

# Financial Statements



The Netherlands Koninklijke  
De Vries Shipyard /  
Insulated Panels KS1000 AWP  
& Polycarbonate Daylights



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## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Opinion

We have audited the financial statements of Kingspan Group plc ('the Company') and its subsidiaries (together 'the Group') for the year ended 31 December 2020, 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 2020 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 2020;
- 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 year from the date of signing this audit opinion;
- 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;
- 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 significantly impacted the Group which has seen an increase in trading profit in four of its five divisions during 2020 while the fifth division's trading profit was only marginally behind the prior year. The Group continued to generate significant strong operating cash flows of €639m in 2020. 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 (76% or €1.19 billion) matures after February 2024. At 31 December 2020, the Group has unrestricted cash and cash equivalents of €1.3 billion and unused committed debt facilities of up to €0.75 billion from a revolving bank credit facility expiring in June 2022.

### 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.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### Overview of our audit approach

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<b>First year audit and transition</b>	<p>→ This is the first year we have been appointed as auditor to the Group. We undertook a number of transitional procedures to prepare for the audit. Before we commenced our audit, we established our independence of the Group. We used the time prior to commencing our audit to meet with key members of management to gain an understanding of the business, its challenges and the environment in which it operates</p>
<b>Key audit matters</b>	<p>→ The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"><li>» Assessment of the carrying value of goodwill</li><li>» Warranty provisions</li><li>» Revenue recognition</li></ul> <p>→ Key audit matters considered by the Group's auditor in the prior year were broadly aligned with the matters identified above, but also included consideration of the Company's investment in subsidiaries which we do not consider a key audit matter based on the significant excess of the Company's market capitalisation over the carrying value of its subsidiaries in the Company Statement of Financial Position. Conversely, we identified revenue recognition as a separate key audit matter where the predecessor did not separately identify this area</p>
<b>Audit scope</b>	<p>→ We performed an audit of the complete financial information of 34 components and performed audit procedures on specific balances for a further 15 components</p> <p>→ We performed procedures at a further 21 components that were specified by the Group audit team in response to specific risk factors</p> <p>→ The components where we performed full or specific audit procedures accounted for 88% of Profit before tax from continuing operations, 73% of Revenue and 75% of Total Assets</p> <p>→ 'Components' represent business units across the Group considered for audit scoping purposes</p>
<b>Materiality</b>	<p>→ Overall Group materiality was assessed to be €23.0m which represents approximately 5% of Profit before tax from continuing operations. In 2019, the predecessor auditor determined materiality at €22.3m on the same basis</p>

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**INDEPENDENT AUDITOR'S REPORT**  
to the Members of Kingspan Group plc

**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 & Compliance Committee
<p><b>Assessment of the carrying value of goodwill (2020: €1,478.8m, 2019: €1,506.9m)</b></p> <p>Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment exists. Goodwill acquired through business combination activity has been allocated to cash-generating units (CGUs). The recoverable amount of the CGUs is determined based on a value-in-use computation.</p> <p>Auditing management's annual goodwill impairment test is considered a significant risk area as it involves key judgements by management due to the significant estimation required in determining the fair value of each CGU especially where an indicator of impairment exists.</p> <p>In particular, judgemental aspects include key assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 9 of the Group Financial Statements (page 133).</p>	<p>We evaluated the determination of the Group's eleven cash-generating units (CGUs), and flexed our audit approach relative to our risk assessment and the level of excess of value-in-use over the carrying amount in each CGU. For all CGUs selected for detailed testing, in order to exhibit professional scepticism, we assessed key assumptions in the models, in particular growth rates, and forecast future profitability, margins and cash flows, which we compared against historic rates achieved and external analyst forecasts.</p> <p>Our Group audit team included valuations specialists who performed an independent assessment against external market data of key inputs used by management in calculating appropriate discount rates.</p> <p>We performed a sensitivity analysis on the discount rate and the long-term growth rate, to assess the level of excess of value-in-use over the carrying value in place for each CGU based on reasonably possible movements in such assumptions.</p> <p>We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.</p> <p>The above procedures were performed by the Group audit team.</p>	<p>Our observations included our assessment of management's impairment model methodology and for each CGU model:</p> <ul style="list-style-type: none"> <li>→ where the discount rates lay within an acceptable range</li> <li>→ the headroom level</li> <li>→ analysis of the 5-year forecast EBIT growth rate when viewed against historical and current year actual growth rates the results of our sensitivity analysis</li> <li>→ all disclosures materially comply with the applicable requirements of IAS 36</li> </ul>

**INDEPENDENT AUDITOR'S REPORT**  
to the Members of Kingspan Group plc

Risk	Our response to the risk	Key observations communicated to the Audit & Compliance Committee
<p><b>Warranty provisions (2020: €119.0m, 2019: €109.7m)</b></p> <p>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.</p> <p>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.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 20 of the Group Financial Statements (page 148).</p>	<p>We performed audit procedures that included, assessing management's approach to identifying, recording and monitoring potential claims; consideration of the nature and basis of the provision and the range of potential outcomes; 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.</p> <p>We considered the rollout of new technology and products and challenged the Group's assumptions in relation to potential failure rates, considering past failure rates and related settlements where necessary.</p> <p>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.</p> <p>The above procedures are performed both locally and by the Group audit team.</p>	<p>Our observations included an outline of the range of audit procedures performed, the key judgements involved and the results of our testing.</p> <p>We also provided our assessment of the level of subjectivity involved in warranty provision estimates.</p>
<p><b>Revenue recognition (2020: €4,576.0m, 2019: €4,659.1m)</b></p> <p>The Group has a number of revenue streams with different revenue recognition policies across its divisions.</p> <p>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.</p> <p>Refer to The Report of the Audit &amp; Compliance Committee (page 84); the Statement of Accounting Policies (page 119); and note 2 of the Group Financial Statements (page 127).</p>	<p>We performed procedures on revenue at all relevant in-scope locations, as outlined in further detail in the 'Tailoring the scope' section below.</p> <p>Detailed transactional testing of revenue recognised throughout the year was performed, commensurate with the higher audit risk assigned to revenue.</p> <p>Dependent on the nature of the revenue recognised at each location, we examined supporting documentation including customer contracts, statements of works or purchase orders, sales invoices, and cash receipts. In addition, we performed cut-off procedures, revenue journal testing and customer balance confirmations. In some locations data analytics procedures were also performed.</p>	<p>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.</p>

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### 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 €23.0m (2019: €22.3m), 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 €13.7m (2019: €13.2m), 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% (2019: 75%) of our planning materiality, namely €11.5m (2019: €16.7m). 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 €2.1m to €3.675m.

#### Reporting threshold

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

We agreed with the Audit & Compliance Committee that we would report to them all uncorrected audit differences in excess of €1.15m, 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 49 components covering entities across Europe, the Americas, the Middle East and Australia, which represent the principal business units within the Group.

Of the 49 components selected, we performed an audit of the complete financial information of 34 components ('full scope components') which were selected based on their size or risk characteristics. For the remaining 15 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 49 components discussed above, we selected a further 21 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 16 components.

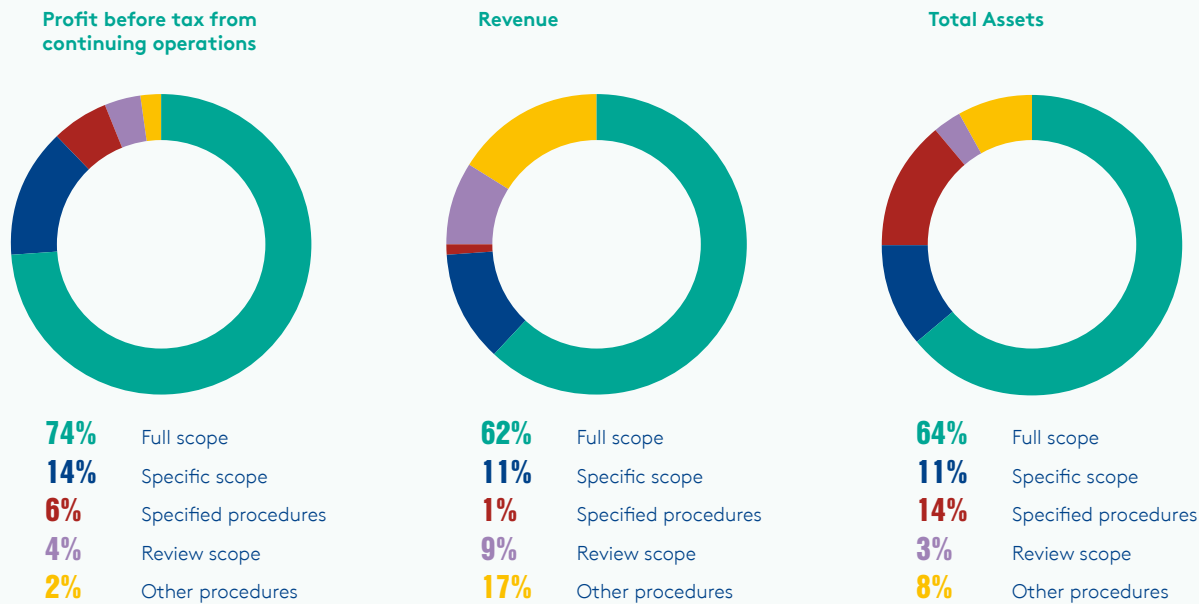
The reporting components where we performed either full or specific scope audit procedures accounted for 88% of the Group's Profit before tax from continuing operations, 73% of the Group's Revenue and 75% of the Group's Total Assets.

The full scope components contributed 74% of the Group's Profit before tax from continuing operations, 62% of the Group's Revenue and 64% of the Group's Total Assets. The specific scope components contributed 14% of the Group's Profit before tax from continuing operations, 11% of the Group's Revenue and 11% 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 6% and 4% respectively of the Group's Profit before tax from continuing operations, 1% and 9% respectively of the Group's Revenue and 14% 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 2% of the Group's Profit before tax from continuing operations, none is individually greater than 2% of the Group's Profit before tax from continuing operations. For these components, we performed other procedures, including analytical review, confirmation of cash balances, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

**INDEPENDENT AUDITOR'S REPORT**  
to the Members of Kingspan Group plc

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 34 full scope components, audit procedures were performed on four of these directly by senior members of the Group audit team and on 30 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, no physical visits were possible by the Group audit team. Instead, the Group audit team performed virtual visits in respect of our key component teams in the U.K., Belgium, the Czech Republic, Poland and the United States. 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 38 to 41 that describe the principal risks and explain how they are being managed or mitigated;

- the Directors' confirmation set out on pages 99 and 100 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 99 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 99 and 100 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.



## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### 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 page 100) – 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 & Compliance Committee reporting* (set out on pages 84 to 89) – the section describing the work of the Audit & Compliance Committee does not appropriately address matters communicated by us to the Audit & Compliance 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 97) – 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 2019.

### Respective responsibilities

#### Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on page 100, the directors are responsible for the preparation of the financial statements and for being satisfied 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.

