 being €86.06. The calculation for this award will be adjusted in next years' Annual Report to reflect the share price on the date of vesting (25/02/2022). The share price increased from the date of grant (share price: €38.80) to the share price used to determine the vesting value (share price: €86.06).
(7) The vesting value of the 2018 LTIP award (that vested in 2021) has been calculated using the share price at the date of vesting (26/02/2021) of €60.25. The share price increased from the date of grant (share price: €35.70) to the date of vesting (share price: €60.25).
(8) Non-executive directors receive a base fee of €75,000 per annum, plus an additional fee of between €7,500 and €10,000 for chairmanship of board committees. They do not receive any pension benefit, or any performance or share based remuneration.
(9) Éimear Moloney and Paul Murtagh were appointed as non-executive directors on 30 April 2021.
(10) Peter Wilson retired as an executive director on 31 December 2020. Bruce McLennan and Eugene Murtagh both retired as non-executive directors on 30 April 2021.

The table below sets out the performance against targets for each of the executive directors in respect of the year ended 31 December 2021.

	Max opportunity as % salary	Weighting	Threshold target	Target for maximum	Performance	Payout (% of max.)
Chief Executive	150%	EPS (93%)	185.6 cent	226.8 cent	305.6 cent	100%
		NPS (7%)	NPS in excess of 44		45	100%
Chief Financial Officer	150%	EPS (93%)	185.6 cent	226.8 cent	305.6 cent	100%
		NPS (7%)	NPS in excess of 44		45	100%
Russell Shiels	150%	Divisional profit (40%)	90% of prior year	110% of prior year	119%	100%
		EPS (53%)	185.6 cent	226.8 cent	305.6 cent	100%
		NPS (7%)	NPS in excess of 44		45	100%
Gilbert McCarthy	150%	Divisional profit (40%)	90% of prior year	110% of prior year	142%	100%
		EPS (53%)	185.6 cent	226.8 cent	305.6 cent	100%
		NPS (7%)	NPS in excess of 44		45	100%

Following a reduction in bonus payments to zero in 2020, in light of stakeholder experiences, the committee was satisfied that the formulaic outturn of the bonus plan for 2021 was an accurate reflection of underlying company performance, individual contribution and a holistic evaluation of wider circumstances. In particular, the committee considered the record financial performance of the business, the continued generation of superior returns to shareholders, and the substantial growth in headcount and operational footprint. The committee recognised the overall progression in Group NPS in this, the first year of implementing the metric, and noted the continued development in methodology and survey size, which it intends to have externally validated from 2022.

We do not disclose the specific financial targets for the Divisional MDs, or performance against them, as these are commercially sensitive figures, which would provide information that would not otherwise be available to competitors.

All bonuses earned in excess of 100% of base salary will be satisfied by the grant of share awards, which are deferred for two years.

Performance Share Plan

In 2020, the committee reviewed the level of awards being granted to the executive directors, and determined that an increase in level was merited and would be within the overall limits contained in the PSP rules. The committee proposed to increase grant levels from 175% to 200% for the CEO and from 150% to 175% for the other executive directors. However in February 2021, the committee considered that it would be appropriate to maintain the grant of PSP awards at the same level as prior year, and to postpone the proposed increased grant pending an update on the implementation of the Eversheds Sutherland recommendations. In August 2021, following an update to the committee of progress against the Eversheds Sutherland's recommendations and having considered the detailed actions taken at both Group and within the UK Insulation business, the committee approved an additional grant of 25% to each of the executives in line with the prior year's decision resulting in total grants for the year of 200% and 175% of salary for the CEO and other executive directors, respectively.

The committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2019 had been met by reference to EPS and TSR targets over the three-year performance period to 31 December 2021. In 2019, the committee granted PSP Awards that were 50% based on EPS growth targets and 50% based on TSR targets:

Measure	Weighting	Threshold target	Maximum Target	Performance	Payout (% of max.)
EPS	50%	6% CAGR	12% CAGR	18.4% CAGR	100%
TSR	50%	Median	Upper quartile	93rd percentile	100%

The peer group against which TSR performance was measured was as follows:

Armstrong World Industries Inc	Holcim Ltd	Sika AG
Boral Ltd	NCI Building Systems Inc	Travis Perkins plc
CRH plc	Owens Corning Inc	Wienerberger AG
Geberit AG	Rockwool Intl. A/S	
Grafton Group plc	SIG plc	

In addition, and in line with the approach to reviewing bonus payouts, the committee reviewed overall performance and stakeholder experience during the three-year period up to December 2021. Following a review of the vesting levels, the committee was satisfied that they reflected company and individual performance over the three-year period.

Performance Share Plan									
Director		At 31 Dec 2020	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2021	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
	Unvested	103,498	27,078	(36,578)	(4,010)[1]	89,988	0.13	25/02/2022	23/08/2028
	Vested	-	-	36,578	-	36,578	0.13	26/02/2021	26/02/2025
		103,498	**27,078**	**-**	**(4,010)**	**126,566**	**0.13**		
Geoff Doherty									
	Unvested	57,767	15,198	(20,674)	(2,267)[1]	50,024	0.13	25/02/2022	23/08/2028
	Vested	-	-	20,674	(20,674)[2]	-	0.13	-	-
		57,767	**15,198**	**-**	**(22,941)**	**50,024**	**0.13**		
Russell Shiels									
	Unvested	51,461	14,057	(17,341)	(1,901)	46,276	0.13	25/02/2022	23/08/2028
	Vested	-	-	17,341	(17,341)[3]	-	0.13	-	-
		51,461	**14,057**	**-**	**(19,242)**	**46,276**	**0.13**		
Gilbert McCarthy									
	Unvested	53,437	14,057	(19,122)	(2,096)[1]	46,276	0.13	25/02/2022	23/08/2028
	Vested	69,671	-	19,122	-	88,793	0.13	24/02/2018	26/02/2025
		123,108	**14,057**	**-**	**(2,096)**	**135,069**	**0.13**		
Company Secretary									
Lorcan Dowd									
	Unvested	13,160	2,806	(4,317)	(305)[1]	11,344	0.13	25/02/2022	24/02/2028
	Vested	13,940	-	4,317	-	18,257	0.13	24/02/2018	26/02/2025
		27,100	**2,806**	**-**	**(305)**	**29,601**	**0.13**		

(1) Performance adjustment on 26/02/2021.
(2) Exercised on 02/03/2021. Market value on day of exercise €60.85.
(3) Exercised on 07/09/2021. Market value on day of exercise €94.94.

Deferred Share Awards

Director		At 31 Dec 2020	Granted during year	Vested & transferred during year	At 31 Dec 2021	Earliest vesting/ transfer date
Gene M. Murtagh	Unvested	4,822	-	(4,009)	813	31/03/2022
Geoff Doherty	Unvested	3,169	-	(2,644)	525	31/03/2022
Russell Shiels	Unvested	2,912	-	(2,424)	488	31/03/2022
Gilbert McCarthy	Unvested	2,445	-	(2,445)	-	-

Executive retirement

Following his retirement at the end of 2020, Peter Wilson's unvested PSP awards were reduced pro rata by an amount to reflect the proportion of the vesting period not actually served, in line with the scheme rules and remuneration policy as approved by shareholders in 2019. Mr Wilson did not receive any other compensation or payment on his retirement.

Non-executive directors

The non-executive directors each received fees which are approved by the Board as a whole. Following the appointment of Jost Massenberg as the new independent non-executive Chairman at the 2021 AGM, the committee carried out a review of the appropriate level of fees for the role. Following advice from its remuneration consultants, the committee determined to set the Chairman's fee at €350,000 per annum, to properly reflect the role and duties of an independent chairman.

The basic non-executive director fee is €75,000. An additional fee of €7,500 is paid for chairing the Remuneration Committee, and a fee of €10,000 for chairmanship of the Audit Committee and for the Senior Independent Director, to reflect their additional role and responsibilities (only one additional fee is paid if a director has dual roles). The remuneration policy being put to shareholders for approval at this year's AGM, proposes to make modest adjustments to these non-executive fees.

Implementation of Remuneration Policy for 2022

The core principles of our remuneration philosophy as outlined earlier, frame our approach to 2022, namely reward for high-performance, simplicity, transparency and alignment with shareholders.

Base salary and pension

The executive directors will receive basic increases of 4.5% which is in line with the general workforce increases of c. 3% to 6%, depending on markets. As outlined in last year's Annual Report, in 2020 the committee carried out a review of Russell Shiels' role and responsibilities, and noted that this had increased significantly in recent years as a result of recent organic and inorganic expansion particularly in LATAM. The committee awarded Mr Shiels a 3% salary increase in 2021, and agreed to grant a further 4% increase over US inflation in 2022 to reflect his increased responsibilities in the Americas. Mr Shiels will therefore receive an additional incremental adjustment in 2022 giving a total increase of 10%. The committee is satisfied that these changes properly align Mr Shiels' package with his increased responsibilities and no further adjustments will be required.

