BRAIME GROUP PLC
("Braime" or the "Company" and with its subsidiaries the "Group")

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2021

At a meeting of the directors held today, the accounts for the year ended 31st December 2021 were submitted and approved by the directors. The accounts statement is as follows:

Chairman's statement

Overview

We expected 2021 to be challenging. Instead, all our subsidiaries across the Group exceeded both their budget and their prior year's sales. In particular, the revenues of Braime Pressings increased substantially due to exceptionally high demand from its external customers for commercial vehicle components, as well as increased demand from its internal customers in the Group for the supply of material handling components to the 4B division, due to a surprising increase in infrastructure projects globally. The combined effect was to lift the annual revenue of Braime Pressings by 38%. In consequence, the manufacturing business made a very significant contribution to the Group operating profit for the first time in recent years.

Across the Group in 2021, Sales increased from £32.8m in 2020 to £36.4m in 2021, and the overall gross margin rose from 46.7% to 48.4%. Meanwhile the effect of exchange rate movements on overseas margins and earnings was marginally positive in 2021. So the Group operating profit increased from £1.4m to £2.5m before exceptional costs, an excellent result in the context of the pandemic.

However, the results include £1.2m of exceptional costs, £1.0m of which the Directors have set aside as a provision to cover the costs of re-building part of the UK facility, which had to be demolished in December. This issue is discussed further later in the Statement. After deducting both the finance expense of £0.2m and the exceptional cost of £1.2m the profit before tax, is £1.1m, similar to the figure in 2020.

Dividends

The company paid an interim dividend of 4.25p in October 2021. Based on the positive result for 2021, and strong current trading, the directors propose paying a second dividend of 8.20p on the 8th June to the holders of the Ordinary and "A" Ordinary Shares on the Share Register on the 20th May 2022. (The ex-dividend date is the 19th May 2022). This brings the total dividend paid in relation to 2021 to12.45p, compared to 11.8p in 2020.

Strategy

The business has continued to pursue its longstanding Strategy of aiming to achieve growth in sales and profit by consistently investing in 3 key areas:-

- new machinery and equipment to achieve ongoing improvements in productivity and efficiency;
- product development to add further innovative products for existing and new customers;
- developing new markets which offer opportunities to expand the customer base.

This strategy is pursued through a policy of maintaining low central overheads, and by limiting central control to the areas of finance, capital expenditure, product development and marketing support. Control over other areas of the business is delegated to the subsidiaries, who are best placed to develop policies to suit their own local markets.

Capital Investment

In 2021 the Group made capital investments totalling £2.1m, repeating the level of investment made in 2020. Of this, £0.7m was invested in production equipment, £0.5m in the completion of the new operating and distribution facility for 4B France, and £0.7m spent towards the cost of the new warehouse being constructed for our UK manufacturing facility.

The new premises at 4B France, completed in May 2021, provide larger and more modern office and storage facilities, significantly improve the ability to serve existing customers, support future growth, and enable it to provide support, where necessary post Brexit, to other European customers still supplied primarily from the UK.

The new climate controlled warehouse in Leeds will provide Braime Pressings with additional centralised climate-controlled storage for both raw materials and finished parts. The new warehouse, dispatch area, and extra employee parking were scheduled for completion in October 2021 but have been seriously delayed by the issue in the Chain Cell and the unexpected discovery of a 30m deep water well at a point where the new building joins the existing facility, as announced in February 2022.

The well, not marked on any current or historical maps, and missed by the ground survey and exploratory bore holes, was probably part of Union Foundry, built around 1850, occupying part of the current manufacturing site prior to its acquisition by T.F. & J.H. Braime in 1910. The cost of plugging and securing the well beneath the foundations, and the resulting delay to the building program, have added around £300,000 to the cost of this project. Completion is finally expected in the summer of this year.

New Product Development

In 2021, we brought to market a number of new innovative products and continued our investment in product development. The long process from original concept, through the assessment of the technical and commercial feasibility of the idea, detailed design, gaining the relevant approvals standard and certification, carrying out field trials, to final product launch, takes a minimum of 3 years and sometimes much more. Devoting current time to continuously progressing a stream of new product development is crucial to the future of the business.

Repairs to the UK Facility

In July 2021, following a major storm, bricks under a beam supporting the roof of the North-East corner of the Leeds facility, fell to ground in the Chain Cell. Very fortunately nobody was hurt, but the drop of a structural beam by 300mm, caused another supporting beam to rotate off its location in the opposite "Chimney Wall" and pushed out the top of an external wall running adjacent to Sayner Lane, forcing the wall to bow outwards and the public highway had to be closed.