## INDEPENDENT AUDITOR'S REPORT

to the Members of Kingspan Group plc

### 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 & Compliance 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 & Compliance 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](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 first 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 & Compliance 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

19 February 2021

## CONSOLIDATED INCOME STATEMENT for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>REVENUE</b>	2	<b>4,576.0</b>	4,659.1
Cost of sales		<b>(3,190.5)</b>	(3,304.3)
<b>GROSS PROFIT</b>		<b>1,385.5</b>	1,354.8
Operating costs, excluding intangible amortisation		<b>(877.3)</b>	(857.7)
<b>TRADING PROFIT</b>	2	<b>508.2</b>	497.1
Intangible amortisation		<b>(23.5)</b>	(21.9)
<b>OPERATING PROFIT</b>		<b>484.7</b>	475.2
Finance expense	4	<b>(26.1)</b>	(23.7)
Finance income	4	<b>1.1</b>	2.9
<b>PROFIT FOR THE YEAR BEFORE INCOME TAX</b>	5	<b>459.7</b>	454.4
Income tax expense	7	<b>(74.9)</b>	(76.6)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>384.8</b>	377.8
Attributable to owners of Kingspan Group plc		<b>373.6</b>	369.4
Attributable to non-controlling interests	28	<b>11.2</b>	8.4
		<b>384.8</b>	377.8
<b>EARNINGS PER SHARE FOR THE YEAR</b>			
Basic	8	<b>206.2c</b>	204.6c
Diluted	8	<b>204.4c</b>	202.9c

Gene M. Murtagh                      Geoff Doherty                      19 February 2021  
*Chief Executive Officer*                      *Chief Financial Officer*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>Profit for the year</b>		<b>384.8</b>	377.8
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		<b>(129.7)</b>	61.0
Effective portion of changes in fair value of cash flow hedges		<b>-</b>	(0.2)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Actuarial (losses)/gains on defined benefit pension schemes	31	<b>(19.9)</b>	(0.2)
Income taxes relating to actuarial losses/gains on defined benefit pension schemes	21	<b>4.1</b>	-
<b>Total other comprehensive income</b>		<b>(145.5)</b>	60.6
<b>Total comprehensive income for the year</b>		<b>239.3</b>	438.4
Attributable to owners of Kingspan Group plc		<b>238.7</b>	430.2
Attributable to non-controlling interests	28	<b>0.6</b>	8.2
		<b>239.3</b>	438.4

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** as at 31 December 2020

	Note	2020 €m	2019 €m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	9	1,478.8	1,506.9
Other intangible assets	10	82.7	93.2
Financial asset		8.2	8.2
Property, plant and equipment	11	972.9	965.2
Right of use assets	16	113.0	121.6
Derivative financial instruments	19	-	27.3
Retirement benefit assets	31	8.0	9.2
Deferred tax assets	21	23.0	14.1
		<b>2,686.6</b>	<b>2,745.7</b>
<b>CURRENT ASSETS</b>			
Inventories	13	505.9	557.6
Trade and other receivables	14	799.6	794.2
Derivative financial instruments	19	19.8	-
Cash and cash equivalents		1,329.7	190.9
		<b>2,655.0</b>	<b>1,542.7</b>
<b>TOTAL ASSETS</b>		<b>5,341.6</b>	<b>4,288.4</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	854.5	768.9
Provisions for liabilities	20	55.7	58.0
Lease liabilities	16	27.3	25.6
Derivative financial instruments	19	0.2	0.1
Interest bearing loans and borrowings	17	209.6	3.1
Current income tax liabilities		55.9	72.9
		<b>1,203.2</b>	<b>928.6</b>
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	31	53.9	24.3
Provisions for liabilities	20	63.3	51.7
Interest bearing loans and borrowings	17	1,376.1	848.3
Lease liabilities	16	87.5	96.7
Deferred tax liabilities	21	32.4	31.9
Deferred contingent consideration	18	127.6	186.5
		<b>1,740.8</b>	<b>1,239.4</b>
<b>TOTAL LIABILITIES</b>		<b>2,944.0</b>	<b>2,168.0</b>
<b>NET ASSETS</b>		<b>2,397.6</b>	<b>2,120.4</b>
<b>EQUITY</b>			
Share capital	23	23.8	23.8
Share premium	24	95.6	95.6
Capital redemption reserve		0.7	0.7
Treasury shares	25	(11.6)	(11.8)
Other reserves		(356.8)	(259.6)
Retained earnings		2,597.2	2,221.6
<b>EQUITY ATTRIBUTABLE TO OWNERS OF KINGSPAN GROUP PLC</b>		<b>2,348.9</b>	<b>2,070.3</b>
<b>NON-CONTROLLING INTERESTS</b>	28	<b>48.7</b>	<b>50.1</b>
<b>TOTAL EQUITY</b>		<b>2,397.6</b>	<b>2,120.4</b>

Gene M. Murtagh  
Chief Executive Officer

Geoff Doherty  
Chief Financial Officer

19 February 2021

**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 Interests	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	<b>2,120.4</b>
<b>Transactions with owners recognised directly in equity</b>													
Employee share based compensation	-	-	-	-	-	-	16.0	-	-	-	16.0	-	<b>16.0</b>
Tax on employee share based compensation	-	-	-	-	-	-	(0.9)	-	-	4.4	3.5	-	<b>3.5</b>
Exercise or lapsing of share options	-	-	-	0.2	-	-	(13.6)	-	-	13.4	-	-	-
Repurchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Transactions with non-controlling interests:</i>													
Arising on acquisition	-	-	-	-	-	-	-	-	-	-	-	(0.8)	<b>(0.8)</b>
Dividends to NCI	-	-	-	-	-	-	-	-	-	-	-	(1.2)	<b>(1.2)</b>
Fair value movement	-	-	-	-	-	-	-	-	20.4	-	20.4	-	<b>20.4</b>
<b>Transactions with owners</b>	-	-	-	0.2	-	-	1.5	-	20.4	17.8	39.9	(2.0)	<b>37.9</b>
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	373.6	373.6	11.2	<b>384.8</b>
<b>Other comprehensive income:</b>													
<b>Items that may be reclassified subsequently to profit or loss</b>													
Cash flow hedging in equity													
- current year	-	-	-	-	-	-	-	-	-	-	-	-	-
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-	(119.1)	-	-	-	-	-	(119.1)	(10.6)	<b>(129.7)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(19.9)	(19.9)	-	<b>(19.9)</b>
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	4.1	4.1	-	<b>4.1</b>
<b>Total comprehensive income for the year</b>	-	-	-	-	(119.1)	-	-	-	-	357.8	238.7	0.6	<b>239.3</b>
<b>Balance at 31 December 2020</b>	<b>23.8</b>	<b>95.6</b>	<b>0.7</b>	<b>(11.6)</b>	<b>(229.9)</b>	<b>0.3</b>	<b>40.4</b>	<b>0.7</b>	<b>(168.3)</b>	<b>2,597.2</b>	<b>2,348.9</b>	<b>48.7</b>	<b>2,397.6</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the year ended 31 December 2019

	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 Interests	Total Equity
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
Balance at 1 January 2019	23.7	95.6	0.7	(12.7)	(172.0)	0.5	36.9	0.7	(139.3)	1,916.2	1,750.3	38.6	<b>1,788.9</b>
<b>Transactions with owners recognised directly in equity</b>													
Employee share based compensation	0.1	-	-	-	-	-	13.1	-	-	-	13.2	-	<b>13.2</b>
Tax on employee share based compensation	-	-	-	-	-	-	1.7	-	-	2.5	4.2	-	<b>4.2</b>
Exercise or lapsing of share options	-	-	-	1.5	-	-	(12.8)	-	-	11.3	-	-	<b>-</b>
Repurchase of shares	-	-	-	(0.6)	-	-	-	-	-	-	(0.6)	-	<b>(0.6)</b>
Dividends	-	-	-	-	-	-	-	-	-	(77.6)	(77.6)	(0.4)	<b>(78.0)</b>
<i>Transactions with non-controlling interests:</i>													
Arising on acquisition	-	-	-	-	-	-	-	-	(26.7)	-	(26.7)	3.7	<b>(23.0)</b>
Fair value movement	-	-	-	-	-	-	-	-	(22.7)	-	(22.7)	-	<b>(22.7)</b>
<b>Transactions with owners</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.9</b>	<b>-</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>(49.4)</b>	<b>(63.8)</b>	<b>(110.2)</b>	<b>3.3</b>	<b>(106.9)</b>
<b>Total comprehensive income for the year</b>													
Profit for the year	-	-	-	-	-	-	-	-	-	369.4	369.4	8.4	<b>377.8</b>
<b>Other comprehensive income:</b>													
<b>Items that may be reclassified subsequently to profit or loss</b>													
Cash flow hedging in equity													
- current year	-	-	-	-	-	(0.2)	-	-	-	-	(0.2)	-	<b>(0.2)</b>
- tax impact	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
Exchange differences on translating foreign operations	-	-	-	-	61.2	-	-	-	-	-	61.2	(0.2)	<b>61.0</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>													
Actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)	-	<b>(0.2)</b>
Income taxes relating to actuarial losses on defined benefit pension scheme	-	-	-	-	-	-	-	-	-	-	-	-	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61.2</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>369.2</b>	<b>430.2</b>	<b>8.2</b>	<b>438.4</b>
<b>Balance at 31 December 2019</b>	<b>23.8</b>	<b>95.6</b>	<b>0.7</b>	<b>(11.8)</b>	<b>(110.8)</b>	<b>0.3</b>	<b>38.9</b>	<b>0.7</b>	<b>(188.7)</b>	<b>2,221.6</b>	<b>2,070.3</b>	<b>50.1</b>	<b>2,120.4</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS** for the year ended 31 December 2020

	Note	2020 €m	2019 €m
<b>OPERATING ACTIVITIES</b>			
Profit for the year		<b>384.8</b>	377.8
<i>Add back non-operating expenses:</i>			
Income tax expense	7	<b>74.9</b>	76.6
Depreciation of property, plant and equipment	5	<b>122.0</b>	114.5
Amortisation of intangible assets	10	<b>23.5</b>	21.9
Impairment of non-current assets	11	<b>2.4</b>	0.2
Employee equity-settled share options		<b>16.0</b>	13.1
Finance income	4	<b>(1.1)</b>	(2.9)
Finance expense	4	<b>26.1</b>	23.7
Profit on sale of property, plant and equipment	5	<b>(1.1)</b>	(3.3)
Movement of deferred consideration		<b>(0.7)</b>	(0.6)
<i>Changes in working capital:</i>			
Inventories		<b>38.2</b>	5.8
Trade and other receivables		<b>(1.8)</b>	57.3
Trade and other payables		<b>71.3</b>	(57.5)
<i>Other:</i>			
Change in provisions		<b>(2.1)</b>	1.7
Pension contributions	31	<b>(1.6)</b>	(1.2)
Cash generated from operations		<b>750.8</b>	627.1
Income tax paid		<b>(89.7)</b>	(87.2)
Interest paid		<b>(22.6)</b>	(19.5)
<b>Net cash flow from operating activities</b>		<b>638.5</b>	520.4
<b>INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		<b>(131.8)</b>	(161.0)
Proceeds from disposals of property, plant and equipment		<b>5.7</b>	6.7
Purchase of subsidiary undertakings (including net debt/cash acquired)	22	<b>(46.1)</b>	(142.2)
Payment of deferred contingent consideration in respect of acquisitions	18	<b>-</b>	(59.7)
Interest received		<b>1.0</b>	2.8
<b>Net cash flow from investing activities</b>		<b>(171.2)</b>	(353.4)
<b>FINANCING ACTIVITIES</b>			
Drawdown of loans	29	<b>751.2</b>	7.8
Repayment of loans and borrowings	29	<b>(3.4)</b>	(181.6)
Payment of lease liability	16	<b>(33.7)</b>	(31.8)
Proceeds from share issues		<b>-</b>	0.1
Repurchase of shares	25	<b>-</b>	(0.6)
Dividends paid to non-controlling interests	28	<b>(1.2)</b>	(0.4)
Dividends paid	27	<b>-</b>	(77.6)
<b>Net cash flow from financing activities</b>		<b>712.9</b>	(284.1)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	29	<b>1,180.2</b>	(117.1)
Effect of movement in exchange rates on cash held		<b>(41.4)</b>	13.5
Cash and cash equivalents at the beginning of the year		<b>190.9</b>	294.5
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>1,329.7</b>	190.9

**COMPANY STATEMENT OF FINANCIAL POSITION** as at 31 December 2020

	Note	2020 €m	2019 €m
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investments in subsidiaries	12	<b>1,212.8</b>	1,201.4
<b>CURRENT ASSETS</b>			
Amounts owed by group undertakings	14	<b>232.3</b>	128.7
Cash and cash equivalents		<b>0.1</b>	0.1
<b>TOTAL ASSETS</b>		<b>1,445.2</b>	1,330.2
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Amounts owed to group undertakings	15	<b>71.1</b>	61.3
Payables	15	<b>0.2</b>	0.2
<b>TOTAL LIABILITIES</b>		<b>71.3</b>	61.5
<b>NET ASSETS</b>		<b>1,373.9</b>	1,268.7
<b>EQUITY</b>			
<b>Equity attributable to owners of Kingspan Group plc</b>			
Share capital	23	<b>23.8</b>	23.8
Share premium	24	<b>95.6</b>	95.6
Capital redemption reserve		<b>0.7</b>	0.7
Treasury shares	25	<b>(11.6)</b>	(11.8)
Retained earnings	26	<b>1,265.4</b>	1,160.4
<b>TOTAL EQUITY</b>		<b>1,373.9</b>	1,268.7

In accordance with section 304 of the Companies Act 2014, the Company's profit for the financial year was €89.2m (2019: €28.6m).