As outlined previously, the committee has made a significant change to the company's policy on pensions, with the pension contributions of new executive directors limited to the levels applicable to the wider workforce in the market in which they work. The pension contributions of all incumbent executives are being reduced in instalments to 10% over the four-year period to December 2024 as outlined on page 88.

Annual bonus

The maximum bonus opportunity for all the executive directors is 150% of salary (unchanged from 2021) with up to 100% of salary earned through the bonus plan delivered in cash and up to 50% of salary being deferred into shares in the Company for two years. For 2022, the committee decided that the performance measures should remain unchanged from 2021, with 93% based on Group and divisional financial measures, although the committee determined to increase the overall weighting of divisional performance (versus Group performance) for the divisional MDs. 7% of overall bonus will be based on NPS as before. The bonus targets, and performance against them, will be disclosed in the 2022 Report of the Remuneration Committee.

Performance share awards

Subject to shareholder approval, for 2022 it is proposed that the CEO will receive an award over shares with a market value of 225% of base salary, and the other executive directors will receive awards over shares with a market value of 200% of base salary. These grant levels represent an increase on previous years, in line with the proposed amendments to our remuneration policy if approved, but remain significantly below the proposed scheme ceiling.

Overall, the annual and long-term performance incentive opportunity, at up to 375% of salary, remains below arrangements at similarly sized UK and Irish businesses.

The committee also reviewed the performance framework of the PSP scheme. For the 2022 PSP Awards, the committee has selected the same financial performance measures based on EPS growth and relative TSR. The peer group against which TSR performance will be measured for PSP grants made in 2022 is set out adjacently.

The committee also reviewed the EPS targets to ensure they include significant stretch over the performance period ahead and are aligned with our principles of alignment and pay-for-performance. While the targets are unchanged in absolute terms, coming from a high base which includes record levels of EPS, the committee considers that these targets include significant stretch and are appropriately aligned with our risk appetite as well as internal and external forecasts. In order for maximum vesting, truly exceptional performance is required.

There are no changes to the ESG measures included in the LTIP, which draws a clear focus on growing sustainability. Details of our achievements against our ESG targets will be published in Kingspan's 2021 Planet Passionate Sustainability Report.

Non-executive director fees

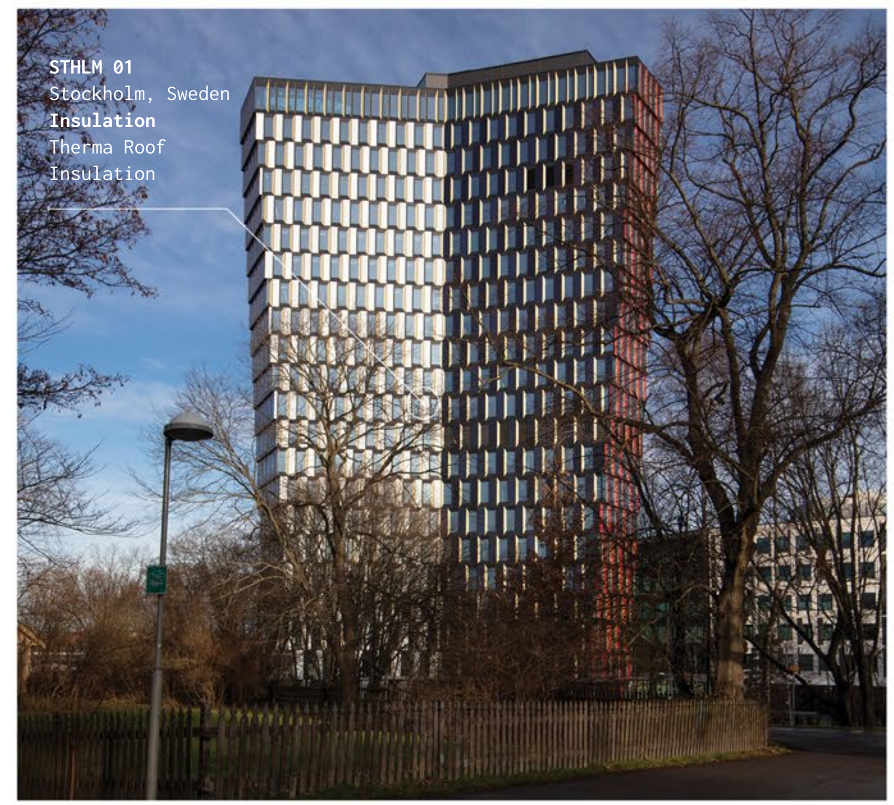
As outlined above, the independent non-executive Chairman's fee has been set at €350,000 for the year ahead. There is no change from prior year to the basic non-executive fees of €75,000. Subject to approval of the new remuneration policy, an additional fee of €15,000 will be paid to the chairs of the Remuneration Committee and the Audit & Compliance Committee, as well as for the Senior Independent Director, to reflect their additional roles and responsibilities.

Peer group for 2022 grant for PSP awards:

Armstrong World Industries Inc	Holcim Ltd
Boral Ltd	Mohawk Industries Inc
Compagnie de Saint Gobain SA	Owens Corning Inc
Cornerstone Building Brands Inc	Rockwool Intl. AS
CRH plc	Sika AG
Geberit AG	Travis Perkins plc
Grafton Group plc	Wienerberger AG

Performance Measures	Weighting	Percentage vesting at threshold	Threshold vesting target	Maximum vesting target*
EPS	45%	22.5%	6% p.a.	12% p.a.
TSR	45%	22.5%	Median	Upper quartile
Planet Passionate	10%	0%	Various	Various

*Straight line vesting between threshold and maximum vesting



Committee Governance
The Remuneration Committee comprises three independent non-executive directors, Linda Hickey (Chair), Michael Cawley and Anne Heraty. The Company Secretary acts as the secretary to the committee. The Chief Executive does not normally attend meetings but provides input where relevant, to the committee Chair prior to the meeting. No individual is present at a meeting when the terms of his or her own remuneration are discussed. The terms of reference are available on the Company's website: **www.kingspan.com**

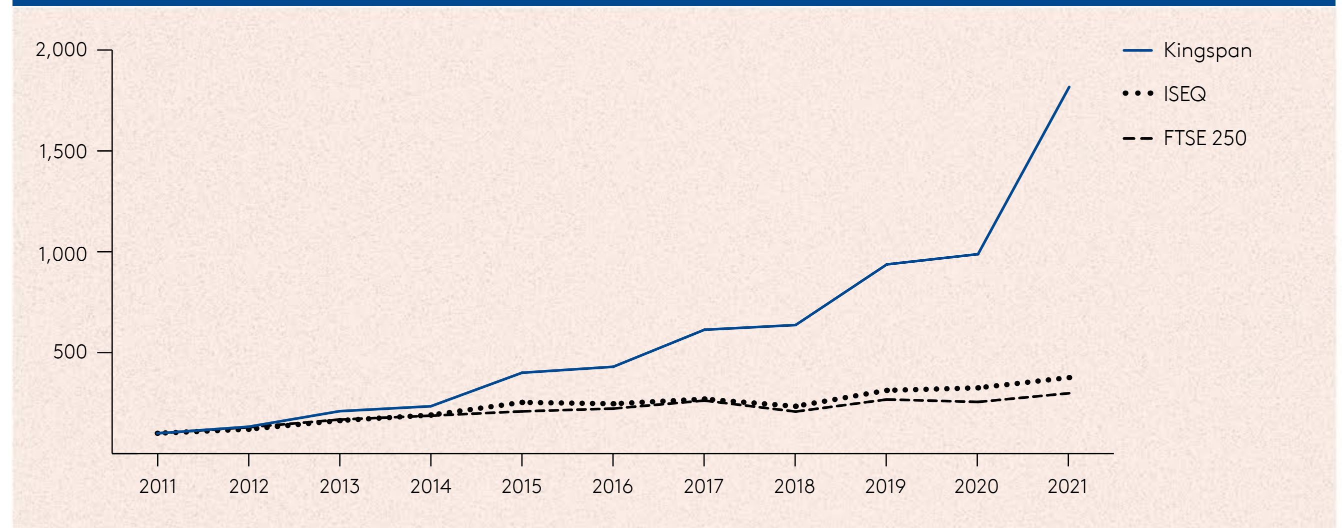
The Remuneration Committee met four times during the year. Each meeting was attended by all the members of the committee, and an overview of the workings of the committee is set out below.