Our structural engineers advised that the building would inevitably deteriorate further, cause the roof to collapse and, when it did so, would pull down further areas of roofing over the main workshops and that the only option was full demolition. We reserved £250,000 for this at the interim results stage.

The Leeds facility is a Grade II Listed Building. Under the 1990 Listed Buildings Act, it is a criminal offence to demolish or materially alter a Listed Building without the prior consent of the local authority, in our case Leeds City Council (LCC). Prior to granting their consent for demolition, LCC required that our structural engineers justified the demolition and that our architects submitted a planning application for the demolition and the restoration of the building, which included important features of the historic structure deemed of particular value. These features included rebuilding the original facade of the building adjacent to Sayner Lane re-using the original bricks and restoring the original fireplace and chimney, which dominated the rear of the property and formed an important part of the Union Foundry, built in the mid-19th Century, during the early industrial revolution in Leeds.

Following an application for demolition and re-building, the Planning Application was granted in mid-January 2022. The current best estimate from specialist advisors is that the total cost will be in the region of £850,000 which will have to be financed from internal resources. However, we are still in discussion with LCC planners, architects, and potential contractors to minimise the cost of the re-construction, including the costly features required by the council but creating a new low maintenance building designed to increase efficiency, reduce operational costs and provide additional usable space for storage and production. We hope to receive firm pricing in early May and complete the works in 2022. Further updates will be provided.

This unexpected event forced Braime Pressings to temporarily relocate and condense some of its manufacturing operation in another part of the UK facility, causing additional stress at a time when resources were already fully stretched. The only mitigating factors are that it involved the oldest part of the facility, dating from 1850, was in poor condition, badly designed, and built on clay without foundations. Despite these setbacks, the overall results to date have remained positive.

Risk

Business risks are set out in the strategic report but the two principal risks to the Group are its exposure to currency fluctuations, and its exposure to claims for compensation linked to product failure. These primary risks are due respectively, to the very high proportion of the Group products which are sold overseas, and to the specific nature of the markets in which it is engaged.

The Group also buys part of its raw materials in overseas currencies, and this partly offsets the fact that around 80% of Group revenues are made in overseas markets and currencies. The business holds substantial funds in key foreign currencies and, to the limited extent to which this is possible, it minimises the risk by reacting to currency fluctuations. This involves both judgement and luck and the risk, inherent in the Groups profile, remains unavoidable in the long-term.

A large proportion of the Group's products are sold into the material handling market, primarily to storage and processing facilities. In the case of the mechanical components, the parts are used in physically transporting the granular product; in the case of the electronic components, they are designed to help reduce the risk that the combination of the dust and oxygen present in moving high volumes of combustible product, triggers a fire or dust explosion. As a result, the business is exposed periodically to claims for financial compensation although no such claims have been made in the financial year.

Great care is taken in the design and manufacture of our products in order to meet and maintain a multitude of complex international Standards and Approvals. This process involves significant ongoing cost. Nevertheless, the risk cannot be entirely eliminated so the Group carries insurance to enable it to defend itself against any claims that may arise.

New Business Opportunity

In April 2022, the Group purchased the exclusive sales rights, and customer list, for an additional range of electrical components used in the bulk material handling industry. This product range will be re-labelled and integrated with our own "4B" brand and the purchase increases our current small UK market, expands our customer base and creates potential for further growth.

Staff

In my 2020 Report, we praised our staff for their courage in working through the pandemic and their willingness to change their patterns of work to meet the much higher demand from our customers and compensate for those employees who became ill or who needed to be furloughed. The large degree of flexibility shown by our staff in coping with the additional problems outlined above has continued through 2021.

Just as everyone thought the pandemic was finally over and normality was slowly returning, the workload of many of our staff has been massively increased by further new challenges. As always, the continued success of the business depends almost entirely on the efforts and enthusiasm of our staff at all levels of the business.

Current Trading and Outlook

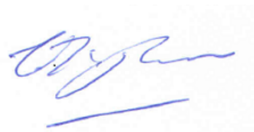
The first quarter of 2022 has begun very positively. Sales across the Group are currently running well ahead of the same period in 2021, as customers continue to enjoy a post pandemic bounce.

Group sales are diversified by product and industry and are sold in a wide spread of overseas markets, some of which will be less affected by any recession. In some cases, these markets will actually benefit from the steep rise in grain and other commodity prices. Currently though, the immediate future is uncertain and a major recession in the UK, and Europe is widely anticipated.

The invasion of Ukraine by Russia has tragic and unimaginable humanitarian consequences. It has also largely closed, for the moment, two very significant markets for agro-industrial components supplied both directly, and especially indirectly, by Group subsidiaries.