Gene M. Murtagh  
Chief Executive Officer

Geoff Doherty  
Chief Financial Officer

19 February 2021



**COMPANY STATEMENT OF CHANGES IN EQUITY**  
for the year ended 31 December 2020

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

	Share Capital	Share Premium	Capital Redemption Reserves	Treasury Shares	Retained Earnings	Shareholders' Equity
	€m	€m	€m	€m	€m	€m
<b>Balance at 1 January 2019</b>	23.7	95.6	0.7	(12.7)	1,196.3	<b>1,303.6</b>
Shares issued	0.1	-	-	-	-	<b>0.1</b>
Repurchase of shares	-	-	-	(0.6)	-	<b>(0.6)</b>
Employee share based compensation	-	-	-	1.5	13.1	<b>14.6</b>
Dividends paid	-	-	-	-	(77.6)	<b>(77.6)</b>
<b>Transactions with owners</b>	0.1	-	-	0.9	(64.5)	<b>(63.5)</b>
Profit for the year	-	-	-	-	28.6	<b>28.6</b>
<b>Balance at 31 December 2019</b>	23.8	95.6	0.7	(11.8)	1,160.4	<b>1,268.7</b>

**COMPANY STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2020

	2020 €m	2019 €m
<b>OPERATING ACTIVITIES</b>		
Profit for the year after tax	<b>89.2</b>	28.6
<b>Net cash flow from operating activities</b>	<b>89.2</b>	28.6
<b>FINANCING ACTIVITIES</b>		
Change in receivables	<b>(99.0)</b>	(13.3)
Change in payables	<b>9.8</b>	61.3
Repurchase of shares	-	(0.6)
Exercise or lapsing of share options	-	1.5
Proceeds from share issues	-	0.1
Dividends paid	-	(77.6)
<b>Net cash flow from financing activities</b>	<b>(89.2)</b>	(28.6)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>0.1</b>	0.1
Net increase in cash and cash equivalents	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>0.1</b>	0.1

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

### 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, 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 163 to 165.

#### 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 158 to 160.

#### Changes in Accounting Policies and Disclosures

##### New and amended standards and interpretations effective during 2020

The following amendments to standards and interpretations are effective for the Group from 1 January 2020 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 3 <i>Business Combinations</i> – Definition of a business	1 January 2020
Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and measurement</i> and IFRS 7 <i>Financial Instruments: Disclosures</i> – Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 <i>Presentation of Financial Statements</i> – Definition of material	1 January 2020
Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> – Definition of material	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020

The following standard amendment was issued in May 2020 effective for annual reporting periods beginning on or after 1 June 2020 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 <i>Leases</i> – COVID-19 related rent concessions.	1 June 2020

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

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:

	Effective Date – periods beginning on or after
IFRS 17 <i>Insurance Contracts</i>	1 January 2023*
Amendments to IAS 1 <i>Presentation of Financial Statements</i> - Classification of Liabilities as Current or Non-current	1 January 2023*
Amendments to IFRS 3 <i>Business Combinations</i> - Reference to the Conceptual Framework	1 January 2022*
Amendments to IAS 16 <i>Property, Plant and Equipment</i> - Proceeds before Intended Use	1 January 2022*
Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> - Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022*
Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards</i> - Subsidiary as a first-time adopter	1 January 2022*
Amendments to IFRS 9 <i>Financial Instruments</i> - Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022*
Amendments to IAS 41 <i>Agriculture</i> - Taxation in fair value measurements	1 January 2022*
Amendments to IFRS 9 <i>Financial Instruments</i> , IAS 39 <i>Financial Instruments: Recognition and measurement</i> , IFRS 7 <i>Financial Instruments: Disclosures</i> , IFRS 4 <i>Insurance Contracts</i> and IFRS 16 <i>Leases</i> - Interest Rate Benchmark Reform - Phase 2	1 January 2021

\* 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 Boards, 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.

#### 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 the contract then a single purchase order is identified and the revenue is recognised over time.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### 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 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 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 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 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.

#### 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

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 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:

Euro =	Average rate		Closing rate	
	2020	2019	2020	2019
Pound Sterling	<b>0.889</b>	0.877	<b>0.900</b>	0.852
US Dollar	<b>1.142</b>	1.120	<b>1.229</b>	1.121
Canadian Dollar	<b>1.530</b>	1.485	<b>1.567</b>	1.461
Australian Dollar	<b>1.655</b>	1.610	<b>1.596</b>	1.600
Czech Koruna	<b>26.463</b>	25.669	<b>26.264</b>	25.414
Polish Zloty	<b>4.444</b>	4.297	<b>4.589</b>	4.260
Hungarian Forint	<b>351.21</b>	325.31	<b>364.92</b>	330.52
Brazilian Real	<b>5.898</b>	4.415	<b>6.384</b>	4.512

#### 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 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 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.

#### Income tax

Income tax in the 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.

**1 Statement of Accounting Policies** (continued)

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 Income Statement in line with the underlying asset.

Revenue grants are recognised in the 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% to 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.

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 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.

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 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### 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 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.

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 cost.

#### 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 amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. 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 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 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 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 Income Statement with the objective of achieving full amortisation by maturity of the hedged item.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### 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 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 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 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 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 Income Statement as part of the overall gain or loss on sale.

#### 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 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 Income Statement. Interest income is recognised as it accrues using the effective interest rate method.

#### Finance Expense

Finance expense comprises interest payable on borrowings calculated using the effective interest rate method, fair value gains and losses on hedging instruments that are recognised in the 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 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 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 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 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 a 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 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 interests

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 Income Statement and within equity in the Statement of Financial Position, distinguished from shareholders' equity attributable to owners of the parent company.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 1 Statement of Accounting Policies (continued)

#### Accounting Estimates and Judgements

In the process of applying the Group's accounting policies, as set out on pages 119 to 126, 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 effect 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 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. 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. Trade receivables are considered for impairment on a case by case basis, when they are past due at the reporting date or when objective evidence is received that a specific counterparty may default.

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. 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 Boards	Manufacture of rigid insulation boards, building services 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 Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Total revenue – 2020	2,917.4	787.0	445.5	202.7	223.4	<b>4,576.0</b>
Total revenue – 2019	3,031.9	876.9	327.7	208.1	214.5	4,659.1
<b>Disaggregation of revenue 2020</b>						
Point of Time	2,908.4	759.8	227.3	200.9	199.8	<b>4,296.2</b>
Over Time & Contract	9.0	27.2	218.2	1.8	23.6	<b>279.8</b>
	<u>2,917.4</u>	<u>787.0</u>	<u>445.5</u>	<u>202.7</u>	<u>223.4</u>	<u><b>4,576.0</b></u>
<b>Disaggregation of revenue 2019</b>						
Point of Time	3,025.2	834.4	202.3	207.4	186.1	4,455.4
Over Time & Contract	6.7	42.5	125.4	0.7	28.4	203.7
	<u>3,031.9</u>	<u>876.9</u>	<u>327.7</u>	<u>208.1</u>	<u>214.5</u>	<u>4,659.1</u>

The disaggregation of revenue by geography is set out in more detail on page 129.

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.

##### Segment result (profit before net finance expense)

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2020 €m	Total 2019 €m
Trading profit – 2020	321.3	110.1	31.2	16.3	29.3	<b>508.2</b>	
Intangible amortisation	(13.7)	(4.6)	(4.1)	(0.9)	(0.2)	<b>(23.5)</b>	
Operating profit – 2020	<u>307.6</u>	<u>105.5</u>	<u>27.1</u>	<u>15.4</u>	<u>29.1</u>	<u><b>484.7</b></u>	
Trading profit – 2019	316.1	117.1	25.2	14.2	24.5		497.1
Intangible amortisation	(13.1)	(4.9)	(2.9)	(0.9)	(0.1)		(21.9)
Operating profit – 2019	<u>303.0</u>	<u>112.2</u>	<u>22.3</u>	<u>13.3</u>	<u>24.4</u>		475.2
Net finance expense						<b>(25.0)</b>	(20.8)
Profit for the year before tax						<b>459.7</b>	454.4
Income tax expense						<b>(74.9)</b>	(76.6)
Net profit for the year						<u><b>384.8</b></u>	<u>377.8</u>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 2 Segment Reporting (continued)

#### Segment assets

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2020 €m	Total 2019 €m
Assets – 2020	2,350.4	787.1	474.0	183.5	174.1	<b>3,969.1</b>	
Assets – 2019	2,495.9	832.2	348.0	191.8	188.2		4,056.1
Derivative financial instruments						<b>19.8</b>	27.3
Cash and cash equivalents						<b>1,329.7</b>	190.9
Deferred tax asset						<b>23.0</b>	14.1
Total assets as reported in the Consolidated Statement of Financial Position						<b>5,341.6</b>	4,288.4

#### Segment liabilities

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total 2020 €m	Total 2019 €m
Liabilities – 2020	(778.8)	(192.9)	(184.1)	(72.8)	(41.2)	<b>(1,269.8)</b>	
Liabilities – 2019	(831.4)	(194.4)	(80.2)	(64.2)	(41.5)		(1,211.7)
Interest bearing loans and borrowings (current and non-current)						<b>(1,585.7)</b>	(851.4)
Derivative financial instruments (current and non-current)						<b>(0.2)</b>	(0.1)
Income tax liabilities (current and deferred)						<b>(88.3)</b>	(104.8)
Total liabilities as reported in the Consolidated Statement of Financial Position						<b>(2,944.0)</b>	(2,168.0)

#### Other segment information

	Insulated Panels €m	Insulation Boards €m	Light & Air €m	Water & Energy €m	Data & Flooring €m	Total €m
Capital investment – 2020 *	92.5	17.4	40.6	2.8	3.7	<b>157.0</b>
Capital investment – 2019 *	135.7	36.8	11.8	4.5	4.0	<b>192.8</b>
Depreciation included in segment result – 2020	(73.4)	(23.9)	(12.9)	(6.5)	(5.3)	<b>(122.0)</b>
Depreciation included in segment result – 2019	(70.9)	(24.2)	(8.3)	(6.1)	(5.0)	<b>(114.5)</b>
Non-cash items included in segment result – 2020	(9.0)	(3.2)	(1.1)	(1.0)	(1.7)	<b>(16.0)</b>
Non-cash items included in segment result – 2019	(7.6)	(2.7)	(0.7)	(0.8)	(1.3)	<b>(13.1)</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 2 Segment Reporting (continued)

Analysis of segmental data by geography

	Western & Southern Europe €m	Central & Northern Europe €m	Americas €m	Britain €m	Rest of World €m	Total €m
<b>Income Statement Items</b>						
Revenue – 2020	1,633.6	997.8	916.0	743.6	285.0	<b>4,576.0</b>
Revenue – 2019	1,546.1	960.0	990.9	848.4	313.7	4,659.1
<b>Statement of Financial Position Items</b>						
Non-current assets – 2020 *	1,018.9	520.1	546.4	388.8	189.4	<b>2,663.6</b>
Non-current assets – 2019 *	993.9	486.7	605.4	410.6	207.7	2,704.3
<b>Other segmental information</b>						
Capital investment – 2020	70.2	42.2	32.1	10.8	1.7	<b>157.0</b>
Capital investment – 2019	77.2	44.4	49.1	18.1	4.0	192.8

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

The Group has a presence in over 70 countries worldwide. Revenues, non-current assets and capital investment (as defined in IFRS 8) attributable to the country of domicile were €150.7m (2019: €176.0m), €72.6m (2019: €64.0m) and €16.4m (2019: €15.2m) respectively. All foreign countries or regions of operation are as set out above and specific regions are highlighted separately on the basis of materiality. The geographic regions have been revised this year to provide a more detailed breakdown of the previously reported Mainland Europe region which has seen significant growth in recent years. All prior year comparatives have been restated on the same basis. The country of domicile is included in Western & Southern Europe.

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:

	2020 Number	2019 Number
Production	<b>9,430</b>	9,046
Sales and distribution	<b>3,120</b>	2,895
Management and administration	<b>2,874</b>	2,588
	<b>15,424</b>	14,529

#### b) Employee costs, including executive directors

	2020 €m	2019 €m
Wages and salaries	<b>676.4</b>	651.2
Social welfare costs	<b>86.7</b>	78.0
Pension costs - defined contribution (note 31)	<b>22.0</b>	20.1
Share based payments and awards	<b>16.0</b>	13.1
	<b>801.1</b>	762.4
Actuarial losses/(gains) recognised in other comprehensive income	<b>19.9</b>	0.2
	<b>821.0</b>	762.6

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 3 Employees (continued)

#### Performance Share Plan (PSP)

	Number of PSP Options	
	2020	2019
Outstanding at 1 January	<b>1,953,111</b>	2,149,827
Granted	<b>507,441</b>	539,988
Forfeited	<b>(33,550)</b>	(76,361)
Lapsed	<b>(6)</b>	(10,781)
Exercised	<b>(654,558)</b>	(649,562)
Outstanding at 31 December	<b>1,772,438</b>	1,953,111
Of which, exercisable	<b>263,324</b>	399,257

The Group recognised a PSP expense of €16.0m (2019: €12.9m) in the 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 €62.99 (2019: €44.99). The weighted average contractual life of share options outstanding at 31 December 2020 is 4.8 years (2019: 2.6 years). The weighted average exercise price during the period was €0.13 (2019: €0.13).

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:

	2020 Awards		2019 Awards
	20 February 2020	24 March 2020	25 February 2019
Share price at grant date	<b>€61.80</b>	<b>€47.10</b>	€38.80
Exercise price per share	<b>€0.13</b>	<b>€0.13</b>	€0.13
Expected volatility	<b>26.4%</b>	<b>29.3%</b>	30.0%
Expected dividend yield	<b>1.3%</b>	<b>1.3%</b>	1.3%
Risk-free rate	<b>(0.7%)</b>	<b>(0.6%)</b>	(0.07%)
Expected life	<b>3 years</b>	<b>3 years</b>	3 years

The resulting weighted average fair value of options granted in the year was €42.83 (2019: €29.67).

