



BRAIME
GROUP PLC
2022



Braine Group PLC

The Group is involved in the manufacture of metal presswork and the distribution of bulk material handling components. Our electronics division specialises in level controls, intelligent sensors and safety control systems for bucket elevators and conveyors.

The Group is headquartered in Leeds, United Kingdom, but also trades from locations in France, South Africa, Australia, Thailand, China and the United States.



OVER 130 YEARS OF ENGINEERING EXCELLENCE
BETTER BY DESIGN

Front cover: Newly erected grain silos, Port of Tilbury, UK.

Above: Commissioning 4B Watchdog electronic monitoring system at customer facility, USA.

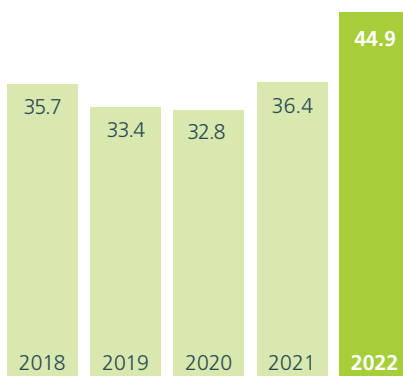
“I am delighted to be able to announce a new record annual result for the Group.”

Nicholas Braime, Chairman

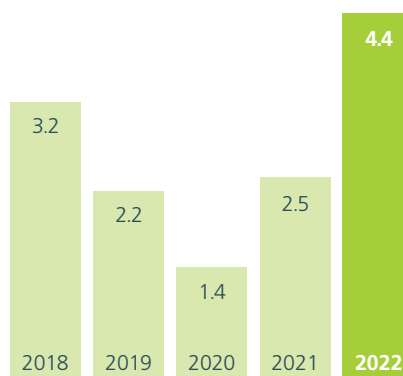
24th April 2023

Financial Highlights 2022

Turnover (£m)



Profit from operations (£m) before exceptional item



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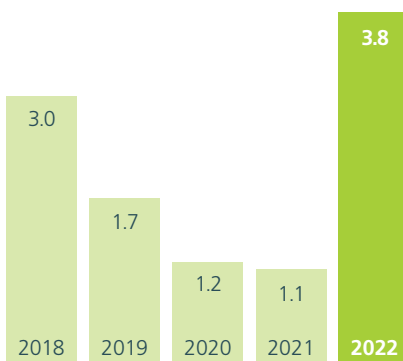
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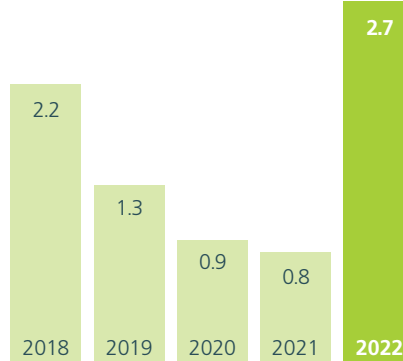
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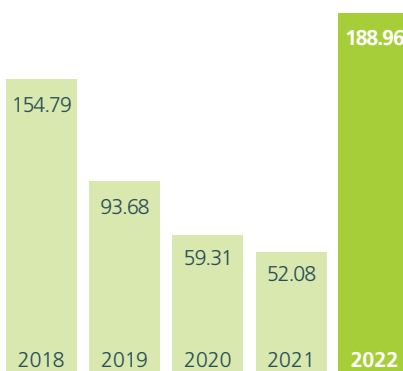
Profit before tax (£m)



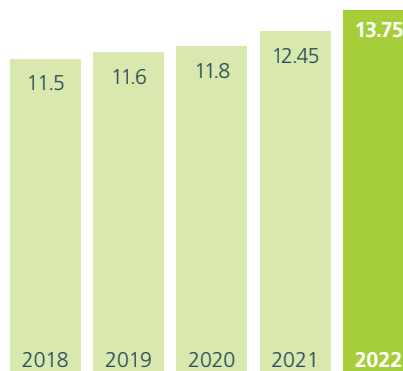
Profit after tax (£m)



Basic and diluted earnings per share (pence)



Dividend per share (pence)



Group at a glance

Principal activities

The Group manufactures deep drawn metal presswork and distributes material handling components and monitoring equipment. Manufacturing activity is delivered through Braime Pressings Limited and the distribution activity is through the 4B division.