The Group is being badly affected by huge increases in the cost of our main raw materials, steel, plastic resin and rubber. In 2022, these increases have already averaged 50% and are unprecedented in peacetime. Meanwhile, the over 600% increase in the cost of sea freight, and the doubling of delivery times during 2021 has shown no sign of abating. On occasions, the shipping cost now exceeds the ex-works cost of the products. The size of the increases, and the long and unreliable delivery times, are very disruptive for a Group dependent on trading globally.

These problems seriously affect purchasing, production and sales and create a huge increase in the stress and the daily work of our employees. Above all, the knock-on effect of this instability puts every order and every customer perpetually "at risk". We therefore look to the year ahead with concern, and anticipate difficult times ahead, although historically, the diversity of our product range and the global nature of our sales have together helped us weather such challenges.



Nicholas Braime, Chairman

27th April 2022

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The directors present their strategic report of the Company and the Group for the year ended 31st December 2021.

Principal activities

The principal activities of the Group during the year under review was the manufacture of deep drawn metal presswork and the distribution of material handling components and monitoring equipment. Manufacturing activity is delivered through the Group's subsidiary Braime Pressings Limited and the distribution activity through the Group's 4B division.

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. Founded in 1888, the business has over 130 years of manufacturing experience. The metal presswork segment operates across several industries including the automotive sector and supplies external as well as group customers.

The subsidiaries within the 4B division are industry leaders in developing high quality, innovative and dependable material handling components for the agricultural and industrial sectors. They provide a range of complementary products including elevator buckets, elevator and conveyor belting, elevator bolts and belt fasteners, forged chain, level monitors and sensors and controllers for monitoring and providing preventative maintenance systems which facilitate handling and minimise the risk of explosion in hazardous areas. The 4B division has operations in the Americas, Europe, Asia, Australia and Africa and in 2021 traded in ninety countries. The US subsidiary also has an injection-molding plant. All injection-molded products are made wholly for internal consumption and this is classed as 4B division activity rather than included in the manufacturing segment.

Performance highlights

The board is pleased to report a significant improvement in the underlying results of the Group. For the year ended 31st December 2021, the Group generated revenues of £36.4m, up £3.6m from prior year. Profit from operations before exceptional costs was £2.5m, up £1.1m from prior year and EBITDA before exceptional costs was £3.8m up £1.2m from prior year. As mentioned in the Chairman's Statement, exceptional costs of £1.2m relate to extensive repairs to the chain cell area of our Hunslet Road property, following the discovery of a series of structural faults along three walls. As at the year end, we had spent £0.2m demolishing the wall, dismantling a large area of roofing and securing the surrounding area.

However, because the property is Grade II listed, the external walls will require careful restoration of original features using materials agreed with the local authority conservation officers. At the time of writing, we have provided for additional costs of £0.85m being our best estimate of the required cost of restoration. The chain cell repair has also contributed to £0.2m of delays to the completion of our warehouse which is not now expected to be completed until the summer and this is also included in our provision. Profit before tax is £1.1m including exceptional costs is in line with prior year (2020 - £1.2m).

At 31st December 2021, the Group had net assets of £15.7m.

Cash flow

Inventories increased by £1.3m as the Group planned for increased demand partly as a result of the easing of Covid-19 restrictions on world economies, and partly to reduce the impact of anticipated inflation on raw materials. Trade and other receivables increased by £0.3m reflecting increased customer activity close to the year end for the same reason. These were largely offset by an increase in our trade and other payables of £0.2m and an increase in provisions of £1.1m. In total the business generated funds from operations of £1.9m (2020 - £2.7m). The Group continued its investment programme during the year, spending £2.1m on capital items; £0.7m of this was on the construction of the new warehouse in the UK announced in the summer of 2021 and a further £0.5m to complete the new warehouse in France which was officially opened in May 2021. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £1.0m, a decrease of £0.2m from the prior year.

Bank facilities

The Group's operating banking facilities are renewed annually. As announced last year, the new UK warehouse construction is being funded largely through the procurement of a development loan of £0.9m from HSBC. The development loan will be converted to a five year term loan when construction of the warehouse is completed. Our facility with HSBC provides ample headroom for the Group to make the necessary investments in the year and to carry out the repairs mentioned above to the chain cell operations. The business continues to enjoy good relations with its bankers.

Taxation

The tax charge for the year was £0.3m, with an effective rate of tax of 29.9% (2020 – 28.5%). The effective rate is higher than the standard UK tax rate of 19% (2020 – 19%); this results from the blending effect of the different rates of tax applied by each of the countries in which the Group operates, in particular, our US operations' tax charge affects the blended rate. In any financial year the effective rate will depend on the mix of countries in which profits are made, however the Group continues to review its tax profile to minimise the impact.