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, 2,272 (2019: 15,718) awards were granted under the DBP and nil (2019: 49,924) awards were exercised. 17,990 awards remain outstanding at 31 December 2020. No charge was recognised in the Income Statement for 2020 (2019: €0.2m).

### 4 Finance Expense and Finance Income

	2020	2019
	€m	€m
<i>Finance expense</i>		
Lease interest	<b>3.6</b>	3.8
Deferred contingent consideration fair value movement	-	0.1
Bank loans	<b>3.1</b>	2.4
Private placement loan notes	<b>17.3</b>	17.2
Fair value movement on derivative financial instrument	<b>6.4</b>	2.6
Fair value movement on private placement debt	<b>(4.4)</b>	(2.5)
Other interest	<b>0.1</b>	0.1
	<b>26.1</b>	23.7
<i>Finance income</i>		
Interest earned	<b>(1.1)</b>	(2.9)
Net finance cost	<b>25.0</b>	20.8

€0.2m of borrowing costs were capitalised during the period (2019: €0.1m). No costs were reclassified from other comprehensive income to profit during the year (2019: €nil).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 5 Profit for the year before Income Tax

	2020 €m	2019 €m
The profit before tax for the year is stated after charging / (crediting):		
Distribution expenses	207.2	224.6
Product development costs (total, including payroll)	33.1	31.9
Depreciation	122.0	114.5
Amortisation of intangible assets	23.5	21.9
Impairment of property, plant and equipment	2.4	0.2
Foreign exchange net gains	3.7	0.7
Profit on sale of property, plant and equipment	(1.1)	(3.3)

#### Analysis of total auditor's remuneration

	EY Ireland 2020 €m	Other EY Offices 2020 €m	Total 2020 €m	KPMG Ireland 2019 €m	Other KPMG Offices 2019 €m	Total 2019 €m
Audit of Group	0.6	-	0.6	0.8	-	0.8
Audit of other subsidiaries	-	2.1	2.1	-	1.8	1.8
Tax compliance and advisory services	0.1	-	0.1	0.1	0.8	0.9
	0.7	2.1	2.8	0.9	2.6	3.5

Included in Audit of Group are total fees of €0.2m which are due to EY in respect of the audit of the Parent Company (2019: €0.4m KPMG).

### 6 Directors' Remuneration

	2020 €m	2019 €m
Fees	0.6	0.6
Other emoluments	3.2	6.3
Pension costs	0.8	0.8
	4.6	7.7
Performance Share Plan expense (calculated in accordance with principals disclosed in note 3)	3.7	3.2
	8.3	10.9

A detailed analysis of directors' remuneration is contained in the Report of the Remuneration Committee. Aggregate gains of €16.2m (2019: €8.0m) were realised with respect to share options exercised by directors during the financial year.

### 7 Income Tax Expense

	2020 €m	2019 €m
<b>Tax recognised in the Consolidated Income Statement</b>		
<i>Current taxation:</i>		
Current tax expense	85.0	83.2
Adjustment in respect of prior years	(5.4)	(0.2)
	79.6	83.0
<i>Deferred taxation:</i>		
Origination and reversal of temporary differences	(6.8)	(6.6)
Effect of rate change	2.1	0.2
	(4.7)	(6.4)
<b>Income tax expense</b>	<b>74.9</b>	<b>76.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 7 Income Tax Expense (continued)

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

	2020 €m	2019 €m
Profit for the year	459.7	454.4
Applicable notional tax charge (12.5%)	57.5	56.8
Expenses not deductible for tax purposes	10.8	9.0
Net effect of differing tax rates	16.3	15.3
Utilisation of unprovided deferred tax assets	(1.1)	(1.5)
Other items	(8.6)	(3.0)
Total income tax expense	74.9	76.6

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. No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%.

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 €31.6m (2019: €29.7m) consisting mainly of tax losses forward. €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 €12.1m (2019: €10.9m) have not been recognised for withholding tax that would be payable on unremitted earnings of €242.9m (2019: €219.6m) in certain subsidiaries.

### 8 Earnings Per Share

	2020 €m	2019 €m
The calculations of earnings per share are based on the following:		
Profit attributable to ordinary shareholders	373.6	369.4
	<b>Number of shares ('000)</b>	<b>Number of shares ('000)</b>
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares for the calculation of basic earnings per share	181,212	180,586
Dilutive effect of share options	1,598	1,489
Weighted average number of ordinary shares for the calculation of diluted earnings per share	182,810	182,075
	<b>2020</b>	<b>2019</b>
	<b>€ cent</b>	<b>€ cent</b>
Basic earnings per share	206.2	204.6
Diluted earnings per share	204.4	202.9
Adjusted basic earnings per share	216.9	215.0
Adjusted diluted earnings per share	215.0	213.2

Adjusted basic earnings reflects the profit attributable to ordinary shareholders after eliminating the impact of the Group's intangible amortisation charge, net of tax.

Adjusted diluted earnings reflects the profit attributable to ordinary shareholders after eliminating the impact of the Group's intangible amortisation charge, net of tax and the dilutive effect of share options. 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 (2019: nil).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 9 Goodwill

	2020 €m	2019 €m
At 1 January	1,506.9	1,391.0
Additions relating to acquisitions (Note 22)	41.7	92.5
Net exchange movement	(69.8)	23.4
Carrying amount 31 December	<b>1,478.8</b>	1,506.9
<b>At 31 December</b>		
Cost	<b>1,546.5</b>	1,574.6
Accumulated impairment losses	<b>(67.7)</b>	(67.7)
Carrying amount	<b>1,478.8</b>	1,506.9

#### 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 (2019: 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		Goodwill (€m)	
	2020	2019	2020	2019
Insulated Panels	6	6	873.9	918.3
Insulation Boards	1	1	232.9	235.7
Light & Air	1	1	205.7	178.0
Water & Energy	1	1	81.0	83.8
Data & Flooring	2	2	85.3	91.1
Total	<b>11</b>	11	<b>1,478.8</b>	1,506.9

#### Significant goodwill amounts

Management has assessed that, in line with IAS 36 *Impairment of Assets*, there are 5 CGUs that are individually significant (greater than 10% of total goodwill) that require additional disclosure and are as follows:

	Panels North America		Panels Western Europe		Panels Joris Ide		Insulation Boards		Light & Air	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Goodwill (€m)	167.2	181.1	291.6	225.5	334.6	415.6	232.9	235.7	205.7	178.0
Discount rate (%)	10.1	9.6	8.6	7.8	8.3	8.0	8.7	7.7	8.6	7.8
Excess of value-in-use over carrying amount (€m)	840.9	722.0	1,971.1	1,976.4	781.2	576.2	1,578.3	1,812.1	508.2	279.1

The goodwill allocated to these 5 CGUs accounts for 83% of the total carrying amount of €1,478.8m. The remaining goodwill balance of €246.8m (2019: €271.0m) is allocated across the other 6 CGUs (2019: 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.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 8.3% to 14.7% (2019: 7.5% to 10.6%). 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 42% 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

2020	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
<b>Cost</b>				
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)
<b>At 31 December</b>	<b>48.9</b>	<b>134.5</b>	<b>40.3</b>	<b>223.7</b>
<b>Accumulated amortisation</b>				
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)
<b>At 31 December</b>	<b>35.0</b>	<b>76.2</b>	<b>29.8</b>	<b>141.0</b>
<b>Net Book Value as at 31 December 2020</b>	<b>13.9</b>	<b>58.3</b>	<b>10.5</b>	<b>82.7</b>
2019	Customer Relationships €m	Patents & Brands €m	Other Intangibles €m	Total €m
<b>Cost</b>				
At 1 January	48.7	127.8	33.9	210.4
Acquisitions (Note 22)	1.4	0.1	1.2	2.7
Net exchange difference	0.2	2.1	0.5	2.8
<b>At 31 December</b>	<b>50.3</b>	<b>130.0</b>	<b>35.6</b>	<b>215.9</b>
<b>Accumulated amortisation</b>				
At 1 January	23.4	54.0	21.9	99.3
Charge for the year	6.1	11.7	4.1	21.9
Net exchange difference	0.1	1.1	0.3	1.5
<b>At 31 December</b>	<b>29.6</b>	<b>66.8</b>	<b>26.3</b>	<b>122.7</b>
<b>Net Book Value as at 31 December 2019</b>	<b>20.7</b>	<b>63.2</b>	<b>9.3</b>	<b>93.2</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 11 Property, Plant And Equipment

	Land and buildings	Plant, machinery and other equipment	Motor vehicles	Total
	€m	€m	€m	€m
<b>As at 31 December 2020</b>				
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	<b>468.1</b>	<b>488.2</b>	<b>16.6</b>	<b>972.9</b>
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	<b>468.1</b>	<b>488.2</b>	<b>16.6</b>	<b>972.9</b>
	Land and buildings	Plant, machinery and other equipment	Motor vehicles	Total
	€m	€m	€m	€m
<b>As at 31 December 2019</b>				
Cost	634.1	1,386.2	42.8	2,063.1
Accumulated depreciation and impairment charges	(200.9)	(871.7)	(25.3)	(1,097.9)
Net carrying amount	<b>433.2</b>	<b>514.5</b>	<b>17.5</b>	<b>965.2</b>
At 1 January 2019, net carrying amount	401.0	436.2	13.3	850.5
Acquisitions through business combinations (Note 22)	12.4	13.1	-	25.5
Additions	29.9	125.2	9.5	164.6
Disposals	(1.1)	(1.9)	(0.4)	(3.4)
Reclassification	(0.1)	(0.1)	0.2	-
Depreciation charge for year	(14.4)	(64.8)	(5.3)	(84.5)
Impairment charge for year	(0.1)	(0.1)	-	(0.2)
Effect of movement in exchange rates	5.6	6.9	0.2	12.7
At 31 December 2019, net carrying amount	<b>433.2</b>	<b>514.5</b>	<b>17.5</b>	<b>965.2</b>

Included within the cost of land and buildings and plant, machinery and other equipment are assets in the course of construction to the value of €10.7m and €63.1m respectively (2019: of €2.3m and €66.2m). These assets have not yet been depreciated.

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

### 12 Investments in Subsidiaries

Company	2020 €m	2019 €m
At 1 January	<b>1,201.4</b>	1,191.0
Share options and awards	<b>11.4</b>	10.4
<b>At 31 December</b>	<b>1,212.8</b>	1,201.4

The share options and awards addition reflects 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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 13 Inventories

	2020 €m	2019 €m
Raw materials and consumables	396.7	433.2
Work in progress	19.7	20.3
Finished goods	161.2	169.6
Inventory impairment allowance	(71.7)	(65.5)
<b>At 31 December</b>	<b>505.9</b>	<b>557.6</b>

A total of €2.5bn (2019: €2.7bn) of inventories was included in the Income Statement as an expense. This includes a net income statement charge of €1.7m (2019: €4.4m) 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

	2020 €m	2019 €m
<b>Amounts falling due within one year:</b>		
Trade receivables, gross	767.3	770.3
Expected credit loss allowance	(65.1)	(54.0)
Trade receivables, net	702.2	716.3
Other receivables	65.2	45.1
Prepayments	32.2	32.8
	<b>799.6</b>	<b>794.2</b>

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 €65.1m in 2020 (2019: €54.0m). This is presented in more detail in Note 19.

	2020 €m	2019 €m
Company		
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	232.3	128.7
	<b>232.3</b>	<b>128.7</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 15 Trade and Other Payables

	2020 €m	2019 €m
<b>Current</b>		
Trade payables	419.9	404.9
Accruals	349.8	307.9
Deferred income and customer prepayments	33.7	14.8
Income tax & social welfare	30.8	29.6
Value added tax	20.3	11.7
	<b>854.5</b>	<b>768.9</b>

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.