Our strategy

The main area of the business is the supply of goods and services for handling and processing industrial, and in particular, agricultural commodities. This sector is currently a growth industry with a global market. Our strategy is to invest in increasing our market reach while continuing to develop new products. Our latest subsidiary, 4B China, in Changzhou, Jiangsu province of China, was launched in 2018, having closely consulted on local opportunities with our key customers in the region.

We continue to enhance features of our secure, cloud based industrial monitoring solution, Hazardmon which is revolutionary for introducing greater levels of transparency and record keeping.

We will continue to investigate new geographical markets.

Braime Pressings

Braime Pressings specialises in metal presswork, including deep drawing, multi-stage progression and transfer presswork. The business manufactures precision stamped components for the automotive and industrial sectors, with automation capabilities such as pick and place, roll threading, washing and robotic welding.



Braime Pressings has over 130 years of manufacturing experience and a proven record of world class supply to the automotive industry and a range of other markets. It offers innovative solutions to customer requirements which exceed expectations on cost, quality and delivery.

- Deep Drawn Presswork
- Multi Stage Progression
- Transfer Presswork
- Robot Technology
- Sub Assembly

Braime Pressings prides itself on the maintenance and continual improvement of a full quality management system and is accredited to IATF and ISO.

For more information please visit: www.braimepressings.com

"Our manufacturing arm has benefited from increased volumes in the automotive sector and positive traction in the construction industry".

– Alan Braime, joint Chief Executive Officer



Seamless Steel Buckets

Braime Pressings have manufactured pressed seamless steel buckets and supplied them worldwide to the bulk material handling sector for over 120 years. The buckets, including the Company's "Starco™" and "Super Starco™" models, have been designed after extensive research and development and offer a range of alternative styles to suit the different individual materials being conveyed and achieve the optimum fill, effective discharge and throughput over a wide speed range.



Pressings

Braime Pressings is equipped with 5 transfer presses, each with up to 8 stations, as well as numerous single station and progression presses, fed by coil, and including robotic transfer of product where appropriate. The range of equipment includes both mechanical and hydraulic presses with capacities up to 500T, as well as ancillary forming and welding machinery.



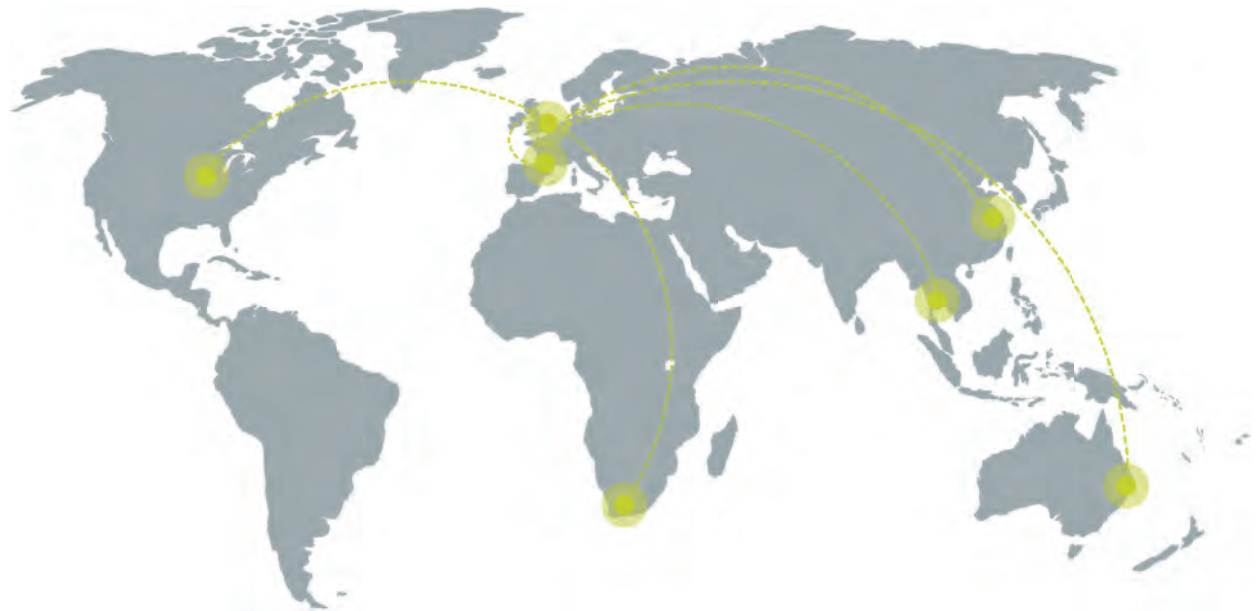
Deep Seamless Enclosures and Large Panels