Capital expenditure

In 2021, the Group invested £2.1m (2020 - £2.1m) in property, plant and equipment. In addition to £1.2m spent on both the UK and French warehouse construction, the Group has made improvements to its employee facilities and enhanced its engineering capabilities, purchasing equipment in welding, bolt threading and pointing, and has continued to expand its bucket tooling portfolio.

Balance sheet

Net assets of the Group have increased to £15.7m (2020 - £15.0m). A foreign exchange gain of £0.1m (2020 – £0.1m loss) was recorded on the re-translation of the net assets of the overseas operations, which has increased retained earnings in the year.

Principal exchange rates

The Group reports its results in sterling, its presentational currency. The Group operates in six other currencies and the principal exchange rates in use during the year and the comparative figures for the year ending 31st December 2020 are shown in the table below.

Currency	**Symbol**	**Average rate Full year 2021**	**Average rate Full year 2020**	**Closing rate 31st Dec 2021**	**Closing rate 31st Dec 2020**
Australian Dollar	AUD	1.838	1.867	1.859	1.763
Chinese Renminbi (Yuan)	CNY	8.875	8.880	8.606	8.890
Euro	EUR	1.165	1.126	1.191	1.112
South African Rand	ZAR	20.490	21.309	21.494	20.030
Thai Baht	THB	44.073	40.404	44.690	40.838
United States Dollar	USD	1.374	1.290	1.348	1.365

Our business model

The two segments of the Group are very different operations and serve different markets, however together they provide diversification, strength and balance to the Group and their activities.

The focus of the manufacturing business is to produce quality, technically demanding components. The use of automated equipment allows us to produce in high volumes whilst maintaining flexibility to respond to customer demands.

The material handling components business operates from a number of locations around the globe allowing us to be close to our core markets. The focus of the business is to provide innovative solutions drawing on our expertise in material handling and access to a broad product range.

Performance of Braime Pressings Limited, manufacturer of deep drawn metal presswork

Braime Pressings Limited sales of £9.5m were up £2.7m on prior year. Intercompany sales and external sales were £4.3m and £5.2m as compared to £3.0m and £3.8m respectively in 2020. Profit for the period was £0.8m (2020 – loss £0.2m). The manufacturing arm benefitted from strong demand from the automotive sector and from stronger intercompany sales as world economies started to recover from the pandemic. The board believes the business continues to add strategic value through its supply to the 4B division and complementary engineering expertise.

Performance of the 4B division, world-wide distributor of components and monitoring systems for the material handling industry

Revenues increased from £34.2m to £37.9m, with external sales up £2.2m. The 4B group saw revenue growth as the world economies started to recover from the covid pandemic. Revenue in the European market increased by £0.1m compared to 2020 with the Americas increasing by £0.6m and China by £0.5m. Profit for the period fell by £0.2m to £1.3m with the prior year benefitting from the forgiveness of £0.4m of a government loan received by our US subsidiary.

Key performance indicators

The Group uses the following key performance indicators to assess the performance of the Group as a whole and of the individual businesses:

Key performance indicator	**Note**	**2021**	**2020**
Turnover growth	1	11.0%	(1.9%)
Gross margin	2	48.4%	46.7%
Operating profit before exceptional item	3	2.49m	1.38m
Stock days	4	184 days	182 days
Debtor days	5	54 days	56 days

Notes to KPI's

1. Turnover growth
The Group aims to increase shareholder value by measuring the year on year growth in Group revenue. The board is pleased with the significant turnaround of Group revenues following the global pandemic.

2. Gross margin
Gross profit (revenue plus change in inventories less raw materials used) as a percentage of revenue is monitored to maximise profits available for reinvestment and distribution to shareholders. The increase in gross margin is the result of recovery from the pandemic.

3. Operating profit before exceptional item
Sustainable growth in operating profit is a strategic priority to enable ongoing investment and increase shareholder value. The increase in operating profit before exceptional items reflects recovery from the pandemic.

4. Stock days
The average value of inventories divided by raw materials and consumables used and changes in inventories of finished goods and work in progress expressed as a number of days is monitored to ensure the right level of stocks are held in order to meet customer demands whilst not carrying excessive amounts which impacts upon working capital requirements. Stockholding has increased due to inventory build-up in December 2021 to mitigate the impact of anticipated increases in raw materials costs in 2022.

5. Debtor days
The average value of trade receivables divided by revenue expressed as a number of days. This is an important indicator of working capital requirements. Debtor days have continued to improve and management are focusing on reducing this to improve cashflows given the significant outlays for the chain cell rebuild.

Other metrics monitored weekly or monthly include quality measures (such as customer complaints), raw materials buying prices, capital expenditure, line utilisation, reportable accidents and near-misses.