	2020 €m	2019 €m
<b>Company</b>		
<b>Current</b>		
Amounts owed to group undertakings	71.1	61.3
Payables	0.2	0.2
	<b>71.3</b>	<b>61.5</b>

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 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	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)
<b>At 31 December 2020</b>	<b>89.6</b>	<b>6.8</b>	<b>16.6</b>	<b>113.0</b>
	Land and buildings €m	Plant, machinery and other equipment €m	Motor vehicles €m	Total 2019 €m
At 1 January 2019	102.1	12.7	14.0	128.8
Additions	4.8	1.1	8.2	14.1
Arising on acquisitions	6.0	0.2	0.1	6.3
Remeasurement	2.6	-	-	2.6
Terminations	(1.6)	(0.1)	(0.8)	(2.5)
Depreciation charge for the year	(17.4)	(4.8)	(7.8)	(30.0)
Effect of movement in exchange rates	2.0	0.1	0.2	2.3
At 31 December 2019	98.5	9.2	13.9	121.6

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 16 Leases (continued)

#### Lease liability

	2020 €m	2019 €m
At 1 January	122.3	127.9
Additions	17.1	14.0
Arising on acquisitions	12.6	6.2
Remeasurement	1.7	2.5
Terminations	(2.7)	(2.5)
Payments	(33.7)	(31.8)
Interest	3.6	3.8
Effect of movement in exchange rates	(6.1)	2.2
<b>At 31 December</b>	<b>114.8</b>	<b>122.3</b>
<i>Split as follows:</i>		
Current liability	27.3	25.6
Non-current liability	87.5	96.7
<b>At 31 December</b>	<b>114.8</b>	<b>122.3</b>

Expenses of €6.1m (2019: €5.6m) 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

	2020 €m	2019 €m
<b>Current financial liabilities</b>		
Private placements	207.4	-
Bank loans	2.1	2.8
Lease obligations per banking covenants	0.1	0.3
	<b>209.6</b>	<b>3.1</b>
	2020 €m	2019 €m
<b>Non-current financial liabilities</b>		
Private placements	1,320.7	840.9
Bank loans (unsecured)	53.1	5.1
Lease obligations per banking covenants	2.3	2.3
	<b>1,376.1</b>	<b>848.3</b>

#### Analysis of Net Debt

	2020 €m	2019 €m
Cash and cash equivalents	1,329.7	190.9
Derivative financial instruments	19.8	27.3
Current borrowings	(209.6)	(3.1)
Non-current borrowings	(1,376.1)	(848.3)
Total Net Debt	<b>(236.2)</b>	<b>(633.2)</b>

The Group's core funding is provided by seven private placement loan notes; two USD private placement totalling US\$400m maturing in tranches between August 2021 and December 2028, and five EUR private placements totalling €1.2bn which will mature in tranches between March 2021 and December 2032. The notes have a weighted average maturity of 6.1 years.

The Group also has two revolving credit facilities. The €300m facility matures in June 2022 and the €451m facility also matures in June 2022. No amount was drawn on either of the facilities as at 31 December 2020. The Group also has a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives. The loan is fully drawn and matures in February 2025.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 17 Interest Bearing Loans and Borrowings (continued)

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 €nil (2019: €nil) and foreign currency derivative liabilities of €0.2m (2019: €0.1m) 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

	2020 €m	2019 €m
At 1 January	186.5	196.1
Deferred contingent consideration arising on acquisitions (note 22)	-	2.0
Movement in deferred contingent consideration arising from fair value adjustment	(0.7)	(0.5)
Put liability arising on current year acquisitions (note 22)	-	26.7
Movement in put liability arising from fair value adjustment	(20.4)	22.7
Amounts paid	-	(59.7)
Effect of movement in exchange rates	(37.8)	(0.8)
<b>At 31 December</b>	<b>127.6</b>	<b>186.5</b>
<i>Split as follows:</i>		
Current liabilities	-	-
Non-current liabilities	127.6	186.5
	<b>127.6</b>	<b>186.5</b>
<i>Analysed as follows:</i>		
Deferred contingent consideration	10.3	11.3
Put liability	117.3	175.2
	<b>127.6</b>	<b>186.5</b>

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.

During the prior year the Group paid €30m of deferred consideration relating to the Synthesia business which was acquired in 2018. In addition, the Group paid €29.7m of deferred contingent consideration relating to the Isoeste business which was acquired in 2017.

The deferred contingent consideration arising on prior year acquisitions relates to Group Bacacier SAS.

The put liability arising on prior year acquisitions is recognised with respect to the potential amounts payable to the 15% shareholders of Group Bacacier SAS.

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 to €10.3m could arise with respect to potential deferred contingent consideration obligations and €nil to €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 €88.7m (2019: €118.6m).

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 €3.5m (2019: €9.1m).

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 €9.8m (2019: €26.8m).

There are two put options in the shareholders' agreement with non-controlling shareholders of Group Bacacier SAS. The first option relating to 10% of shares is exercisable from 2021 and the related undiscounted expected cash outflow is estimated to be €15.7m (2019: €7.1m). The second option for the remaining 5% of shares is exercisable from 2022 and the related undiscounted expected cash outflow is estimated to be €9.6m (2019: €10.5m).

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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 €1,528m. The notes have a weighted average maturity of 6.1 years.

The primary bank debt facility is a €451m revolving credit facility, which was undrawn at year-end and which matures in June 2022. In June 2019 an additional 3 year bank facility of €300m was arranged, which was undrawn at year end. The Group also has a bilateral 'Green Loan' of €50m to fund the Group's Planet Passionate initiatives. This matures in February 2025.

Both the private placements and the revolving credit facility have an interest cover test (Net Interest: EBITDA must exceed 4 times) and a net debt test (Net Debt: EBITDA must be less than 3.5 times). These covenant tests have been met for the covenant test period to 31 December 2020.

The Group also has in place a number of uncommitted bilateral working capital facilities to serve its working capital requirements. These facilities total €43m (2019: €43m) 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):

	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
<b>Non derivative financial instruments</b>						
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
<b>Derivative financial liabilities / (assets)</b>						
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)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

	Carrying amount 2019 €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
<b>Non derivative financial instruments</b>						
Bank loans	7.9	7.9	2.8	2.5	2.5	0.1
Private placement loan notes	840.9	919.0	20.4	237.3	329.7	331.6
Lease obligations per banking covenants	2.6	2.6	0.3	0.1	-	2.2
Lease liabilities	122.3	148.0	30.2	24.6	43.3	49.9
Trade and other payables	754.1	754.1	754.1	-	-	-
Deferred contingent consideration	186.5	193.4	-	28.4	155.9	9.1
<b>Derivative financial liabilities / (assets)</b>						
Interest rate swaps used for hedging:						
Carrying values	(0.7)	-	-	-	-	-
Net inflows	-	0.8	0.4	0.4	-	-
Cross currency interest rate swaps used for hedging:						
Carrying value	(26.6)	-	-	-	-	-
- outflow	-	93.4	(0.2)	93.6	-	-
- inflow	-	127.1	6.0	121.1	-	-
Foreign exchange forwards used for hedging:						
Carrying value assets	-	-	-	-	-	-
Carrying value liabilities	0.1	-	-	-	-	-
- outflow	-	7.2	7.2	-	-	-
- inflow	-	7.0	7.0	-	-	-

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 2021, it is estimated that the Group is long GBP32m (2019: long GBP61m) and short US\$25m (2019: short US\$25m). At 31 December 2020 these amounts were unhedged.

##### 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 2020, the impact of changing currency rates versus Euro compared to the average 2019 rates was negative €129.7m (2019: positive €61.0m). 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 €1.5m (2019: €4.9m) and equity by €1.5m (2019: €4.9m).



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

#### 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 match 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 at 31 December 2020.

##### 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 and has been prepared both before and after the impact of derivatives.

##### 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
		<b>1,583.3</b>	<b>1,530.7</b>	<b>52.6</b>	<b>606.4</b>	<b>976.9</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		1,253.2	1,203.0	50.2		
USD		328.1	327.7	0.4		
Other		2.0	-	2.0		
		<b>1,583.3</b>	<b>1,530.7</b>	<b>52.6</b>		

##### 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
		<b>1,583.3</b>	<b>1,399.5</b>	<b>183.8</b>	<b>606.4</b>	<b>976.9</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
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		
		<b>1,583.3</b>	<b>1,399.5</b>	<b>183.8</b>		

The weighted average maturity of debt is 6.3 years as at 31 December 2020 (2019: 4.5 years).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

#### Before the impact of hedging transactions

As at 31 December 2019	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	2.0%	7.9	7.9	-	7.8	0.1
Loan notes	2.4%	840.9	840.9	-	522.4	318.5
		<b>848.8</b>	<b>848.8</b>	<b>-</b>	<b>530.2</b>	<b>318.6</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		666.3	666.3	-		
USD		178.3	178.3	-		
Other		4.2	4.2	-		
		<b>848.8</b>	<b>848.8</b>	<b>-</b>		

#### After the impact of hedging transactions

As at 31 December 2019	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	2.0%	7.9	7.9	-	7.8	0.1
Loan notes	2.1%	840.9	699.4	141.5	522.4	318.5
		<b>848.8</b>	<b>707.3</b>	<b>141.5</b>	<b>530.2</b>	<b>318.6</b>
		<b>Total €m</b>	<b>At fixed interest rate €m</b>	<b>At floating interest rate €m</b>		
Euro		691.3	691.3	-		
GBP		105.1	-	105.1		
USD		48.2	11.8	36.4		
Other		4.2	4.2	-		
		<b>848.8</b>	<b>707.3</b>	<b>141.5</b>		

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 €1.8m (2019: €1.4m) and equity by €1.8m (2019: €1.4m).

#### 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:

	2020 €m	2019 €m
Cash & cash equivalents	<b>1,329.7</b>	190.9
Trade receivables	<b>767.3</b>	770.3
Derivative financial assets	<b>19.8</b>	27.3
Financial asset	<b>8.2</b>	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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

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

	2020 €m	2019 €m
Western & Southern Europe	300.9	266.2
Central & Northern Europe	92.8	91.4
Americas	127.9	149.8
Britain	188.0	202.2
Rest of World	57.7	60.7
	<b>767.3</b>	<b>770.3</b>

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

	2020 €m	2019 €m
Insulated Panels customers	478.5	493.6
Insulation Boards customers	136.5	151.8
Other customers	152.3	124.9
	<b>767.3</b>	<b>770.3</b>

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.

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
		<b>767.3</b>	<b>65.1</b>

The following table provides the information about the exposure to credit risk and ECL's for trade receivables as at 31 December 2019.

	Weighted average loss rate %	Gross carrying amount €m	Loss allowance €m
Current (not past due)	1%	512.4	5.7
1-30 days past due	2%	146.4	3.4
31-60 days past due	6%	41.0	2.6
61-90 days past due	16%	12.2	1.9
More than 90 days past due	69%	58.3	40.4
		<b>770.3</b>	<b>54.0</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

#### 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:

	2020 €m	2019 €m
Balance at 1 January	54.0	56.4
Arising on acquisition	7.0	1.1
Written off during the year	(3.7)	(7.3)
Net remeasurement of loss allowance	10.6	2.9
Effect of movement in exchange rates	(2.8)	0.9
<b>At 31 December</b>	<b>65.1</b>	<b>54.0</b>

There are no material trade receivables written off during 2020 (2019: €nil) which are still subject to enforcement activity.

The increase in the expected credit loss allowance during 2020 reflects the reduction in the gross carrying amount of trade receivables.

#### 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 9 relationship banks.

#### Financial instruments by category

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

	Financial asset at fair value through P&L €m	Assets at amortised cost €m	Derivatives designated as hedging instrument €m	Total €m
<b>2020</b>				
<i>Current:</i>				
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
<i>Non current:</i>				
Derivative financial instruments	-	-	-	-
Financial asset	8.2	-	-	8.2
	8.2	-	-	8.2
<b>2019</b>				
<i>Current:</i>				
Trade receivables, net	-	716.3	-	716.3
Other receivables	-	45.1	-	45.1
Cash and cash equivalents	-	190.9	-	190.9
Derivative financial instruments	-	-	-	-
	-	952.3	-	952.3
<i>Non current:</i>				
Derivative financial instruments	0.7	-	26.6	27.3
Financial asset	8.2	-	-	8.2
	8.9	-	26.6	35.5

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

The carrying amounts of financial liabilities presented in the 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 through OCI €m	Derivatives designated as hedging instrument €m	Total €m
<b>2020</b>					
<i>Current:</i>					
Borrowings	33.1	55.6	120.9	-	<b>209.6</b>
Lease liabilities	-	27.3	-	-	<b>27.3</b>
Trade payables	-	419.9	-	-	<b>419.9</b>
Accruals	-	349.8	-	-	<b>349.8</b>
Derivative financial instruments	-	-	-	0.2	<b>0.2</b>
	<b>33.1</b>	<b>852.6</b>	<b>120.9</b>	<b>0.2</b>	<b>1,006.8</b>
<i>Non current:</i>					
Borrowings	-	1,376.1	-	-	<b>1,376.1</b>
Lease liabilities	-	87.5	-	-	<b>87.5</b>
Deferred contingent consideration	10.3	-	-	117.3	<b>127.6</b>
	<b>10.3</b>	<b>1,463.6</b>	<b>-</b>	<b>117.3</b>	<b>1,591.2</b>
<b>2019</b>					
<i>Current:</i>					
Borrowings	-	3.1	-	-	3.1
Lease liabilities	-	25.6	-	-	25.6
Trade payables	-	404.9	-	-	404.9
Accruals	-	307.9	-	-	307.9
Derivative financial instruments	-	-	-	0.1	0.1
	<b>-</b>	<b>741.5</b>	<b>-</b>	<b>0.1</b>	<b>741.6</b>
<i>Non current:</i>					
Borrowings	36.3	681.9	130.1	-	848.3
Lease liabilities	-	96.7	-	-	96.7
Deferred contingent consideration	11.3	-	175.2	-	186.5
	<b>47.6</b>	<b>778.6</b>	<b>305.3</b>	<b>-</b>	<b>1,131.5</b>