Remuneration Committee activities	FEB	JUL	AUG	DEC
Salary and fees				
Engage independent consultants for policy and benchmark review		•		
Review implementation of overall remuneration policy				•
Review and approve executives' salary, role and responsibilities for 2022				•
Review and approve non-executives' fees for 2022				•
Review and determine executive directors' pension alignment	•	•		•
Review remuneration benchmark				•
Review and approve Chairman's fee		•		
Performance pay				
Assess Group and individual performance against targets for 2020	•			
Exercise discretion to reduce bonus achieved for 2020 to zero	•			
Review executive bonus measures and weighting for 2022				•
Agree Group and individual performance targets for 2022				•
PSP Awards				
Assess performance of 2018/2020 PSP Awards against targets	•			
Determine percentage of 2018/2020 PSP Awards which vest	•			
Review performance measures for grants of PSP Awards for 2021	•			
Agree targets and level for grants of PSP Awards for 2021	•		•	
Introduce non-financial Planet Passionate measures for 2021	•			
Governance				
Review and approve Remuneration Report for Annual Report 2020	•			
Update on governance and remuneration trends generally	•	•		•
Consider shareholder votes and feedback from AGM 2021		•		
Engage with shareholders post AGM			•	•
Review of progress against Eversheds Sutherland's recommendations			•	
Review and update of remuneration policy				•
Engage with shareholders on remuneration policy				•

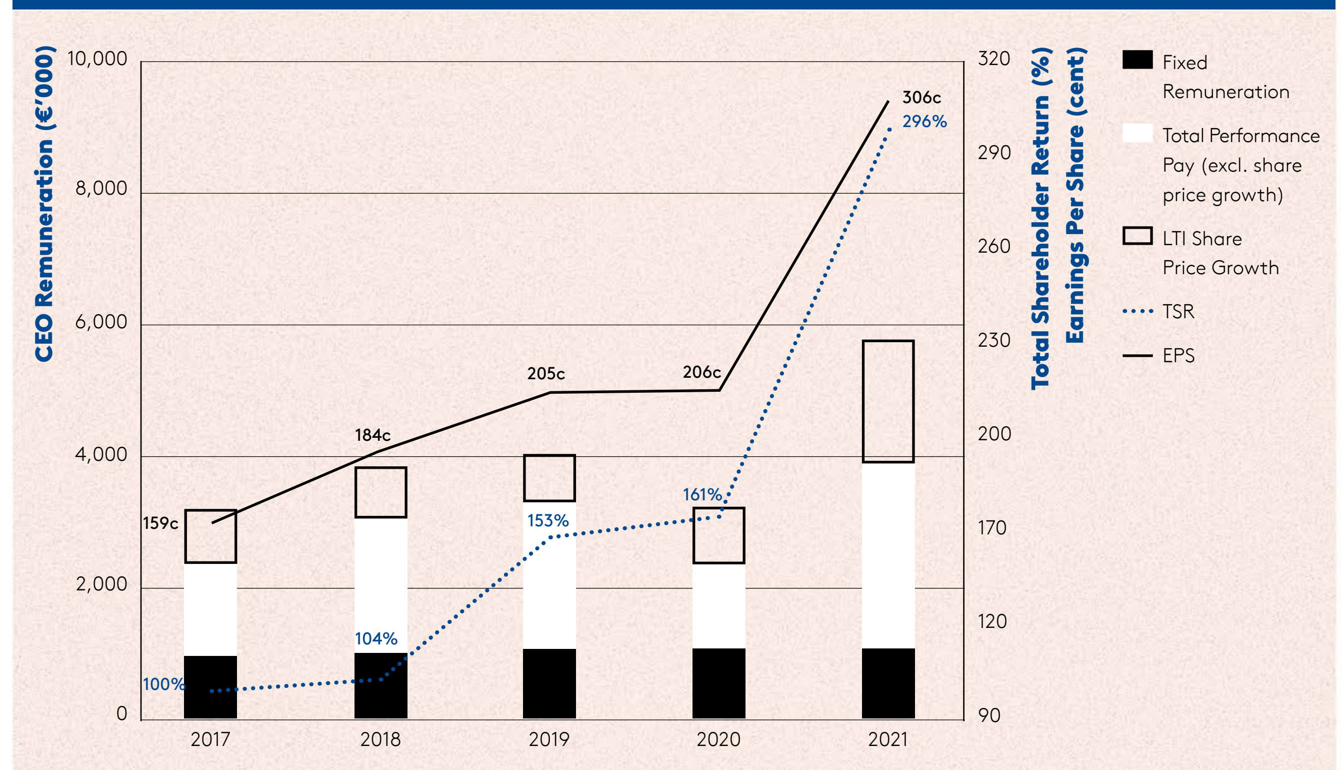
External advisors
The Remuneration Committee obtained advice during the year from independent remuneration consultants Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct, and all advice is provided in accordance with this code. Korn Ferry did not provide any other services to Kingspan during the year. Accordingly, the committee is satisfied that the advice obtained was objective and independent.

Performance graph
The graph below shows the Company's TSR performance against the performance of the ISEQ and FTSE 250 indices over the 10-year period to 31 December 2021:

Total Shareholder Returns



CEO Remuneration vs Kingspan Performance



Report of the Audit & Compliance Committee

Michael Cawley

As chairman of the Audit & Compliance Committee ('the committee') I am pleased to present the report of the committee for the year ended 31 December 2021 to stakeholders and wider society.

This report details how the Audit & Compliance Committee has met its responsibilities under its Terms of Reference, the Irish Companies Act 2014 and under the UK Corporate Governance Code (July 2018) in the last twelve months.

The Audit & Compliance Committee focused particularly on the appropriateness of the Group's financial statements. The committee has satisfied itself, and has advised the Board accordingly, that the 2021 Annual Report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The significant issues that the committee considered in relation to the financial statements and how these issues were addressed are set out in this report.

The Audit & Compliance Committee note the requirements under section 225 of the Companies Act 2014 and has ensured that the directors are aware of their responsibilities and comply fully with this provision.

One of the Audit & Compliance Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the committee carried out a robust assessment of the principal risks facing the Company and monitored the risk management and internal control system on an ongoing basis. Further details regarding these matters are also set out in this report on page 48.

The Audit & Compliance Committee also reviewed the effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and risk management across the Group.

The Audit & Compliance Committee recently assumed responsibility for reviewing the effectiveness of the controls and processes relating to product compliance and monitoring the culture of compliance across the Group.

Michael Cawley
Chairman, Audit & Compliance Committee

Role and Responsibilities
The Board has established an Audit & Compliance Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. The committee's role and responsibilities are set out in the committee's Terms of Reference which are available from the Company and are displayed on the Group's website (www.kingspan.com). The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with management, the external auditors, Group Internal Audit, and other members of the senior management team in fulfilling these responsibilities.

In December 2020, the Terms of Reference of the committee were updated to include oversight of product compliance.

The Audit & Compliance Committee report deals with the key areas in which the Audit & Compliance Committee plays an active role and has responsibility. These areas are as follows:

1. Financial reporting and related primary areas of judgement;
2. The external audit process;
3. The Group's internal audit function and risk management controls;
4. The Group's product compliance and certification function; and
5. Governance.

Committee membership
As at 31 December 2021, the Audit & Compliance Committee comprised of three independent non-executive directors who are Michael Cawley (chairman), Anne Heraty and Éimear Moloney. Éimear Moloney joined the committee in April 2021. The biographies of each can be found on pages 68 to 69.

Nashville Intl Airport
Nashville USA
Insulated Panels
Designwall with QuadCore™

The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties, and that the committee chairman, Michael Cawley B.COMM., F.C.A., has appropriate recent and relevant financial experience.

Meetings
The committee met four times during the year ended 31 December 2021 and attendance at the meetings is noted below. Activities of the Audit & Compliance Committee in each meeting is noted overleaf.

Committee Member	Attended	Eligible	Appointment Date
Michael Cawley	4	4	2014
Anne Heraty	4	4	2019
Éimear Moloney	3	3	2021

Audit & Compliance Committee Activities	FEB	JUN	AUG	NOV
Financial Reporting				
Review and approve preliminary & half-year results	•		•	
Consider key audit and accounting issues and judgements	•	•	•	•
Approve going concern and viability statements	•		•	
Consider accounting policies and the impact of new accounting standards	•	•	•	
Review management letter from auditors	•			
Review of any related party matters and intended disclosures	•		•	
Review Annual Report, and confirm if fair, balanced and understandable	•			
External Auditor				
Ongoing assessment of auditor performance	•	•	•	•
Approval of external audit plan				•
Review reports and correspondence from the auditor (EY) to the Audit & Compliance Committee	•		•	•
Confirm auditor independence and consider non-audit services and materiality of related fees	•			•
Approval of audit engagement letter and audit fees				•
Internal Audit and Risk Management Controls				
Review of internal audit reports and monitor progress on open actions	•	•	•	•
Approve internal audit plan and resources, taking account of risk management	•	•	•	•
Review of financial, IT and general controls	•	•	•	•
Review details of global fraud attempts and management response	•	•	•	•
Monitor Group whistleblowing procedures and reports	•	•	•	•
Assessment of compliance with Group Global Sanctions policy		•		
Review of impact of pandemic on financial control environment	•	•		
Review of Group liquidity position	•	•	•	
Assessment of the principal risks and effectiveness of internal control systems				•
Product Compliance & Certification				
Review and approve product compliance and certification internal audit plan and monitor progress on open actions	•	•	•	•
Review and consider the structure and expertise of the product compliance and certification team		•	•	•
Receive updates from Group Head of Compliance & Certification		•		•
Review and approve Marketing Integrity Manual				•
Governance				
Review accounting regulator correspondence		•	•	
Evaluation of external and internal audit functions	•	•	•	•

Each committee meeting was attended by the Group Chief Financial Officer and the Head of Internal Audit & Compliance. The external auditor also attended these meetings as required. The Company Secretary is the secretary of the Audit & Compliance Committee. Other directors can attend the meetings as required.