Principal risks and uncertainties

In the current economic, political and physical, climate, the only certainty is uncertainty. As the global economy emerges from the impact of the Covid pandemic, increased demand and shortage of raw materials has placed upward inflationary pressure on supply chains.

The recent invasion of Ukraine and consequent sanctions placed by the West on Russia has increased political tensions worldwide. This is creating volatility in the energy and commodities markets. Prior to this, the COP26 summit saw the UK government commit to ambitious targets to cut greenhouse emissions, and this commitment is being passed onto businesses. The UK's transition arrangements with the EU ended at the end of 2021. A trade agreement with the EU has been struck but the finer details of the agreement remain to be negotiated. The directors consider that these events pose all business threats but may well create other opportunities. The Company's short reporting lines of management means it can remain nimble footed to sudden and or large changes in the business landscape.

The two principal risks associated with our particular business model are discussed in the Chairman's statement.

General risks
The market remains challenging for our manufacturing division, due to pricing pressures throughout the supply chain. The maintenance of the TS16949 quality standard is important to the Group and allows it to access growing markets within the automotive and other sectors. A process of continual improvement in systems and processes reduces this risk as well as providing increased flexibility to allow the business to respond to customer requirements.

Our 4B division maintains its competitive edge in a price sensitive market through the provision of engineering expertise and by working closely with our suppliers to design and supply innovative components of the highest standard. In addition, ranges of complementary products are sold into different industries. The monitoring systems are developed and improved on a regular basis.

The directors receive monthly reports on key customer and operational metrics from subsidiary management and review these. The potential impact of business risks and actions necessary to mitigate the risks, are also discussed and considered at the monthly board meetings. The directors have put in place formal business continuity and disaster recovery plans with respect to its UK and US operations. The more significant risks and uncertainties faced by the Group are set out below:-

- **Raw material price fluctuation**:- The Group is exposed to fluctuations in steel and other raw material prices and to mitigate this volatility, the Group fixes its prices with suppliers where possible.

- **Reputational risk**:- As the Group operates in relatively small markets any damage to, or loss of reputation could be a major concern. Rigorous management attention and quality control procedures are in place to maximise right first time and on time delivery. Responsibility is taken for ensuring swift remedial action on any issues and complaints.

- **Damage to warehouse or factory:-** Any significant damage to a factory or warehouse will cause short-term disruption. To mitigate these risks, the Group has arrangements with key suppliers to step up supply in the event of a disruption.

- **Economic fluctuations**:- The Group derives a significant proportion of its profits from outside the UK and is therefore sensitive to fluctuations in the economic conditions of overseas operations including foreign currency fluctuations. As the Covid-19 pandemic has demonstrated, economies are greatly intertwined and reverberations feed through the supply chain.

- **Cyber security**:- All businesses now rely almost totally on computers, networks and systems with 'data' information held on them, and require privacy and integrity of this data. The likelihood cyber security attacks and security threats are key risks for every organisation. The Group reviews its security measures regularly with its IT providers.

Financial instruments

The operations expose the Group to a variety of financial risks including the effect of changes in interest rates on debt, foreign exchange rates, credit risk and liquidity risk.

The Group's exposure in the areas identified above are discussed in note 19 of the financial statements.

The Group's principal financial instruments comprise sterling and foreign cash and bank deposits, bank loans and overdrafts, other loans and obligations under finance leases together with trade debtors and trade creditors that arise directly from operations. The main risks arising from the Group's financial instruments can be analysed as follows:

Price risk

The Group has no direct exposure to securities price risk, as it holds no listed equity instruments. The Group maintains a defined benefit scheme, the asset valuations are subject to market changes (note 19).

Foreign currency risk

The Group operates a centralised treasury function which manages the Group's banking facilities and all lines of funding. Forward contracts are on occasions used to hedge against foreign exchange differences arising on cash flows in currencies that differ from the operational entity's reporting currency.

Credit risk

The Group's principal financial assets are bank balances, cash and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Credit risk is mitigated by a stringent management of customer credit limits by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The Group also has credit insurance in place. The amounts presented in the balance sheet are net of allowance for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's policy has been to ensure continuity of funding through acquiring an element of the Group's fixed assets under medium term loans and finance leases and arranging funding for operations via bank overdrafts to aid short term flexibility.

Cash flow interest rate risk

Interest rate bearing assets comprise cash and bank deposits, all of which earn interest at a fixed rate. The interest rate on the bank overdraft is at market rate and the Group's policy is to keep the overdraft within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Group's policy is to maintain other borrowings at fixed rates to fix the amount of future interest cash flows.