#### 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.

	As at 31 December 2020			As at 31 December 2019		
	Level 1 €m	Level 2 €m	Level 3 €m	Level 1 €m	Level 2 €m	Level 3 €m
<b>Financial Assets</b>						
Interest rate swaps	-	<b>0.6</b>	-	-	27.3	-
Foreign exchange contracts for hedging	-	<b>19.2</b>	-	-	-	-
<b>Financial Liabilities</b>						
Deferred contingent consideration	-	-	<b>10.3</b>	-	-	11.3
Put option liabilities	-	-	<b>117.3</b>	-	-	175.2
Foreign exchange contracts for hedging	-	<b>0.2</b>	-	-	0.1	-

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 19 Financial Risk Management and Financial Instruments (continued)

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

	Balance 1 Jan 2020 €m	Settlement €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)	<b>10.3</b>
Put option liabilities	175.2	-	(20.4)	-	(37.5)	<b>117.3</b>
	<b>186.5</b>	-	<b>(21.1)</b>	-	<b>(37.8)</b>	<b>127.6</b>

The principal movements in Level 3 liabilities in 2019 are set out in the table below:

	Balance 1 Jan 2019 €m	Settlement €m	Fair value movement €m	Arising on acquisition €m	Translation adjustment €m	Balance 31 Dec 2019 €m
Deferred contingent consideration	38.9	(29.7)	(0.5)	2.0	0.6	11.3
Put option liabilities	127.2	-	22.7	26.7	(1.4)	175.2
	<b>166.1</b>	<b>(29.7)</b>	<b>22.2</b>	<b>28.7</b>	<b>(0.8)</b>	<b>186.5</b>

During the year ended 31 December 2020, 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.

	As at 31 December 2020			As at 31 December 2019		
	Carrying amount €m	Fair Value €m	Level	Carrying amount €m	Fair Value €m	Level
Private placement loan notes	1,528.1	1,726.4	2	840.9	902.3	2

#### 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:

	2020 €m	2019 €m
Net Debt	<b>236.2</b>	633.2
Equity	<b>2,397.6</b>	2,120.4
Total Capital Employed	<b>2,633.8</b>	2,753.6

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.

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 20 Provisions For Liabilities

	2020 €m	2019 €m
<b>Guarantees and warranties</b>		
At 1 January	109.7	104.3
Arising on acquisitions (Note 22)	16.1	1.8
Provided during year	50.8	54.4
Claims paid	(31.4)	(29.5)
Provisions released	(21.5)	(23.3)
Effect of movement in exchange rates	(4.7)	2.0
At 31 December	<b>119.0</b>	109.7
Current liability	55.7	58.0
Non-current liability	63.3	51.7
	<b>119.0</b>	109.7

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 or litigation. 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 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:

	2020 €m	2019 €m
Deferred tax assets	23.0	14.1
Deferred tax liabilities	(32.4)	(31.9)
Net Position	<b>(9.4)</b>	<b>(17.8)</b>

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 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)	<b>(49.0)</b>
Intangibles	(26.8)	4.1	-	-	1.2	(4.3)	<b>(25.8)</b>
Other temporary differences	42.5	10.6	(0.9)	-	(0.5)	3.4	<b>55.1</b>
Pension obligations	0.9	(0.4)	-	4.1	0.1	1.4	<b>6.1</b>
Unused tax losses	7.0	(2.2)	-	-	(0.6)	-	<b>4.2</b>
	<b>(17.8)</b>	4.7	(0.9)	4.1	1.4	(0.9)	<b>(9.4)</b>

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 21 Deferred Tax Assets and Liabilities (continued)

The movement in the net deferred tax position for 2019 is as follows:

	Balance 1 Jan 2019	Recognised in profit or loss	Recognised in equity	Recognised in other comprehensive income	Translation adjustment	Arising on acquisitions	Balance 31 Dec 2019
	€m	€m	€m	€m	€m	€m	€m
Property, plant and equipment	(45.8)	5.0	-	-	(0.6)	-	(41.4)
Intangibles	(29.4)	3.0	-	-	(0.2)	(0.2)	(26.8)
Other temporary differences	40.8	(0.2)	1.7	-	0.1	0.1	42.5
Pension obligations	0.8	0.3	-	-	(0.1)	(0.1)	0.9
Unused tax losses	8.4	(1.7)	-	-	0.3	-	7.0
	(25.2)	6.4	1.7	-	(0.5)	(0.2)	(17.8)

### 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 was as follows:

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

The table below reflects the 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.

	Colt €m	Other* €m	Total €m
<b>Non-current assets</b>			
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	-	-	-
<b>Current assets</b>			
Inventories	15.9	(4.1)	11.8
Trade and other receivables	44.5	(0.7)	43.8
<b>Current liabilities</b>			
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)
<b>Non-current liabilities</b>			
Retirement benefit obligations	(193.3)	-	(193.3)
Lease liabilities	(8.6)	-	(8.6)
Deferred tax liabilities	(0.5)	(0.4)	(0.9)
<b>Total identifiable assets</b>	8.3	(4.7)	3.6
Non-controlling interests 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

\*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.



## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 22 Business Combinations (continued)

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 2020, the businesses acquired during the 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.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of Colt Group due to the relative size of the acquisition and the timing of the transaction. Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosable in the 2021 Annual Report, as stipulated by IFRS 3.

#### Prior year acquisitions

In the prior year, the Group acquired 85% of the share capital of Group Bacacier SAS, 100% of the share capital of WeGo Floortec GmbH, 100% of the share capital of Epur SA, a French water treatment business; and also purchased of the assets of SkyCo a US Light & Air business.

The fair values as recognised at 31 December 2019 of the acquired assets and liabilities at acquisition are set out below:

	Bacacier €m	Other* €m	Total €m
<b>Non-current assets</b>			
Intangible assets	1.9	0.8	2.7
Property, plant and equipment (including ROU assets)	25.2	6.6	31.8
Deferred tax asset	-	-	-
<b>Current assets</b>			
Inventories	29.2	2.1	31.3
Trade and other receivables	33.7	5.8	39.5
<b>Current liabilities</b>			
Trade and other payables	(36.6)	(6.3)	(42.9)
Provisions for liabilities	(0.3)	(1.5)	(1.8)
<b>Non-current liabilities</b>			
Trade and other payables	(3.6)	(1.4)	(5.0)
Deferred tax liabilities	-	(0.2)	(0.2)
<b>Total identifiable assets</b>	49.5	5.9	55.4
Non-controlling interests arising on acquisition (Note 28)	(3.7)	-	(3.7)
Goodwill	76.2	16.3	92.5
Total consideration	122.0	22.2	144.2
Satisfied by:			
Cash (net of cash acquired)	120.0	22.2	142.2
Deferred contingent consideration	2.0	-	2.0
	122.0	22.2	144.2

In the post-acquisition period to 31 December 2019, the businesses acquired during the current year contributed revenue of €38.7m and trading profit of €2.0m 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 €4,834.9m and €509.5m respectively.

In the prior year, the Group incurred acquisition related costs of €2.4m relating to external legal fees and due diligence costs. These costs have been included in operating costs in the Consolidated Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 23 Share Capital

	2020 €m	2019 €m
<b>Authorised</b>		
250,000,000 Ordinary shares of €0.13 each (2019: 250,000,000 Ordinary shares of €0.13 each)	32.5	32.5
<b>Issued and fully paid</b>		
Ordinary shares of €0.13 each		
Opening balance – 182,785,222 (2019: 182,171,120) shares	23.8	23.7
Shares allotted – 617,016 (2019: 614,102) shares	-	0.1
Closing balance – 183,402,238 (2019: 182,785,222) shares	23.8	23.8

There were no adjustments to the authorised share capital during the year (2019: nil).

Details of share options exercised are set out in Note 3 to the financial statements.

### 24 Share Premium

	2020 €m	2019 €m
At 1 January	95.6	95.6
At 31 December	95.6	95.6

### 25 Treasury Shares

#### Consideration paid

	2020			2019		
	No. of shares	Consideration paid €	Total €m	No. of shares	Consideration paid €	Total €m
At 1 January	1,907,826	6.21	11.8	1,969,143	6.40	12.7
Repurchase of shares	-	-	-	15,718	40.50	0.6
Shares issued	(37,542)	6.18	(0.2)	(77,035)	(18.63)	(1.5)
At 31 December	1,870,284	6.21	11.6	1,907,826	6.21	11.8

#### Nominal value

	2020			2019		
	No. of shares	Nominal value €	Total €	No. of shares	Nominal value €	Total €
At 1 January	1,907,826	0.13	248,016	1,969,143	0.13	255,988
Repurchase of shares	-	-	-	15,718	0.13	2,043
Shares issued	(37,542)	0.13	(4,880)	(77,035)	0.13	(10,015)
At 31 December	1,870,284	0.13	243,136	1,907,826	0.13	248,016

During the year, the Company issued 37,542 in satisfaction of obligations falling under share schemes.

The Company holds 1.0% (2019: 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 €89.2m (2019: €28.6m).

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 27 Dividends

	2020 €m	2019 €m
<b>Equity dividends on ordinary shares:</b>		
2020 Interim dividend Nil cent (2019: 13.0 cent) per share	-	23.6
2019 Final dividend Nil cent (2018: 30.0 cent) per share	-	54.0
	-	77.6
<b>Proposed for approval at AGM</b>		
Final dividend of 20.6 cent (2019: Nil cent) per share	<b>37.4</b>	-

The 2020 Interim and 2019 Final dividends were cancelled during 2020 due to the initial uncertainty created by the pandemic.

This proposed dividend for 2020 is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the Statement of Financial Position of the Group as at 31 December 2020 in accordance with IAS 10 *Events after the Reporting Period*. The proposed final dividend for the year ended 31 December 2020 will be payable on 7 May 2021 to shareholders on the Register of Members at close of business on 26 March 2021.

### 28 Non-Controlling Interests

	2020 €m	2019 €m
At 1 January	<b>50.1</b>	38.6
Profit for the year attributable to non-controlling interests	<b>11.2</b>	8.4
Arising on acquisition (Note 22)	<b>(0.8)</b>	3.7
Dividends paid to minorities	<b>(1.2)</b>	(0.4)
Share of foreign operations' translation movement	<b>(10.6)</b>	(0.2)
At 31 December	<b>48.7</b>	50.1

During the prior year, the Group acquired 85% of the ordinary share capital of Group Bacacier SAS, a French Insulated Panels business. As part of the acquisition, the Group recognised the 15% non-controlling interests of €3.7m in 2019 and a movement of €0.8m in the current year.

Further details are provided in Note 22.

### 29 Reconciliation of Net Cash Flow to Movement in Net Debt

	2020 €m	2019 €m
Movement in cash and bank overdrafts	<b>1,180.2</b>	(117.1)
Drawdown of loans	<b>(751.2)</b>	(7.8)
Repayment of loans and borrowings	<b>3.4</b>	181.6
Decrease/(increase) in deferred consideration	-	30.0
Change in net debt resulting from cash flows	<b>432.4</b>	86.7
Translation movement - relating to US dollar loan	<b>13.5</b>	(5.0)
Translation movement - other	<b>(41.4)</b>	13.5
Derivative financial instruments movement	<b>(7.5)</b>	(0.1)
Net movement	<b>397.0</b>	95.1
Net debt at start of the year	<b>(633.2)</b>	(728.3)
Net debt at end of the year	<b>(236.2)</b>	(633.2)

Lease liabilities of €114.8m (2019: €122.3m) are excluded from net debt.

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 29 Reconciliation of Net Cash Flow to Movement in Net Debt (continued)

A reconciliation of liabilities arising from financing activities 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	-	<b>57.6</b>
Loan notes	840.9	-	700.7	(13.5)	<b>1,528.1</b>
Derivatives	(27.3)	-	-	7.5	(19.8)
	<b>824.1</b>	<b>(3.4)</b>	<b>751.2</b>	<b>(6.0)</b>	<b>1,565.9</b>

A reconciliation of liabilities arising from financing activities in 2019 is set out below.

	Balance 1 Jan 2019 €m	Repayments €m	Drawdowns / Receipts €m	Non cash movements €m	Balance 31 Dec 2019 €m
Bank loans and borrowings	184.3	(181.6)	7.8	-	10.5
Loan notes	835.9	-	-	5.0	840.9
Derivatives	(27.4)	-	-	0.1	(27.3)
	<b>992.8</b>	<b>(181.6)</b>	<b>7.8</b>	<b>5.1</b>	<b>824.1</b>

### 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\$400m and €1,200.5m, undrawn banking facilities of €751m and a bilateral Green Loan of €50m.