Production includes deep drawn pressings up to 500mm deep, as well as large panels up to 2.4 meters long. The Company manufactures to the highest quality standards required by the automotive and other industry sectors and holds annual accreditation to: IATF 16949:2016 ISO 9001:2015



Elevator Bolts

Braime Pressings manufactures bolts and fasteners, used in bulk material handling to attach elevator buckets to vertical conveyors which are used in the storage and processing of agricultural products, such as cereals, animal feed, and sugar, and equally for moving industrial commodities, such as aggregates, cement, coal and glass cullet. The bolts are cold forged making them exceptionally strong.



4B Group “Better by design”

The 4B division is an industry leader in developing high quality, innovative and dependable material handling components for the agricultural and industrial sector, from elevator buckets to forged conveyor chain and level monitors to hazard monitors. 4B works in close partnership with its customers on new designs and on the upgrade of existing elevators and conveyor machines.



The 4B division consists of the following companies:

- 4B Braime Components Limited, based in Leeds, UK
- 4B Elevator Components Limited, based in Morton, Illinois, USA
- 4B-France sarl, based in Villers-Bretonneux, France
- 4B Africa Elevator Components (Pty) Limited, based in Johannesburg, South Africa
- 4B Australia Pty Limited, based in Queensland, Australia
- 4B Asia Pacific Company Limited, based in Samutprakam, Thailand
- 4B Braime (Changzhou) Industrial Control Equipment Co Limited, based in Changzhou, China

For more information please visit: www.go4b.com

“The 4B division has seen strong growth across the globe with customers returning to capital investment held back by the covid pandemic”.

– Carl Braime, joint Chief Executive Officer



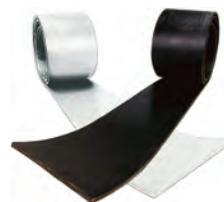
Elevator Buckets

4B has the world's largest range of elevator buckets used for conveying bulk materials. With over 400 different sizes and styles, 4B supplies steel and plastic elevator buckets for both agricultural applications such as grain, feed, seeds, and sugar and industrial applications such as cement, glass, aggregates and coal.



Electronic Monitoring

4B offers an extensive range of monitoring equipment and sensors for bucket elevators, belt and chain conveyors, screw conveyors and silos. 4B's sensors and monitors have worldwide approvals for use in dust hazardous environments. Our sensors and hazard monitoring systems are designed to reduce the risk of fires and explosions, and prevent breakdowns that result in costly down time.



Elevator Belting

4B has a wide range of elevator belting to suit all applications. Belt types include anti-static, abrasion-resistant, high temperature, oil resistant and flame retardant and steel web belting for the toughest environments. Belts are supplied slit, cut to length and punched to customer requirement.



Dropped Forged Conveyor Chain

4B is a manufacturer of drop forged chain for agricultural and industrial applications. 4B's superior heat treatment technique provides the optimum chain link with a more resilient ductile core for shock resistance, and an extremely hard exterior surface for superior wear resistance, ideal for handling ash, cement, gypsum, coal and wood chips. 4B offers a range of conveyor sprockets and trailers and nylon or welded flights.