The directors monitor the level of borrowings and interest costs to limit any adverse effects on the financial performance of the Group.

Health and safety

We maintain healthy and safe working conditions on our sites and measure our ability to keep employees and visitors safe. We continuously aim to improve our working environments to ensure we are able to provide safe occupational health and safety standards to our employees and visitors. The directors receive monthly H&S reports and we carry out regular risk management audits to identify areas for improvement and to minimise safety risks. As a global business, the Group is able to tap into the experience of its various international locations to share best practice and learning points. The experience of the past two years has improved our plans and procedures in the event of future pandemics.

Research and development

The Group continues to invest in research and development and from time to time liaises with university engineering groups with a view to improving features of its products. This has resulted in innovations in the products which will benefit the Group in the medium to long term.

Duties to promote the success of the Company

Section 172 of the Companies Act 2006 requires the directors to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the most likely consequences of any decision in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly between the members of the Company.

The board confirms that, during the year, it has had regard to the matters set out above. Further details as to how the directors have fulfilled their duties are set out below and in the Governance Report which in particular, expands on directors' duties and stakeholder liaison.

Business ethics and human rights

The board is respectful of the Company's long history, and considers the long-lasting impact of its decisions. We are committed to conducting our business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. As a business, we receive audits by both our independent auditors and by our customers and we look to source from suppliers who share our values. We encourage our employees to provide feedback on any issues they are concerned about and have a whistle-blowing policy that gives our employees the chance to report anything they believe is not meeting our required standards.

The Group is similarly committed to conducting our business in a way that is consistent with universal values on human rights and complying with the Human Rights Act 1998. The Group gives appropriate consideration to human rights issues in our approach to supply chain management, overseas employment policies and practices. Where appropriate, we support community partnering.

Employees

The quality and commitment of our people has played a major role in our business success. This has been demonstrated in many ways, including improvements in customer satisfaction, the development of our product lines and the flexibility they have shown in adapting to changing business requirements. Employee performance is aligned to the achievement of goals set within each subsidiary and is rewarded accordingly. Employees are encouraged to use their skills to best effect and are offered training either externally or internally to achieve this. As a global business, the Group fully recognises and seeks to harness the benefits of diversity within its work force. The Group is grateful to its employees for continuing to come to work in what has been a worrying time for themselves and their families.

Environment

The Group's policy with regard to the environment is to understand and effectively manage the actual and potential environmental impact of our activities. Operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. The Company already has a 190KW solar system on its UK premises and is currently seeking permission from the national grid to extend our installation of solar panels. During the year, the Group conducted an energy audit of its principal plant and property with the help of energy consultants and has been implementing the findings to reduce our energy consumption. During the period of this report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations. The board is cognizant that climate change will change the business landscape for the future and is working to understand its wide-ranging impact on the Group's activities and operations.

Social and community matters

We recognise our responsibility to work in partnership with the communities in which we operate and we encourage active employee support for their community in particular, in aid of technical awareness and training. We regularly participate in a number of education events encouraging interest in engineering in young people. It is our policy not to provide political donations.

Consolidated income statement for the year ended 31st December 2021 (audited)

	2021 £'000	2020 £'000
Revenue	**36,406**	32,803
Changes in inventories of finished goods and work in progress	**869**	(63)
Raw materials and consumables used	**(19,656)**	(17,428)
Employee benefits costs	**(8,930)**	(8,408)
Depreciation and amortisation expense	**(1,334)**	(1,280)
Other expenses	**(4,954)**	(4,277)
Other operating income	**88**	30
Profit from operations before exceptional item	**2,489**	1,377
Exceptional item	**(1,217)**	-
Profit from operations	**1,272**	1,377
Finance expense	**(205)**	(191)
Finance income	**3**	9
Profit before tax	**1,070**	1,195
Tax expense	**(320)**	(341)
Profit for the year	**750**	854
Profit attributable to:		
Owners of the parent	**665**	823
Non-controlling interests	**85**	31
	750	854
Basic and diluted earnings per share	**52.08p**	59.31p

Consolidated statement of comprehensive income for the year ended 31st December 2021 (audited)

	2021 £'000	2020 £'000
Profit for the year	**750**	854
Items that will not be reclassified subsequently to profit or loss		
Net pension remeasurement gain on post employment benefits	**90**	66
Items that may be reclassified subsequently to profit or loss		
Foreign exchange gain/(loss) on re-translation of overseas operations	**87**	(133)
Other comprehensive income/(loss) for the year	**177**	(67)

Total comprehensive income for the year	**927**	787
Total comprehensive income attributable to:		
Owners of the parent	**817**	744
Non-controlling interests	**110**	43
	927	787