The chairman of the Audit & Compliance Committee also met with both the Head of Internal Audit & Compliance and the external audit lead partner outside of committee meetings as required throughout the year.

Committee Evaluation

As outlined on page 70 within the Corporate Governance Statement, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit & Compliance Committee are acted upon in a formal and structured manner. No issues were identified for the year ended 31 December 2021.

Financial Reporting

The committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The committee confirmed to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

In respect of the year to 31 December 2021, the committee reviewed:

- → the Group's Trading Updates issued in June and November 2021;
- → the Group's Interim Report for the six months to 30 June 2021; and
- → the Preliminary Announcement and Annual Report to 31 December 2021.

In carrying out these reviews, the committee:

- → reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an ongoing basis;
- → discussed with management and the external auditor the critical accounting policies and judgements that had been applied;
- → compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results;
- → discussed a report from the external auditor at that meeting identifying the significant accounting and judgemental issues that arose in the course of the audit;
- → considered the management representation letter requested by the external auditor for any non-standard issues and monitored action taken by management as a result of any recommendations;
- → discussed with management future accounting developments which are likely to affect the financial statements;
- → reviewed the budgets and strategic plans of the Group to ensure that all forward looking statements made within the Annual Report reflect the actual position of the Group; and
- → considered key areas in which estimates and judgement had been applied in preparation of the financial statements including, but not limited to, a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments, treasury matters and tax matters.

The primary areas of judgement considered by the committee in relation to the Group's 2021 financial statements, and how they were addressed by the committee are set out overleaf.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the committee.

In addition, the Internal Audit team reviews the businesses covered in its annual Internal Audit Plan, as agreed by the committee, and report its findings to the Audit & Compliance Committee throughout the year. These internal audit reviews are focused on areas of judgement such as warranty provisions, trade receivables and inventory, and provide the committee with information on the adequacy and appropriateness of provisions in these areas.

Primary areas of judgement	Committee activity
Adequacy of warranty provisions	The committee reviewed the judgements applied by management in assessing both specific and risk based warranty provisions at 31 December 2021. The committee reviewed and discussed with management the monthly reports presented to the Board which set out, for each of the Group's divisions, warranty provisions and warranty costs and analyse these costs as a percentage of divisional sales. Warranty provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Recoverability of trade receivables and adequacy of provision	The committee reviewed the judgements applied by management in determining the provision for expected credit loss at 31 December 2021. The committee reviewed and discussed with management the monthly board report which sets out aged analysis of gross debtor balances and associated provisions for expected credit loss and reviewed security (including credit insurance) that is in place. Expected credit loss provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Accounting for acquisitions	Total acquisition consideration in 2021 amounted to €552.3m. The committee discussed with management and the external auditors the accounting treatment for newly acquired businesses, and the related judgements made by management, and were satisfied that the treatment in the Group's financial statements was appropriate.
Consideration of impairment of goodwill	The committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit ("CGU") using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long term business plans and the key macroeconomic and business specific assumptions. In considering the matter, the committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in Note 9 to the financial statements. EY also provided the Committee with their evaluation of the impairment review process and of the impairment review process. Kingspan completed 17 acquisitions during the financial year. The measurement of goodwill is not yet finalised for all acquisitions but the methodology of the assessments of such items of goodwill was presented to the committee and the results were deemed appropriate.
Valuation of inventory and adequacy of inventory provision	The committee reviewed the valuation and provisioning for inventory at 31 December 2021. The main area of judgement was the level of provisioning required for slow moving and obsolete inventory. The committee reviewed and discussed with management the monthly board report which sets out, for each of the Group's divisions, gross inventory balances and associated obsolescence provision including an analysis by inventory, category and ageing. Inventory provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.
Taxation	Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms. This assessment was conducted in line with the provisions of IFRIC 23. The Group's accounting manual sets out detailed policies that prescribe the methodology to be used by management in calculating the above provisions. Each division formally confirms compliance with these policies on an annual basis. The Committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.

External auditor

The Audit & Compliance Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

Performance and audit plan

Following the completion of the 2020 year end audit, the committee carried out a review of the effectiveness of the external auditor and the audit process. This review involved discussions with both Group management and internal audit and feedback provided by divisional management. The committee continues to monitor the performance and objectivity of the external auditors and takes this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditors.

Prior to commencement of the 2021 year end audit, the committee approved the external auditor's work plan and resources and agreed with the auditor's various key areas of focus, including accounting for acquisitions and warranty provisions.

During the year the committee met with the external auditor without management being present. This meeting provided the opportunity for direct dialogue and feedback between the committee and the auditor, where they discussed inter alia some of the key audit management letter points.

EU Audit Reform

The regulatory framework for the Group's statutory audit is governed by EU legislation under Directive 2014/56/EU and Regulation EU No. 537/2014. EU Audit reform legislation is applicable in the Member States of the European Union, including Ireland. Under this legislation, Kingspan Group plc is considered a Public Interest Entity ("PIE"). Key developments falling from the implementation of this legislation are:

→ a requirement that the PIE changes its statutory auditor every ten years (following rotation, the statutory audit firm cannot be reappointed for four years);

→ a requirement that certain procedures are followed for the selection of the new statutory auditor; and

→ restrictions on the entitlement of the statutory auditing firm to provide certain non-audit services.

Kingspan Group plc has fully complied with such EU Audit Reform. With regards audit firm rotation, EY, was selected as the external auditor for the financial year commencing 1 January 2020.

Independence and objectivity

The committee is responsible for ensuring that the external auditor is objective and independent. EY was appointed as the Group's auditor on 1 May 2020, following a formal tender process in which a number of leading global firms submitted written tenders and presentations. The lead audit partner is rotated every five years and is currently Pat O'Neill.

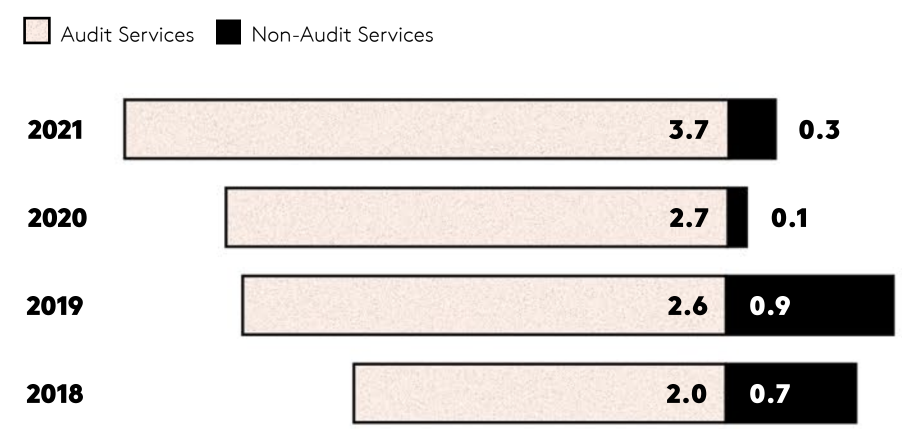
The committee received confirmation from the external auditor that they are independent of the Group under the requirements of the IAASA Ethical Standard for Auditors (Ireland) 2020. The external auditor also confirmed that they were not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services

To further ensure independence, the committee has a policy on the provision of non-audit services by the external auditor that seeks to ensure that the services provided by the external auditor are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditor and the Group, and by reviewing the economic importance of the Group to the external auditor by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the committee ensured that the independence of the external audit was not compromised. The committee's policy on the provision of non-audit services by the Group's external auditor is fully compliant with EU audit reform legislation.

An analysis of fees paid to the external auditor, including the non-audit fees, is set out in Note 5 and below:

AUDIT V NON-AUDIT SERVICES (€m)



Internal audit & compliance
The committee reviewed and agreed the annual internal audit plan, which the committee believes is appropriate to the scope and nature of the Group. The internal audit plan is risk based, with all divisions audited every year, and all new businesses audited within 12 months of acquisition.

The committee reviewed reports from the Head of Internal Audit & Compliance at its quarterly meetings. These reports enable the committee to monitor the progress of the internal audit plan, to discuss key findings and the plan to address them in addition to status updates of previous key findings.

The committee is responsible for reviewing the effectiveness of the internal audit function and does so based upon discussion with Group management, the Group's external auditor and feedback provided by divisional management. The committee was satisfied that the internal audit function is working effectively, improves risk management throughout the Group and that the internal audit function team is sufficiently resourced in addition to having the adequate level of experience and expertise.

The terms of reference of the Audit & Compliance Committee were extended in December 2020 to include oversight of the processes around product certification. The Head of Internal Audit & Compliance also reports to the committee in this regard.

Risk Management and Internal controls
The Audit & Compliance Committee has been delegated, from the Board, the responsibility for monitoring the effectiveness of the Group's system of risk management and internal control.