#### (ii) Future capital expenditure

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

	2020 €m	2019 €m
Contracted for	<b>52.0</b>	24.7
Not contracted for	<b>44.6</b>	48.2
	<b>96.6</b>	72.9

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 €22.0m (2019: €20.1m) represents employer contributions payable to these schemes in accordance with the rules of each plan. An amount of €2.5m (2019: €3.1m) 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 (2019: €nil) and the expected contributions for 2021 are €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. €1.1m of pension entitlements have been paid to retired former employees during the year (2019: €0.9m).

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 2020. In general, actuarial valuations are not available for public inspection; however, the results of valuations are advised to members of the various schemes.

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.

	2020	2019
<i>Life expectancies</i>		
Life expectancy for someone aged 65 - Males	<b>21.8</b>	21.6
Life expectancy for someone aged 65 - Females	<b>23.6</b>	23.3
Life expectancy at age 65 for someone aged 45 - Males	<b>23.1</b>	22.9
Life expectancy at age 65 for someone aged 45 - Females	<b>25.0</b>	24.8
Rate of increase in salaries	<b>0% - 2.75%</b>	0% - 2.75%
Rate of increase of pensions in payment	<b>0% - 2.05%</b>	0% - 1.9%
Rate of increase for deferred pensioners	<b>2.05%</b>	1.9%
Discount rate	<b>0.3% - 1.5%</b>	0.7% - 2.0%
Inflation rate	<b>1.5% - 2.85%</b>	1.5% - 2.65%

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

	2020 €m	2019 €m
Net liability in schemes at 1 January	<b>(15.1)</b>	(13.1)
Acquired	<b>(10.5)</b>	(2.7)
Employer contributions	<b>1.6</b>	1.2
Recognised in income statement	<b>(1.1)</b>	(0.7)
Recognised in statement of comprehensive income	<b>(19.9)</b>	(0.2)
Foreign exchange movement	<b>(0.9)</b>	0.4
Net liability in schemes at 31 December	<b>(45.9)</b>	(15.1)

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 31 Pension Obligations (continued)

Defined benefit pension income/expense recognised in the Income Statement

	2020 €m	2019 €m
Current service cost	(1.1)	(0.4)
Other expenses	(0.6)	(0.2)
Settlements of scheme obligations	0.6	(0.1)
Total, included in operating costs	(1.1)	(0.7)
Movement on scheme obligations	(3.5)	(2.0)
Interest on scheme assets	3.4	2.0
Net interest expense, included in finance expense (Note 4)	(0.1)	-

Analysis of amount included in other comprehensive income

	2020 €m	2019 €m
Actual return less interest on scheme assets	17.5	6.1
Experience gain arising on scheme liabilities	0.2	0.1
Actuarial gain arising from changes in demographic assumptions	(0.6)	1.6
Actuarial (loss)/gain arising from changes in financial assumptions	(37.0)	(8.0)
(Loss)/gain recognised in other comprehensive income	(19.9)	(0.2)

The cumulative actuarial loss recognised in other comprehensive income to date is €38.4m (2019: €18.5m). In 2020, the actual return on plan assets was a gain of €11.8m (2019: loss of €8.1m).

#### Asset Classes and Expected Rate of Return

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

	2020	2019
<b>Asset Classes as % of Total Scheme Assets</b>		
Equities	50.5%	41.2%
Bonds (Corporates)	7.2%	0.4%
Cash	3.4%	0.4%
Property	4.3%	8.8%
Liability Driven Investment (LDI)	34.6%	49.2%
	100%	100%

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 31 Pension Obligations (continued)

The net pension liability is analysed as follows:

	2020 €m	2019 €m
Equities	134.0	33.4
Bonds (Corporates)	19.2	0.3
Cash	9.0	0.4
Property	11.4	7.1
Liability Driven Investment (LDI)	91.7	39.8
Fair market value of plan assets	265.3	81.0
Present value of obligation	(311.2)	(96.1)
Deficit	(45.9)	(15.1)
Analysed between:		
Funded schemes' surplus	8.0	9.2
Unfunded obligations	(53.9)	(24.3)
	(45.9)	(15.1)
Related deferred tax (asset)	(6.1)	(0.9)
	2020 €m	2019 €m
<b>Changes in present value of defined benefit obligations</b>		
At 1 January	96.1	84.2
Acquired through business combination	193.3	2.7
Current service cost	1.1	0.4
Other expenses	0.2	-
Interest cost	3.5	2.0
Benefits paid	(10.3)	(3.2)
Settlement	(0.6)	0.1
Actuarial losses/(gains)	37.4	6.3
Effect of movement in exchange rates	(9.5)	3.6
At 31 December	311.2	96.1
	2020 €m	2019 €m
<b>Changes in present value of scheme assets during year</b>		
At 1 January	81.0	71.1
Acquired through business combination	182.8	-
Interest on scheme assets	3.4	2.0
Employer contributions	0.4	0.1
Benefits paid	(9.1)	(2.1)
Other expenses	(0.4)	(0.2)
Actual return less interest	17.5	6.1
Effect of movement in exchange rates	(10.3)	4.0
At 31 December	265.3	81.0

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020 (continued)

### 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 €75.0m dividends from subsidiaries (2019: €20.0m), and there was a net increase in the intercompany balance of €93.8m (2019: 45.3m decrease).

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 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 €nil during the year from the Group (2019: €11.9m). Dividends of €nil were paid to other key management personnel (2019: €0.98m). €nil (2019: €nil) was outstanding at year end.

(iii) The Group purchased legal services in the sum of €145,541 (2019: €125,947) from McCann FitzGerald Solicitors, a firm in which Mr John Cronin is a partner. €74,076 (2019: €nil) was outstanding at year end.

### 33 Post Balance Sheet Events

There have been no material events subsequent to 31 December 2020 which would require adjustment to, or disclosure in this report.

### 34 Approval Of Financial Statements

The financial statements were approved by the directors on 19 February 2021.



# 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 of the operating profit as reported in the 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	2020 €m	2019 €m
<b>Trading profit</b>	Note 2	<b>508.2</b>	497.1

### Trading margin

Measures the trading profit as a percentage of revenue.

	Financial Statements Reference	2020 €m	2019 €m
Trading Profit	Note 2	<b>508.2</b>	497.1
Total Group Revenue	Note 2	<b>4,576.0</b>	4,659.1
<b>Trading margin</b>		<b>11.1%</b>	10.7%

### Net interest

The Group defines net interest as the net total of finance expense and finance income as presented in the 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	2020 €m	2019 €m
Finance expense	Note 4	<b>26.1</b>	23.7
Finance income	Note 4	<b>(1.1)</b>	(2.9)
Less lease interest (IFRS 16)	Note 4	<b>(3.6)</b>	(3.8)
<b>Net Interest</b>		<b>21.4</b>	17.0

### Adjusted earnings per share

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact, net of tax, of intangible amortisation.

The Group defines adjusted diluted earnings per share as basic earnings per share adjusted for the impact, net of tax, of intangible amortisation and the dilutive effect of share options.

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

Financial Statements Reference		2020 €m	2019 €m
Profit attributable to ordinary shareholders	Note 8	<b>373.6</b>	369.4
Intangible amortisation	Note 10	<b>23.5</b>	21.9
Intangible amortisation tax impact	Note 21	<b>(4.1)</b>	(3.0)
		<b>393.0</b>	388.3
Weighted average number of shares ('000)	Note 8	<b>181,212</b>	180,586
<b>Adjusted earnings per share</b>		<b>216.9 cent</b>	215.0 cent
Weighted average number of shares for dilutive calculation ('000)	Note 8	<b>182,810</b>	182,075
<b>Adjusted dilutive earnings per share</b>		<b>215.0 cent</b>	213.2 cent

### 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		2020 €m	2019 €m
Net cash flow from operating activities	Consolidated Statement of Cash Flows	<b>638.5</b>	520.4
Additions to property, plant and equipment	Consolidated Statement of Cash Flows	<b>(131.8)</b>	(161.0)
Proceeds from disposals of property, plant and equipment	Consolidated Statement of Cash Flows	<b>5.7</b>	6.7
Interest received	Consolidated Statement of Cash Flows	<b>1.0</b>	2.8
Lease payments	Consolidated Statement of Cash Flows	<b>(33.7)</b>	(31.8)
<b>Free cash flow</b>		<b>479.7</b>	337.1

### 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		2020 €m	2019 €m
Net Assets	Consolidated Statement of Financial Position	<b>2,397.6</b>	2,120.4
Net Debt	Note 17	<b>236.2</b>	633.2
		<b>2,633.8</b>	2,753.6
Operating profit before interest and tax	Consolidated Income Statement	<b>484.7</b>	475.2
<b>Return on capital employed</b>		<b>18.4%</b>	17.3%

### 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 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 2019 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		2020 €m	2019 €m
<b>Net Debt</b>	Note 17	<b>236.2</b>	633.2

## EBITDA

The Group defines EBITDA as earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16.

		2020 €m	2019 €m
Financial Statements Reference			
Trading profit	Consolidated Income Statement	508.2	497.1
Depreciation	Consolidated Statement of Cash Flows	122.0	114.5
Lease liability payments	Consolidated Statement of Cash Flows	(33.7)	(31.8)
<b>EBITDA</b>		<b>596.5</b>	<b>579.8</b>

## Net debt: EBITDA

Net debt as a ratio to 12 month EBITDA. EBITDA is solely adjusted for the impact of IFRS 16 – Leases which is in accordance with the terms and conditions of the covenants as set out in the Group's external borrowing arrangements.

		2020 €m	2019 €m
Financial Statements Reference			
Net Debt	Note 17	236.2	633.2
EBITDA		596.5	579.8
<b>Net Debt : EBITDA times</b>		<b>0.40</b>	<b>1.09</b>

## Working capital

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

		2020 €m	2019 €m
Financial Statements Reference			
Trade and other receivables	Note 14	799.6	794.2
Inventories	Note 13	505.9	557.6
Trade and other payables	Note 15	(854.5)	(768.9)
Foreign currency derivatives excluded from net debt	Note 19	(0.2)	(0.1)
<b>Working capital</b>		<b>450.8</b>	<b>582.8</b>

## Working capital ratio

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

		2020 €m	2019 €m
Financial Statements Reference			
Working capital		450.8	582.8
October - December turnover annualised		5,151.2	4,877.0
<b>Working capital ratio</b>		<b>8.8%</b>	<b>11.9%</b>

## 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.

		2020 %	2019 %
Annual Report Reference			
<b>Total Shareholder Return</b>	Page 72	<b>5.4</b>	<b>47.2</b>

## SHAREHOLDER INFORMATION

### The Annual General Meeting

The Annual General Meeting of the Company will be held on 30 April 2021 at 10.00 a.m.

Notice of the 2021 AGM will be made available to view online at <http://www.kingspan.com/agm2021>

The 2021 AGM is scheduled to be held after the proposed migration ("Migration") of electronic settlement of the Company's shares from CREST to the settlement system operated by Euroclear Bank, currently scheduled for 15 March 2021, is anticipated to have occurred. Details will be provided in the Notice of the 2021 AGM as to how shareholders of the Company may attend and vote at the 2021 AGM or appoint a proxy to attend and vote on their behalf. Following Migration, holders of CREST Depository Instruments and participants in the Euroclear Bank system (not being shareholders in the Company) may, in accordance with the rules and procedures of Euroclear Bank and/or of their relevant participant in Euroclear Bank (such as their bank, broker or nominee) submit their voting instructions or proxy voting instructions requesting that a proxy be appointed to attend and vote at the 2021 AGM.

### 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

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Preliminary Results	19 February 2021
Trading Update	30 April 2021
AGM	30 April 2021
Half-Yearly Update	20 August 2021
Trading Update	15 November 2021

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### Bankers

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Bank of America Merrill Lynch	HSBC Bank plc
ING Bank NV	BNP Paribas
Commerzbank	Danske Bank AS
KBC Bank NV	Ulster Bank Ireland Limited
Bank of Ireland	

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### Solicitors

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McCann FitzGerald, Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland.	Allen & Overy LLP, One Bishops Square, London, E1 6AD, England.
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### Stockbrokers

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Goodbody, Ballsbridge Park, Ballsbridge, Dublin 4, Ireland.	Bank of America Merrill Lynch, 2 King Edward St, Farringdon, London, EC1A 1HQ, England.
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### Auditor

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EY  
EY Building,  
Harcourt Centre,  
2 Harcourt St,  
Saint Kevin's,  
Dublin  
Ireland.

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## 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 2020 is set out below.

### Rights and obligations attaching to the Ordinary Shares

The Company has no securities in issue conferring special rights with regards 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](http://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, until Migration, uncertificated form (through CREST).

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, until Migration, be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST 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 CREST Regulations. The Articles contain provisions designed to facilitate the Company's participation in the Euroclear Bank settlement system following Migration and to facilitate the exercise of rights in the Company by holders of interests in Ordinary Shares that are held through the Euroclear Bank system.