Consolidated balance sheet at 31st December 2021 (audited)

	2021	2020
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	**8,713**	7,830
Intangible assets	**25**	37
Right of use assets	**632**	487
Total non-current assets	**9,370**	8,354
Current assets		
Inventories	**10,124**	8,864
Trade and other receivables	**6,211**	5,855
Cash and cash equivalents	**1,463**	1,533
Total current assets	**17,798**	16,252
Total assets	**27,168**	24,606
Liabilities		
Current liabilities		
Bank overdraft	**489**	335
Trade and other payables	**4,895**	4,744
Other financial liabilities	**2,902**	2,133
Corporation tax liability	**41**	78
Total current liabilities	**8,327**	7,290
Non-current liabilities		
Financial liabilities	**2,046**	2,075
Deferred income tax liability	**24**	278
Provision for liabilities	**1,054**	-
Total non-current liabilities	**3,124**	2,353
Total liabilities	**11,451**	9,643
Total net assets	**15,717**	14,963
Share capital	**360**	360
Capital reserve	**257**	257
Foreign exchange reserve	**(89)**	(151)
Retained earnings	**15,382**	14,800
Total equity attributable to the shareholders of the parent	**15,910**	15,266
Non-controlling interests	**(193)**	(303)
Total equity	**15,717**	14,963

Consolidated cash flow statement for the year ended 31st December 2021 (audited)

	2021	2020
	£'000	£'000
Operating activities		
Net profit	**750**	854
Adjustments for:		

Depreciation and amortisation	**1,334**	1,280
Foreign exchange gains/(losses)	**210**	(170)
Finance income	**(3)**	(9)
Finance expense	**205**	191
(Gain)/loss on sale of land and buildings, plant, machinery and motor vehicles	**(38)**	1
Adjustment in respect of defined benefit scheme	**91**	71
Income tax expense	**320**	341
Income taxes paid	**(679)**	(168)
	1,440	1,537
Operating profit before changes in working capital and provisions	**2,190**	2,391
Increase in trade and other receivables	**(288)**	(356)
Increase in inventories	**(1,259)**	(291)
Increase in trade and other payables	**179**	942
Increase in provisions	**1,054**	-
	(314)	295
Cash generated from operations	**1,876**	2,686
Investing activities		
Purchases of property, plant, machinery and motor vehicles and intangible assets	**(2,074)**	(2,057)
Sale of land and buildings, plant, machinery and motor vehicles	**73**	13
Interest received	**2**	4
	(1,999)	(2,040)
Financing activities		
Proceeds from long term borrowings	**1,145**	1,117
Repayment of borrowings	**(452)**	(419)
Repayment of hire purchase creditors	**(182)**	(217)
Repayment of lease liabilities	**(234)**	(228)
Bank interest paid	**(124)**	(124)
Lease interest paid	**(65)**	(38)
Hire purchase interest paid	**(16)**	(29)
Dividends paid	**(173)**	(173)
	(101)	(111)
(Decrease)/increase in cash and cash equivalents	**(224)**	535
Cash and cash equivalents, beginning of period	**1,198**	663
Cash and cash equivalents, end of period	**974**	1,198

Consolidated statement of changes in equity for the year ended 31st December 2021 (audited)

	Share Capital £'000	Capital Reserve £'000	Foreign Exchange Reserve £'000	Retained Earnings £'000	Total £'000	Non-Controlling Interests £'000	Total Equity £'000
Balance at 1st January 2020	360	257	(6)	14,084	14,695	(346)	14,349
Comprehensive income							
Profit	-	-	-	823	823	31	854
Other comprehensive income							
Net pension remeasurement gain recognised directly in equity	-	-	-	66	66	-	66
Foreign exchange losses on re-translation of overseas subsidiaries consolidated operations	-	-	(145)	-	(145)	12	(133)
Total other comprehensive income	-	-	(145)	66	(79)	12	(67)
Total comprehensive income	-	-	(145)	889	744	43	787
Transactions with owners							
Dividends	-	-	-	(173)	(173)	-	(173)
Total transactions with owners	-	-	-	(173)	(173)	-	(173)
Balance at 1st January 2021	**360**	**257**	**(151)**	**14,800**	**15,266**	**(303)**	**14,963**

Comprehensive income							
Profit	-	-	-	**665**	**665**	**85**	**750**
Other comprehensive income							
Net pension remeasurement gain recognised directly in equity	-	-	-	**90**	**90**	-	**90**
Foreign exchange gains on re-translation of overseas subsidiaries consolidated operations	-	-	**62**	-	**62**	**25**	**87**
Total other comprehensive income	-	-	**62**	**90**	**152**	**25**	**177**
Total comprehensive income	-	-	**62**	**755**	**817**	**110**	**927**
Transactions with owners							
Dividends	-	-	-	**(173)**	**(173)**	-	**(173)**
Total transactions with owners	-	-	-	**(173)**	**(173)**	-	**(173)**
Balance at 31st December 2021	**360**	**257**	**(89)**	**15,382**	**15,910**	**(193)**	**15,717**

1. EARNINGS PER SHARE AND DIVIDENDS

Both the basic and diluted earnings per share have been calculated using the net results attributable to shareholders of Braime Group PLC as the numerator.