The Audit & Compliance Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year end audit and the half year review process, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. The implementation plan is overseen by the Group Chief Financial Officer and the committee is satisfied that this plan is being properly executed.

As part of its standing schedule of business, the committee carried out an annual risk assessment of the business to formally identify the key risks facing the Group. Full details of this risk assessment and the key risks identified are set out in the Risks & Risk Management section of this Annual Report on pages 48 to 53.

These processes, which are used by the Audit & Compliance Committee to monitor the effectiveness of the Group's system of risk management and internal control, are in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Report on page 75.

Product Compliance and Certification
With effect from December 2020, the Audit & Compliance Committee has responsibility for reviewing the effectiveness of the processes and controls associated with product compliance and monitoring the culture of compliance across the Group.

The Audit & Compliance Committee review reports from the Internal Audit function which assess the compliance of the Group's products with respect to:

i. product specific laws and regulations;

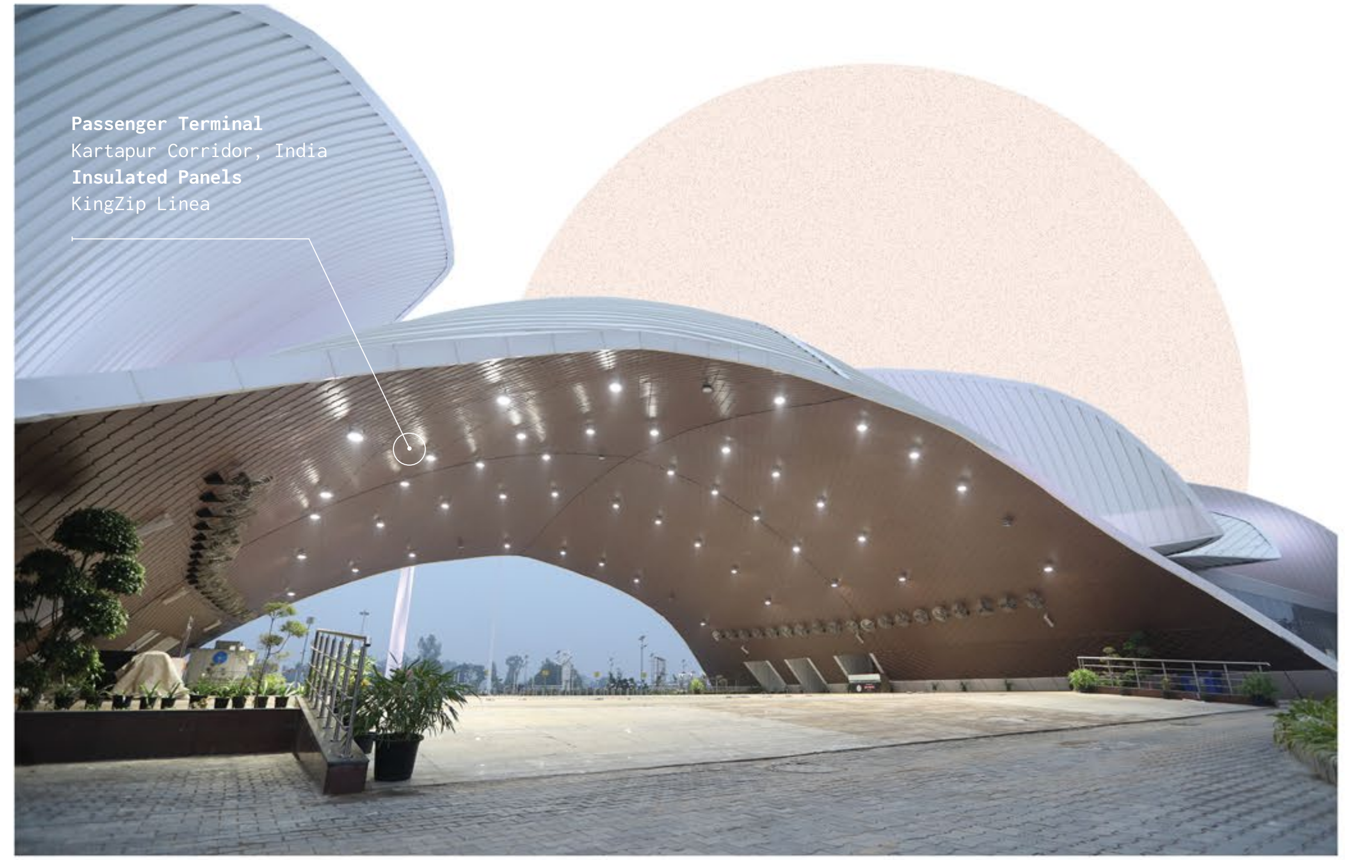
ii. testing;

iii. certification and accreditation; and

iv. accuracy and consistency of marketing materials.

The Group Product Compliance Team, led by the Group Head of Compliance & Certification, supports compliance governance across the Group in implementing policies, processes, and procedures to ensure continued improvement in management systems. The Audit & Compliance Committee meet with the Group Head of Compliance & Certification for updates on the Group's compliance and certification agenda. In particular, the committee receives updates on the implementation of the Group Compliance Management System which is certified to the ISO 37301 standardised global benchmark.

The Audit & Compliance Committee also meet regularly with the Group Head of Internal Audit & Compliance in relation to product compliance matters. The Group Internal Audit Plan includes specific audit procedures with respect to product compliance and certification. The Group Head of Internal Audit & Compliance updates the committee on the findings of all internal audit assignments, with a specific focus on product compliance and certification. Following the adoption of the Group Marketing Integrity Manual in September 2021, the Group Internal Audit Plan also includes specific procedures to validate compliance with the Marketing Integrity Manual across the Group.



The Audit & Compliance Committee noted the following highlights in 2021:

- → Group Compliance Management System (CMS) launched with ISO 37301 certification.
- → Kingspan Water & Energy's Williton site in the UK was one of the first manufacturing sites in the world to be awarded the ISO 37301 certification. 8 other Group manufacturing sites obtained the ISO 37301 certification in 2021.
- → 90 Group compliance audits were completed in 2021.
- → Recruitment of additional compliance experts for Group Internal Audit and Group Compliance & Certification teams.
- → Rollout of additional internal and external compliance training globally.
- → Divisional Compliance Managers reporting to Group Compliance & Certification team on a monthly basis.
- → Product compliance registers in place across all divisions.

Whistleblowing procedures
The Group has a Code of Conduct, full details of which are available on the Group's website (www.kingspan.com).

Based on the standards set out in this Code of Conduct, the Group employs a comprehensive, confidential and independent whistleblowing phone service to allow all employees to raise their concerns about their working environment and business practices. This service then allows management and employees to work together to address any instances of fraud, abuse and other misconduct in the workplace.

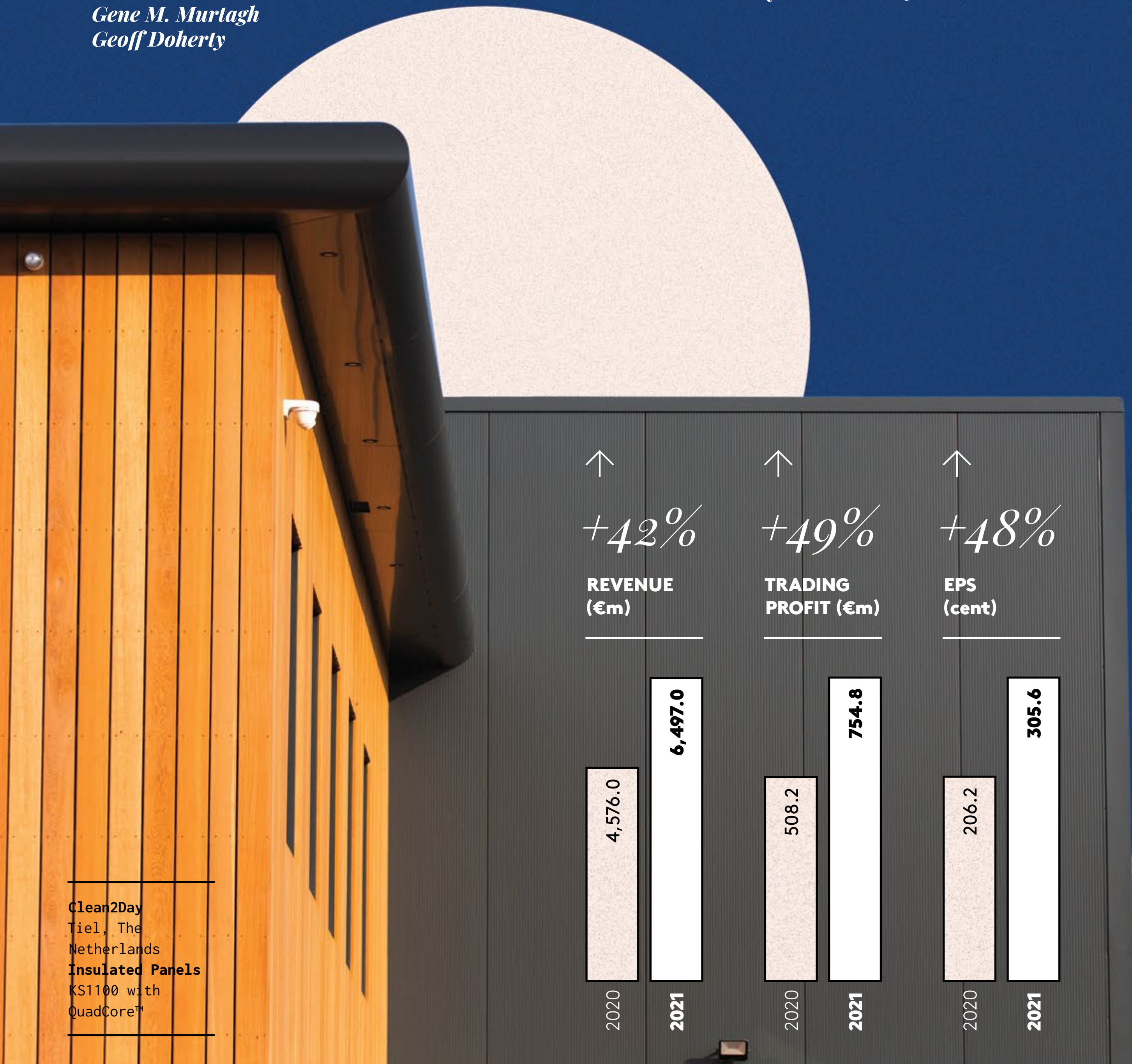
Any instances of fraud, abuse or misconduct reported on the whistleblowing phone service are reported to the Head of Internal Audit & Compliance and the Company Secretary, who ensure each incident is appropriately investigated and then report to the committee details of the incident, key control failures, any financial loss and actions for improvement.