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

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

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

The Articles require that at each Annual General Meeting of the Company one-third of the directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held on 1 May 2020.

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 1 August 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 at the conclusion of the next Annual General Meeting unless renewed and resolutions to that effect are being proposed at the Annual General Meeting to be held on 30 April 2021.

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 1 May 2020, 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 30 April 2021, 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 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.

## PRINCIPAL SUBSIDIARY UNDERTAKINGS

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
<b>IRELAND</b>		
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 RE Limited	100	Property Company
Kingspan Securities 2016 Designated Activity Company	100	Finance Company
Kingspan Securities 2017 Designated Activity Company	100	Finance Company
Kingspan Securities Limited	100	Finance Company
Kingspan Securities No. 2 Limited	100	Finance Company
Kingspan Tate Limited	100	Sales & Marketing
Kingspan Water & Energy Limited	100	Manufacturing
KSP Property Limited	100	Property Company
<b>UNITED KINGDOM</b>		
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
KSP Europe Limited	100	Finance Company
Euroclad Group Limited	100	Manufacturing
Fuel Tank Shop Limited	100	Sales & Marketing
Joris Ide Limited	100	Manufacturing
Kingspan Access Floors Limited	100	Manufacturing
Kingspan Energy Limited	100	Sales & Marketing
Kingspan Light & Air (UK & Ireland) Limited	100	Manufacturing
Kingspan Water & Energy Limited	100	Manufacturing
Kingspan Group Limited	100	Holding Company
Kingspan Insulation 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
Springvale Insulation Limited	100	Manufacturing
Tanks Direct Limited	100	Sales & Marketing

	% Shareholding	Nature of Business
<b>AUSTRALIA</b>		
Kingspan Insulation Pty Limited	100	Manufacturing
Kingspan Insulated Panels Pty Limited	100	Manufacturing
Kingspan Water & Energy Pty Limited	85	Manufacturing
Tate Asia-Pacific Pty Limited	100	Sales & Marketing
<b>AUSTRIA</b>		
Kingspan GmbH	100	Sales & Marketing
Colt International GmbH	100	Sales & Marketing
<b>BELGIUM</b>		
Colt International NV	100	Sales & Marketing
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
Epur SA	100	Manufacturing
<b>BOSNIA AND HERZEGOVINA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>BRAZIL</b>		
Kingspan-Isoeste Construtivos Isotérmicos S/A.	51	Manufacturing
Kingspan Isoeste Trade Importadora E Exportadora Limitada	51	Sales & Marketing
<b>CANADA</b>		
Kingspan Insulated Panels Limited	100	Manufacturing
Tate ASP Access Floors Inc.	100	Sales & Marketing
Vicwest Inc.	100	Manufacturing
<b>CHILE</b>		
Synthesia Technology S.p.A.	100	Sales & Marketing
<b>CHINA</b>		
Colt (China) Manufacturing Company Limited	100	Manufacturing
<b>COLUMBIA</b>		
Kingspan Comercial S.A.S.	51	Sales & Marketing
PanelMET S.A.S.	51	Manufacturing
Synthesia Technology S.A.S.	100	Sales & Marketing
<b>COSTA RICA</b>		
Acusterm Costa Rica S.R.L.	100	Sales & Marketing
<b>CROATIA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>CZECH REPUBLIC</b>		
Balex Metal S.R.O.	100	Sales & Marketing
Colt International S.R.O.	100	Sales & Marketing
Kingspan A.S.	100	Manufacturing
<b>DENMARK</b>		
Kingspan A/S	100	Sales & Marketing
Kingspan Insulation ApS	100	Sales & Marketing
<b>ESTONIA</b>		
Kingspan Insulation oü	100	Sales & Marketing
Kingspan oü	100	Sales & Marketing

	% Shareholding	Nature of Business
<b>FINLAND</b>		
Kingspan Insulation Oy	100	Manufacturing
Kingspan Oy	100	Sales & Marketing
<b>FRANCE</b>		
Colt France S.a.r.l.	100	Sales & Marketing
Comptoir du Batiment et de L'Industrie SAS	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
Profinord S.a.r.l.	100	Manufacturing
Societe Bretonne de Profilage SAS	100	Manufacturing
<b>GERMANY</b>		
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 Environmental GmbH	100	Sales & Marketing
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
Schütze GmbH	100	Manufacturing
STG Beikirch GmbH	100	Manufacturing
Technocon GmbH	100	Design Services
<b>HONG KONG</b>		
Chemprogress HK Ltd	100	Sales & Marketing
<b>HUNGARY</b>		
Essmann Hungaria Kft.	100	Sales & Marketing
Kingspan Kereskedelmi Kft.	100	Manufacturing
Joris Ide Kft.	100	Manufacturing
<b>INDIA</b>		
Kingspan Jindal Private Limited	51	Manufacturing
<b>ISLE OF MAN</b>		
Aslan General Insurance Limited	100	Insurance
<b>LATVIA</b>		
Kingspan SIA	100	Sales & Marketing
Balex Metal SIA	100	Manufacturing
<b>LITHUANIA</b>		
Balex Metal UAB	100	Sales & Marketing
Kingspan UAB	100	Sales & Marketing
<b>MALTA</b>		
KSP Finance (Europe) Limited	100	Finance Company
KSP Holdings (Europe) Limited	100	Finance Company
KSP Investments (Europe) Limited	100	Finance Company
<b>MEXICO</b>		
Kingspan Insulated Panels S.A. DE C.V.	100	Manufacturing
Synthequimica Mexicana S.R.L. DE C.V.	100	Sales & Marketing



	% Shareholding	Nature of Business
<b>MOROCCO</b>		
SM Polyurethanes S.á.r.l.	100	Sales & Marketing
<b>NETHERLANDS</b>		
Colt International Beheer BV	100	Holding Company
Colt International BV	100	Sales & Marketing
Colt International Holding BV	100	Holding Company
Colt International Productie BV	100	Manufacturing
Hoesch Bouwsystemen B.V.	100	Sales & Marketing
Kingspan B.V.	100	Sales & Marketing
Kingspan Holding Netherlands B.V.	100	Holding Company
Kingspan Insulation B.V.	100	Manufacturing
Kingspan (MEATI) B.V.	85	Holding Company
Kingspan Unidek B.V.	100	Manufacturing
Joris Ide Netherlands B.V.	100	Manufacturing
Kingspan Light & Air Production NL B.V.	100	Manufacturing
Kingspan Light & Air NL B.V.	100	Manufacturing
<b>NEW ZEALAND</b>		
Kingspan Insulation NZ Limited	100	Sales & Marketing
Kingspan Limited	100	Sales & Marketing
<b>NORWAY</b>		
Kingspan AS	100	Sales & Marketing
Kingspan Insulation AS	100	Sales & Marketing
Kingspan Miljo AS	100	Sales & Marketing
Vestfold Plastindustri AS	100	Manufacturing
<b>PANAMA</b>		
Acusterm Panama S.A.	100	Manufacturing
Hurre Panama S.A.	50	Manufacturing
Synthesia Technology S.A.	100	Manufacturing
<b>PERU</b>		
Synthesia Technology S.A.C.	100	Sales & Marketing
<b>POLAND</b>		
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 Environmental Sp. Z o.o.	100	Manufacturing
Kingspan Sp. Z o.o.	100	Manufacturing
<b>PORTUGAL</b>		
Colt Portugal SA	100	Sales & Marketing
<b>QATAR</b>		
Kingspan Insulation WLL	100	Sales & Marketing
<b>ROMANIA</b>		
Kingspan S.R.L.	100	Sales & Marketing
Joris Ide S.R.L.	100	Manufacturing
<b>RUSSIA</b>		
Kingspan LLC	100	Manufacturing
Kingspan Nevinomyssk LLC	100	Manufacturing

	% Shareholding	Nature of Business
<b>SAUDI ARABIA</b>		
Colt Arabia Limited	100	Manufacturing
<b>SERBIA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>SINGAPORE</b>		
Colt Ventilation East Asia Pte Limited	100	Sales & Marketing
Hoesch Bausysteme Pte Limited	100	Sales & Marketing
<b>SLOVAKIA</b>		
Balex Metal A.S.	100	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
<b>SLOVENIA</b>		
Kingspan D.O.O.	100	Sales & Marketing
<b>SPAIN</b>		
Colt España SA	100	Sales & Marketing
Hurre Iberica S.A.	100	Manufacturing
Kingspan Insulation S.A.	100	Manufacturing
Kingspan Shaped Solutions SL	100	Manufacturing
Kingspan Suelo Technicos S.L.	50	Sales & Marketing
Synthesia Technology Europe SLU	100	Manufacturing
Teczone Española S.A.	100	Manufacturing
<b>SWEDEN</b>		
Kingspan AB	100	Sales & Marketing
Kingspan Insulation AB	100	Manufacturing
<b>SWITZERLAND</b>		
Colt International (Schweiz) AG	100	Sales & Marketing
Kingspan GmbH	100	Sales & Marketing
<b>TURKEY</b>		
Kingspan Yapi Elemanlari A.S.	85	Manufacturing
<b>UKRAINE</b>		
Balex Metal LLC	100	Sales & Marketing
Kingspan Ukraine LLC	100	Property Company
<b>UNITED ARAB EMIRATES</b>		
Colt International LLC	100	Sales & Marketing
Kingspan Insulated Panels Manufacturing LLC	85	Manufacturing
Kingspan Insulation LLC	90	Manufacturing
<b>UNITED STATES</b>		
ASM Modular Systems Inc.	100	Manufacturing
CPI Daylighting Inc.	100	Manufacturing
Daylighting Contracts Inc.	100	Sales & Marketing
Dri-Design Inc.	95	Manufacturing
Kingspan Insulated Panels Inc.	100	Manufacturing
Kingspan Insulation LLC	100	Manufacturing
Kingspan Light & Air LLC	100	Manufacturing
Morin Corporation	100	Manufacturing
Pre-insulated Metal Technologies Inc.	100	Manufacturing
Synthesia Technology Inc.	100	Manufacturing
Tate Access Floors Inc.	100	Manufacturing

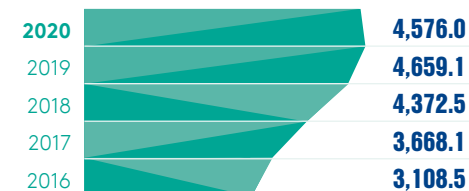
Pursuant to section 316 of the Companies Act 2014, a full list of subsidiaries will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

# 5 Year Summary

	2020	2019	2018	2017	2016
<b>Results (amounts in €m)</b>					
Revenue	<b>4,576.0</b>	4,659.1	4,372.5	3,668.1	3,108.5
Trading profit	<b>508.2</b>	497.1	445.2	377.5	340.9
Profit before tax	<b>459.7</b>	454.4	404.9	346.5	314.0
Operating cashflow	<b>750.8</b>	627.1	530.3	362.5	377.1
<b>Equity (amounts in €m)</b>					
Gross assets	<b>5,341.6</b>	4,288.4	4,029.4	3,235.6	3,004.6
Working capital	<b>450.8</b>	582.8	543.9	477.8	382.7
Total shareholder equity	<b>2,397.6</b>	2,120.4	1,788.9	1,568.0	1,471.5
Net debt	<b>236.2</b>	633.2	728.3	463.9	427.9
<b>Ratios</b>					
Net debt as % of total shareholders' equity	<b>9.9%</b>	29.9%	40.7%	29.6%	29.1%
Current assets / current liabilities	<b>2.21</b>	1.66	1.59	1.65	1.56
Net debt / EBITDA	<b>0.40</b>	1.09	1.40	1.05	1.06
<b>Per Ordinary Share (amounts in €cent)</b>					
Earnings	<b>206.2</b>	204.6	184.0	159.0	143.8
Operating cashflows	<b>414.3</b>	347.3	294.9	202.1	212.3
Net assets	<b>1,323.1</b>	1,174.2	994.7	876.7	828.4
Dividends	<b>20.6</b>	13.0	42.0	37.0	33.5
Average number of employees	<b>15,424</b>	14,529	13,469	11,133	10,396

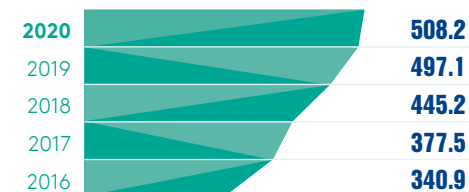
## REVENUE

(€m)



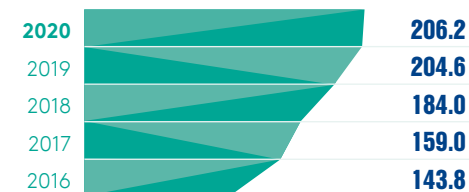
## TRADING PROFIT

(€m)



## EPS

(cent)



## DPS

(cent)