Chairman's statement



Nicholas Braime
Chairman

Overview

In my last full year before stepping down as Group Managing Director, I am delighted to be able to announce a new record annual result for the Group in 2022, with sales revenues of £44.9m, up £8.5m from £36.4m in 2021, and profit from operations at £4.1m, up £2.8m from £1.3m in 2021. The resulting earnings per share are increased to 188.96p compared to 52.08p in the prior year. Although the above result has been boosted by an exceptional foreign exchange gain of £0.8m due to the strengthening of the US Dollar against Sterling on the re-translation of our overseas earnings, the underlying strength of the result remains remarkable.

The result in 2022 also follows on from two better than expected results during the years of the pandemic. During the period, the Company has been fortunate to benefit from strong demand from the Group's two key areas of sales; in Braime Pressings strong sales of components for oil filters used in commercial vehicles, required to help maintain road transportation; and secondly, sales in the 4B branch of the business, of components used in the storage and processing of food related production. In both cases, we were very largely able to continue manufacturing and distributing our products globally due to the determination of our managers and staff to continue working as close to "normal" as possible. Although we expected a "post pandemic bounce", the level, and the immediacy of the additional demand, significantly exceeded our expectations, with the re-commencement of investment in capital projects delayed by the pandemic being larger and faster than expected.

While demand was badly affected in some areas by the invasion of Ukraine by Russia, the investment in new plant and machinery was very largely transferred elsewhere and the global nature of our business profile remains one of the key underlying strengths of our multinational trading business. The principal

challenge faced by our management in 2022 was the shortage of, and the price escalation in, the cost of all raw materials, and the huge jump in both the cost and the delays in sea freight. Fortunately, across the Group, we had taken steps to build up our orders for materials stocks. These issues of course, did affect our cash flow and borrowings as discussed elsewhere. Ongoing inflation, and the need to find new sources of supply remain our largest challenges.

Dividends

The Company paid an interim dividend of 4.75p in October 2022. Based on the very positive result above, the directors propose paying a second interim dividend of 9.0p on 26th May 2023 to the holders of the Ordinary and "A" Ordinary Shares on the share register on 12th May 2023. The dividend paid in relation to 2022 has increased to 13.75p, compared to 12.45p in 2021.

Capital Investment

The most pleasing outcome of the above result is that the cash flow generated from operations has enabled us to continue to confidently pursue our long-term strategy of investing in plant and machinery, in order to improve our manufacturing business and maintain our investment in developing new innovative product.

In 2022, the Company invested £2.0m in capital investment, enhancing the area of the factory used to manufacture chain products. We were also thrown by the unexpected additional expense of having to rebuild a very large area of our original premises. As previously reported, the unexpected collapse of part of the rear of our Hunslet Road facility forced us to rebuild an area of our Grade II Listed building dating from circa 1850. This catastrophe followed the surprise discovery of a water well within our site, which had caused a significant escalation in the cost of our warehouse extension. We have used the opportunity to improve our main manufacturing facility and doubled the area of the factory available for our chain business, a growth area of the Group and added other adjacent storage and production areas, simplify the flow of goods between the various activities on site, and of course also improve the general condition of the facility to reduce the cost of future maintenance. The project is on schedule for completion by July 2023.

During the year we spent £1.4m on the capital element of the above project and expect to spend a further £0.3m in completing these works and in new storage racking to cope with the higher volumes of raw material stored on site. We have also invested in extending our facilities for product development, and in improving our employee facilities, both in the offices and on the shop floor, by adding new "break rooms", toilets, and locker rooms. Other significant capex expenditures include £0.3m in modernising a 600-tonne hydraulic press specifically to cope with new presswork expected to come on stream in late 2023, £0.1m in renewing key robotic production lines, and