During the year, the committee reviewed the Group's whistleblowing process and were satisfied with the design and operating effectiveness of the process.

Report of the Directors

Gene M. Murtagh
Geoff Doherty

The directors of Kingspan Group plc ("Kingspan") have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2021.



Clean2Day
Tiel, The Netherlands
Insulated Panels
KS1100 with QuadCore™

Principal Activities
Kingspan is the global leader in high-performance insulation and building envelope solutions. Kingspan Group plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture and distribution of the following product suites as part of the complete "Building Envelope":

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.

Kingspan's five key business divisions offer a suite of complementary building envelope solutions for both the new build and refurbishment markets.

Results And Dividends
Group turnover for the year ended 31 December 2021 was €6,497m (2020: €4,576m), trading profit was €754.8m (2020: €508.2m), and earnings per share were 305.6 cent (2020: 206.2 cent). The Consolidated Income Statement is set out later in this Annual Report and a detailed review of the Group's performance from a financial and operational perspective is contained within the Business & Strategic Report.

The Board has proposed a final dividend, if approved at the Annual General Meeting, of 26.0 cent (2020: 20.6 cent) per ordinary share payable on 6 May 2022 to shareholders registered on the record date of 25 March 2022. An interim dividend of 19.9 cent per ordinary share was declared during the year (2020: nil). The total dividend for 2021 is 45.9 cent compared to 20.6 cent for 2020. This is in line with the previously announced revised shareholder returns policy.

Business Review
The Business & Strategic Report contained in this Annual Report, including the Chief Executive's Review and the Financial Review, sets out management's review of the Group's business during 2021. The key points include:

- → Revenue up 42% to €6.5bn, (pre-currency, up 42%).
- → Trading profit up 49% to €754.8m, (pre-currency, up 49%).
- → Acquisitions contributed 12% to sales growth and 11% to trading profit growth in the year.
- → Group trading margin of 11.6% (2020: 11.1%).
- → Basic EPS up 48% to 305.6 cent (2020: 206.2 cent).
- → Final dividend per share of 26.0 cent (2020: 20.6 cent) giving a total dividend for the year of 45.9 cent (2020: 20.6 cent).
- → Year end net debt[1] of €756.1m (2020: €236.2m). Net debt to EBITDA[2] of 0.88x (2020: 0.40x).
- → ROCE of 19.5% (2020: 18.4%).
- → Unprecedented raw material inflation with strong price recovery effort.
- → Strong underlying volume growth of 13% and 11% in Insulated Panels and Insulation.
- → Insulated Panels sales increased by 45%, driven by strong momentum generally in construction activity, raw material led price growth further enhanced by strong demand in high growth sectors. Year end order backlog volume 28% ahead of the same point in 2020. 66% growth in sales value of QuadCore™.
- → Insulation sales increased by 50%, reflecting strong demand in key markets and inflation recovery on pricing. Strong development activity during the year including the acquisition of Logstor Group, a leading global supplier of technical insulation solutions.
- → Light & Air sales grew by 24%, reflecting the acquisition of Colt Group in Q2 2020 and the acquisition of Skydôme in 2021. Strong backlog at year end.
- → Water & Energy sales increased by 29%, reflecting a strong performance across all key markets, with the exception of Australasia.
- → Data & Flooring sales increased by 21%, reflecting strong data centre activity and ongoing development of the European operations.
- → Invested a total of €714m in acquisitions, capex and financial investments during the period.
- → Since period end, approximately €800m committed on three transactions subject to customary approvals.

1 Net debt pre-IFRS 16 per banking covenants
2 Net debt to EBITDA is pre-IFRS 16 per banking covenants

Photography: Bonte Fotografie

The Business & Strategic Report contained in this Annual Report sets out the "four pillars" of Kingspan's strategy which drive conversion from traditional methods of construction to ultra-performance building envelopes, these are:

INNOVATION

Kingspan's innovation agenda is driven across four key themes - performance, solutions, sustainability, and digitalisation.

PLANET PASSIONATE

Our Planet Passionate agenda is inextricably linked with innovation. Planet Passionate is Kingspan's 10-year sustainability programme which aims to impact three big global issues – climate change, circularity and protection of our natural world.

COMPLETING THE ENVELOPE

Our strategy of 'completing the envelope' aims to take our innovation and sustainability DNA and apply them to a wider portfolio of products which are complementary to our current offering.

GLOBAL

Kingspan is a truly global business, operating in over 70 countries with 198 manufacturing sites across the globe.

Throughout 2021, Kingspan made significant progress in pursuit of this strategy with the result that Kingspan has continued to deliver year on year growth. This strategy will remain the focus of the execution of Kingspan's strategic plan for the foreseeable future.

Principal Risks And Uncertainties
The principal risks and uncertainties facing the Group, and the actions taken by Kingspan to mitigate them are detailed in the Risk & Risk Management Report contained in this Annual Report. The principal risks are:

- Volatility in the macro environment;
- Product failure;
- Failure to innovate;
- Climate change;
- Business interruption (including IT continuity);
- Credit risks and credit control;
- Employee development & retention;
- Fraud & cybercrime;
- Acquisition and integration of new businesses;
- Health & Safety;
- Laws and regulations.

Key Performance Indicators
The directors are pleased to report on the very positive performance during 2021 against its key performance indicators. A detailed commentary incorporating key performance indicators is contained within the Financial Review and in the Sustainability Report contained in this Annual Report. A number of the key performance indicators have been included in more detail on page 175 'Alternative Performance Measures'. The key performance indicators for Kingspan upon which particular emphasis is placed are listed below:

Financial		
Basic EPS growth	305.6 cent (2020: 206.6 cent)	See page 44
Sales growth	€6.5bn (2020: €4.6bn)	See page 44
Trading margin	11.6% (2020: 11.1%)	See page 44
Free cash flow	€127.1m (2020: €479.7m)	See page 44
Return on capital employed	19.5% (2020: 18.4%)	See page 44
Net debt/EBITDA	0.88x (2020: 0.40x)	See page 44
Non-Financial		
Net Zero Energy	100% (2020: 100%)	See page 61
Health & safety (lost time injury)	1.2 per 100k hours (2020: 1.2)	See page 64
Gender balance	20% female (2020: 19% female)	See page 64
Net Promotor Score	Group NPS 45 (2020: 44)	See page 84
Planet Passionate Goals	12 Targets (2020: 12 Targets)	See page 34

Innovation
At Kingspan, innovation is a core pillar of our strategy and we view it as a key strategic advantage. We believe building industry traditions must be challenged through innovation in advanced materials and digital technologies in order to achieve a net zero emissions future.

We have innovated a portfolio of advanced products and solutions for architects and building owners which enable them to construct buildings that consume less resources. Future proofing their investment, generating returns through enhanced internal space and operational performance, and facilitating efficient construction through thinner, lighter and safer to handle materials. Increasingly we are enhancing our service and solutions through digitisation. By surfacing our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.

In the year ended 31 December 2021, the Group's research and development expenditure amounted to €40.9m (2020: €33.1m). Research and development expenditure is generally expensed in the year in which it is incurred. Kingspan's continuing investment in research and development involves a number of key projects which include:

- PV solar-integrated PowerPanel™ Wall;
- Fibre-free A1 classified AlphaCore® insulation;
- QuadCore™ 2.0;
- Kooltherm® 200 series;
- Decarbonisation of materials;
- Digitalisation of the construction industry; and
- Translucent insulated solutions.