The weighted average number of outstanding shares used for basic earnings per share amounted to 1,440,000 shares (2020 – 1,440,000). There are no potentially dilutive shares in issue.

Dividends paid	**2021** **£'000**	2020 £'000
Equity shares		
Ordinary shares		
Interim of 7.80p (2020 – 8.00p) per share paid on 25th May 2021	**37**	38
Interim of 4.25p (2020 – 4.00p) per share paid on 14th October 2021	**20**	19
	57	57
'A' Ordinary shares		
Interim of 7.80p (2020 – 8.00p) per share paid on 25th May 2021	**75**	77
Interim of 4.25p (2020 – 4.00p) per share paid on 14th October 2021	**41**	39
	116	116
Total dividends paid	**173**	173

An interim dividend of 8.20p per Ordinary and 'A' Ordinary share will be paid on 8th June 2022.

2. SEGMENTAL INFORMATION

	Central 2021 £'000	**Manufacturing 2021 £'000**	**Distribution 2021 £'000**	**Total 2021 £'000**
Revenue				
External	**-**	**5,166**	**31,240**	**36,406**
Inter Company	**2,038**	**4,287**	**6,704**	**13,029**
Total	**2,038**	**9,453**	**37,944**	**49,435**
Profit				
EBITDA	**(740)**	**807**	**2,539**	**2,606**
Finance costs	**(69)**	**(37)**	**(99)**	**(205)**
Finance income	**-**	**1**	**2**	**3**
Depreciation and amortisation	**(608)**	**(34)**	**(692)**	**(1,334)**
Tax expense	**144**	**30**	**(494)**	**(320)**
(Loss)/profit for the period	**(1,273)**	**767**	**1,256**	**750**
Assets				
Total assets	**5,839**	**6,402**	**14,927**	**27,168**
Additions to non current assets	**1,219**	**11**	**1,298**	**2,528**
Liabilities				

Total liabilities	**2,109**	**2,525**	**6,817**	**11,451**

	Central 2020 £'000	Manufacturing 2020 £'000	Distribution 2020 £'000	Total 2020 £'000
Revenue				
External	-	3,762	29,041	32,803
Inter Company	1,772	3,068	5,159	9,999
Total	1,772	6,830	34,200	42,802
Profit				
EBITDA	309	(163)	2,511	2,657
Finance costs	(105)	(31)	(55)	(191)
Finance income	-	7	2	9
Depreciation	(592)	(28)	(660)	(1,280)
Tax expense	32	-	(373)	(341)
(Loss)/profit for the period	(356)	(215)	1,425	854
Assets				
Total assets	5,178	4,200	15,228	24,606
Additions to non current assets	415	54	2,020	2,489
Liabilities				
Total liabilities	801	2,025	6,817	9,643

3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK (IFRSs as adopted by the UK), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2021 as described in those financial statements.

4. ANNUAL GENERAL MEETING

The Annual General Meeting of the members of the company will be held at the registered office of the company at Hunslet Road, Leeds, LS10 1JZ on Thursday 23rd June 2022 at 11.45am. The annual report and financial statements will be sent to shareholders by 25th May 2021 and will also be available on the company's website (www.braimegroup.com) from that date.

The Company will take into account any Government guidance or legislation in force at the time of the AGM and will implement any measures it believes necessary to protect the health and safety of attendees. Any changes to the format of the AGM will be communicated to shareholders through the Company's website and, where appropriate, by stock exchange announcement.

5. THE ANNOUNCEMENT

The financial information set out in this announcement does not constitute statutory accounts as defined by section 434 of the Company Act 2006. The financial information for the year ended 31st December 2021 has been extracted from the Group's financial statements upon which the auditor's opinion is unqualified, does not include reference to any matters to which they wish to draw attention by way of emphasis without qualifying their report, and does not include any statement under section 498 of the Companies Act 2006. Statutory accounts for the year ended 31st December 2020 have been delivered to the Registrar of Companies, and those for 2021 will be delivered in due course.

6. EVENTS AFTER THE REPORTING PERIOD

In April 2022, the Group entered into an exclusivity arrangement with one of its trading partners to expand Group sales distribution.