Corporate Governance
The directors are committed to achieving the highest standards of corporate governance. A statement describing how Kingspan has applied the principles of good governance set out in the UK Corporate Governance Code (July 2018) and the Irish Corporate Governance Annex is included in the Report of the Nominations & Governance Committee contained in this Annual Report. The Corporate Governance Statement is treated as forming part of this Annual Report.

Code Of Conduct
In October 2020 Kingspan implemented a new Code of Conduct, applicable to all directors, officers and employees, that sets out our aspiration to maintain a culture where our everyday actions are built on five core principles:

- Clear, ethical and honest business communications;
- Compliance with the law;
- Respect for the safety and wellbeing of colleagues;
- Protection of our Group assets;
- Upholding our commitment to a more sustainable future.

https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct

Kingspan's commitment to the respect for Human Rights is contained in its Supply Chain Policy, while the Sustainability section of this Annual Report details Kingspan's approach to social, employee and diversity matters.

Sustainability
Our mission is to accelerate a net zero emissions future built environment with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water. Aligned with our mission, we aim to make significant advances in the sustainability of both our business operations and our products. In 2020 we achieved our Net Zero goal by matching 100% of our operational energy with renewable energy (on an aggregate basis across the Group). In December 2019 we launched the next phase of our sustainable development, our new 10 year Planet Passionate Programme, setting ourselves challenging targets in the areas of carbon, energy, circularity and water. Learn more at www.kingspan.com under 'Our Commitments' and in our upcoming 2021 Planet Passionate Sustainability Report.

Accounting Records
The directors are responsible for ensuring that accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Group. The directors have provided appropriate systems and resources, including the appointment of suitably qualified accounting personnel, to maintain adequate accounting records throughout the Group, in order to ensure that the requirements of Sections 281 to 285 are complied with. The accounting records of the Company are maintained at the principal executive offices located at Dublin Road, Kingscourt, Co. Cavan, A82 XY31, Ireland.

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

Structure of the Company's share capital
At 31 December 2021, the Company had an authorised share capital comprised of 250,000,000 (2020: 250,000,000) ordinary shares of €0.13 each and the Company's total issued share capital comprised 183,591,682 (2020: 183,402,238) ordinary shares.

The number of shares held as treasury shares at the beginning of the year was 1,870,284 (1.03% of the then issued share capital (excluding treasury shares)) with a nominal value of €243,136. During the year, the Company repurchased 600,000 shares as part of the Company's capital management strategy (0.33% of the issued share capital (excluding treasury shares)) with a nominal value of €78,000 which are held in treasury. A total of 216,144 shares (0.12% of the issued share capital (excluding treasury shares)) with a nominal value of €28,099 were re-issued during the year consequent to the exercise of share options under the Kingspan Group Performance Share Plan and the Kingspan Group Employee Benefit Trust, leaving a balance held as treasury shares as at 31 December 2021 of 2,254,140 (1.24% of the issued share capital (excluding treasury shares)) with a nominal value of €293,037.

Shareholding analysis as at 31 December 2021:

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1000	1,426	69.25	629,495	0.34
1,001 - 10,000	581	28.22	1,603,969	0.87
10,001 - 100,000	46	2.23	996,019	0.54
100,001 - 1,000,000	3	0.15	392,162	0.21
Over 1,000,000	3	0.15	179,970,037	98.04
	2,059	**100.00**	**183,591,682**	**100.00**

Details of persons with a significant holding of securities in the Company are disclosed below:

Notification Date	Shareholder	Shares held	%
27/01/2021	Eugene Murtagh	27,018,000	14.88%
12/01/2022	The Capital Group Companies Inc.	16,402,352	9.04%
26/01/2022	Blackrock, Inc.	14,603,818	8.05%
08/03/2021	Allianz Global Investors GmbH	9,084,864	5.01%
27/01/2022	FMR LLC	7,221,533	3.98%

Further information required by Regulation 21 of the above Regulations as at 31 December 2021 is set out in the Shareholder Information section of this Annual Report.

Directors and Secretary
The directors and secretary of the Company at the date of this report are as shown in this Annual Report on pages 68 and 69. Ms. Éimear Moloney and Mr. Paul Murtagh were appointed as non-executive directors in April of 2021.

Directors' & Secretary's Interests in Shares
The beneficial interests of the directors and secretary and their spouses and minor children in the shares of the Company at the end of the financial year are as follows:

	31-Dec-21	31-Dec-20
Gene Murtagh	1,079,207	1,079,207
Geoff Doherty	240,039	221,721
Russell Shiels	200,000	200,000
Gilbert McCarthy	258,021	255,576
Linda Hickey	5,000	5,000
Michael Cawley	30,600	30,600
John Cronin	8,000	8,000
Jost Massenberg	0	0
Anne Heraty	2,250	2,250
Paul Murtagh	0	N/A
Éimear Moloney	0	N/A
Lorcan Dowd	3,318	3,188
	1,826,435	**1,805,542**

Details of the directors' and secretary's share options at the end of the financial year are set out in the report of the Remuneration Committee contained in this Annual Report. As at 22 February 2022, there have been no changes in the directors' and secretary's interests in shares since 31 December 2021.

Conflicts of Interest
None of the directors have any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company or any of its subsidiaries nor in the share capital of the Company or any of its subsidiaries.

Financial Instruments
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 Company's financial risk objectives and policies are set out in Note 19 of the Financial Statements.

Political Donations
Neither the Company nor any of its subsidiaries have made any political donations in the year which would be required to be disclosed under the Electoral Act 1997 (2020: €nil).

Subsidiary Companies
The Group operates from 198 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2021, country of incorporation and nature of business are listed on pages 182 to 187 of this Annual Report.

The Company does not have any branches outside of Ireland.

Outlook
The Board fully endorses the outlook ("Looking Ahead") expressed in the Chief Executive's Review on page 41 of this Annual Report.

Significant Events Since Year End
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.

Going Concern
The directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of this Annual Report, and considered its net debt position and capital commitments, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally and the Group's Strategic Plan. On the basis of this review the directors have concluded that there are no material uncertainties that would cast significant doubt over the Company's and the Group's ability to continue as a going concern. For this reason, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Viability Statement
In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Company, explain the period over which we have done so and state whether we have a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over this period of assessment.

The directors have assessed the prospects of the Group over the three-year period to February 2025.

The directors concluded that three years was an appropriate period for the assessment, having had regard to:

- → the Group's rolling Strategic Plan which extends to 2025;
- → the Group's long-term funding commitments some of which fall to be repaid during the period;
- → the inherent short-cycle nature of the construction market including the Group's order bank and project pipeline; and
- → the potential impact of macro-economic events and political uncertainty in some regions.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

The Group Strategic Plan is approved by the Board, building upon the several divisional management plans as well as the Group's strategic goals. It is based on a number of cautious assumptions concerning macro growth and stability in our key markets, and continued access to capital to support the Group's ongoing investments. The strategic plan is subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios. Such assumptions are rigorously tested by management and the directors. It is reviewed and updated annually and was considered and approved by the Board at its meeting in December 2021.

In making this assessment, the directors have considered the resilience of the Group, taking account of its current position and the principal risks facing the business as outlined in the Risk & Risk Management Report contained in this Annual Report, and the Group's ability to manage those risks. The risks have been identified using a top-down and bottom-up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. In assessing the prospects of the Group such potential impacts have been considered as have the mitigating factors in place.

Based on this assessment the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Directors' Responsibility Statement
Each of the directors whose names and functions are set out in the Board section of this Annual Report confirm their responsibility for preparing the Annual Report and the consolidated and Company financial statements in accordance with applicable Irish law and regulations.

Company law in Ireland requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The directors have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied by the Companies Act 2014. The financial statements are required by law to give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

→ select suitable accounting policies and then apply them consistently;

→ make judgements and estimates that are reasonable and prudent;

→ state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and

→ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2014 and Article 4 of the IAS Regulation.

They are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator, the directors confirm that to the best of their knowledge:

→ the Group financial statements and the Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and

→ the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

They are also satisfied in compliance with Provision 27 of the 2018 UK Corporate Governance Code:

→ that 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 position, business model and strategy.

Directors' Compliance Statement
The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act") (described below as the "Relevant Obligations").

In accordance with Section 225 (2)(b) of the Act, the directors confirm that they have:

1. drawn up a Compliance Policy Statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the compliance by the Company with its Relevant Obligations;
2. put in place appropriate arrangements or structures that, in the opinion of the directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
3. during the financial year to which this report relates, conducted a review of the arrangements or structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

Audit Information
Each of the directors have taken all the steps that they should or ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's statutory auditor is aware of that information. So far as the directors are aware, there is no relevant information of which the Group's statutory auditor is unaware.

Auditor
In accordance with Section 383(2) of the Companies Act 2014, EY were appointed as Group external auditor on 1 May 2020, with effect for the financial year ending 31 December 2020 and will continue in office.

On behalf of the Board

Gene M. Murtagh
Chief Executive Officer

Geoff Doherty
Chief Financial Officer

22 February 2022

Urban HQ
Belfast, Ireland
Data & Flooring
Torlock and FDEB
Floor Systems

Financial Statements

Photography: ©BMN & Ton de Bruin

Altec
Papendrecht,
The Netherlands
Insulated Panels
KS Karrier Panel
& Dri-Design

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.

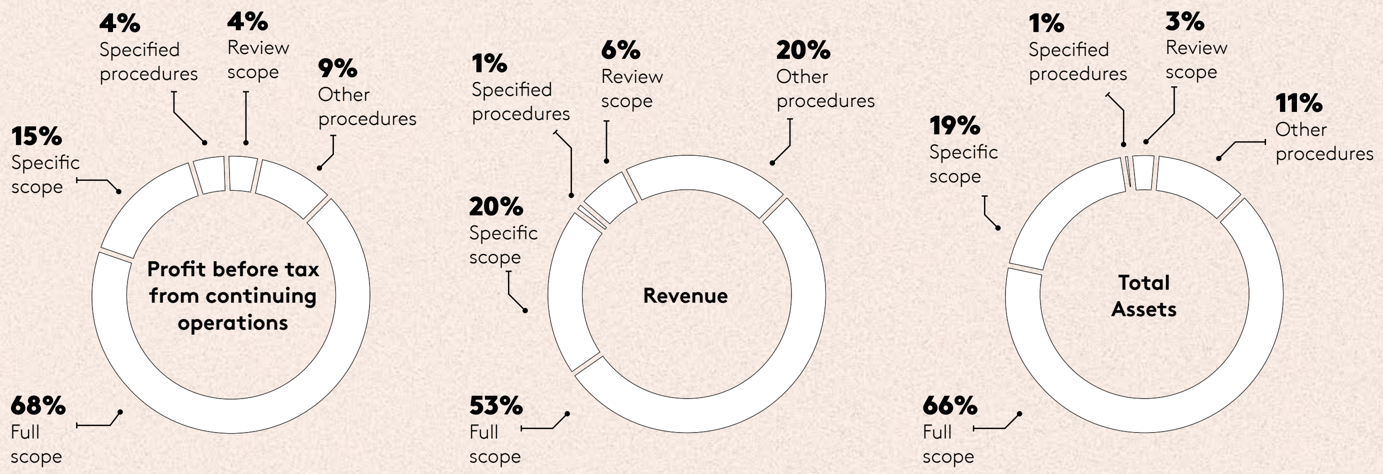
In addition to the 55 components discussed above, we selected a further 22 components where we performed procedures at the component level that were specified by the Group audit team in response to specific risk factors. Also, we performed review procedures at an additional 10 components.

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.

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.

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

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.

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 €m	2020 €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	Cash-generating units 2020	Goodwill (€m) 2021	Goodwill (€m) 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 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.

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

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,
2 King Edward St,
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 that 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

PRINCIPAL SUBSIDIARY UNDERTAKINGS

	% 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

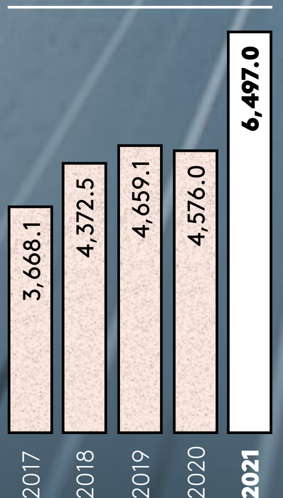
PRINCIPAL SUBSIDIARY UNDERTAKINGS

	% 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

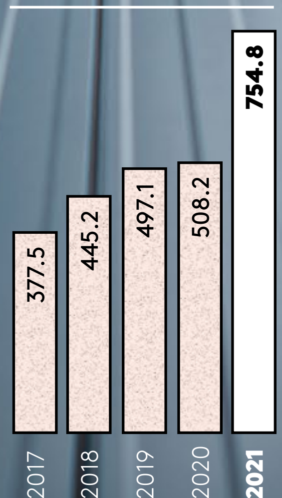
5 Year Summary

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

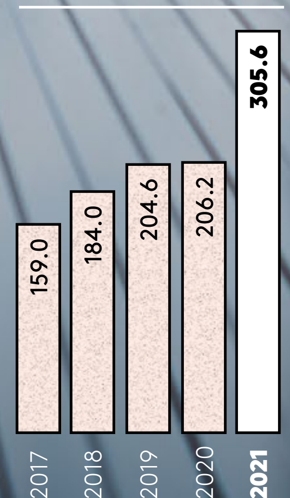
REVENUE (€m)



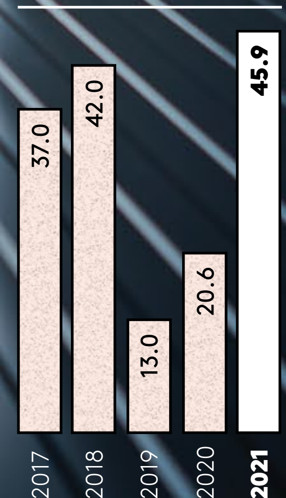
TRADING PROFIT (€m)



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

Kingspan

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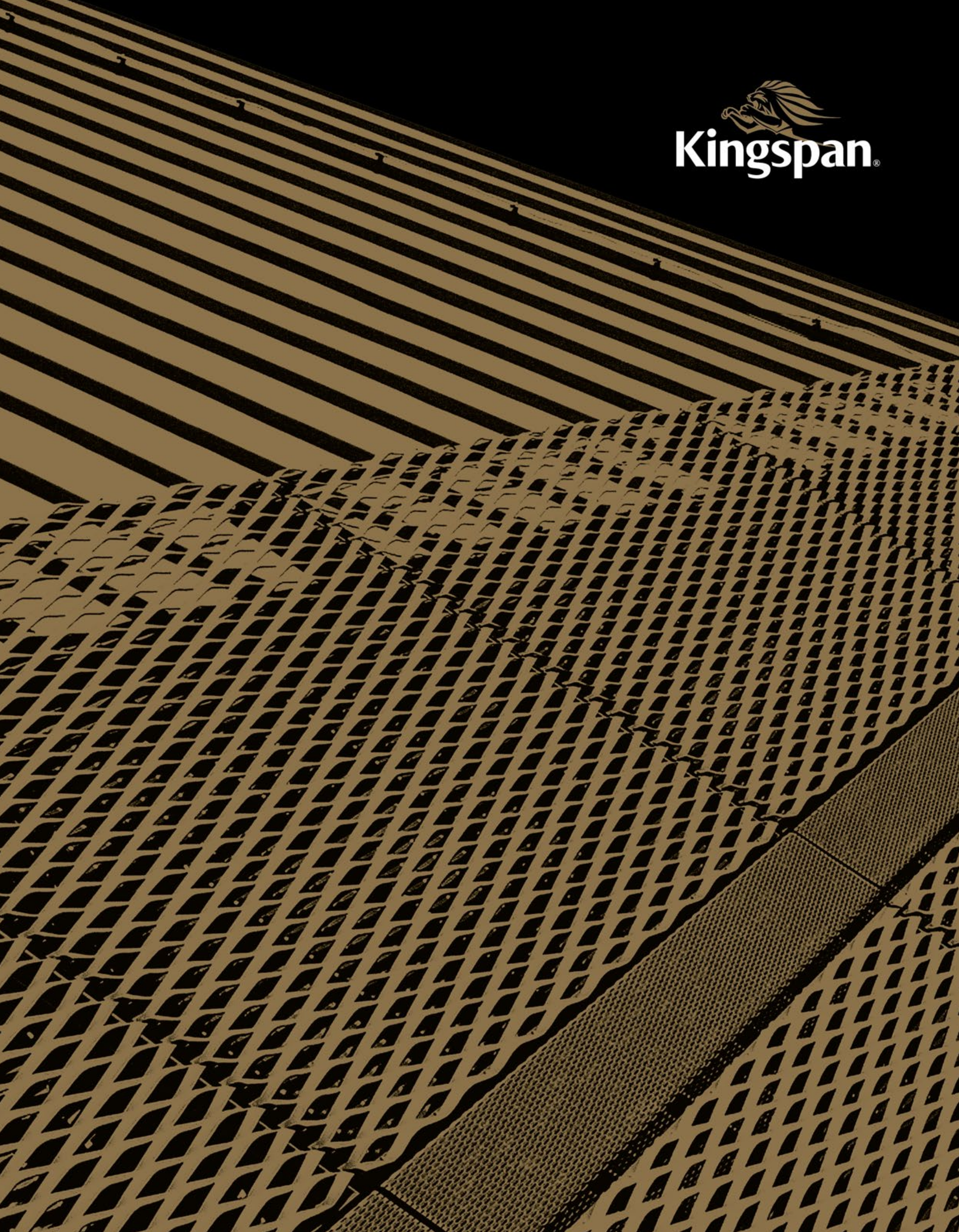
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