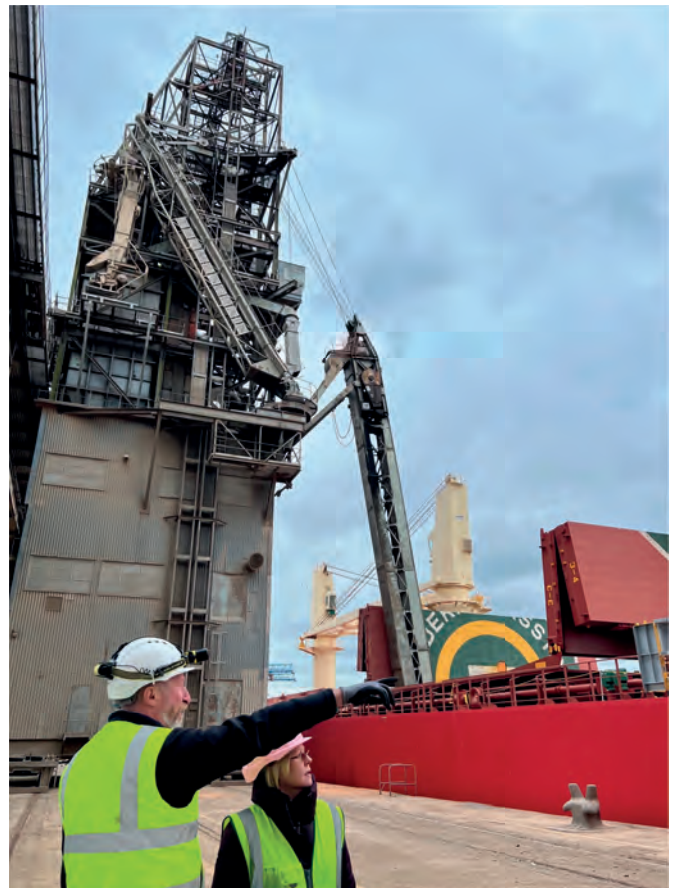
£0.1m in purchasing tooling for new product and various new machine tools to improve productivity and add capacity. We also continue to invest in generating solar energy, as discussed in the Group strategic report, and plan to further extend capture of solar energy to mitigate the spiralling increases in utility costs. Each year, we do need to continue to find further funds to maintain and improve our headquarters and main manufacturing facility. This expenditure in modernising our facilities is funded through profit generation and remains essential to the future of the business.

New Business and Product Development

During 2022, we have successfully integrated the distribution of additional electronic components purchased in 2022 while continuing with our ongoing program of developing both mechanical and electronic innovative new products. In 2022 new innovative 4B products bought to market include a range of Rotary Valves, used primarily in pneumatic material handling, three ranges of exceptionally robust plastic elevator buckets designed for handling industrial products such as aggregates, cement and glass, and developed new steel fittings to strengthen the lip of buckets to cope with exceptionally abrasive product such as potash.

We also launched our “4B IE Node”. This is a new controller/monitor designed for bulk material handling systems. The IE Node provides a user friendly and entirely user programmable standalone alternative to PLC’s, which in general require the installation of externally designed bespoke software. The IE Node can be integrated with our existing range of 4B sensors used to continuously monitor the condition of handling and processing equipment to give the user advance warning of potential problems and risks and provide data to improve plant maintenance. The Company has also just launched a 4B Encoder, another product which uniquely can be simply and fully programmed by the end user themselves to cover the full spectrum of market requirements, which would otherwise involve selecting from a very large range of bespoke alternative encoders. Encoders are used to accurately position valves and gates and are widely used in both material handling and automation and so opens a further new market to the 4B business.

The founders of the Braime business, Harry Braime, my grandfather, his elder brother Thomas Braime, and their technical manager and partner, Stanley Dobson, built the existing business, founded in 1888, primarily by continuously designing user-friendly improvements to widely used existing and common “widgets”. They were always focused on solving the common engineering problems of the end user. The current business tries to follow their example, believing that this is the only way for a small independent business to survive in an increasingly competitive manufacturing world.



Inspecting a cargo ship-unloading elevator

Cash Flow and Stocks

These are detailed fully in the Group strategic report but it is necessary to highlight the particular requirement in 2022 to finance, not just an increase in receivables of £2.7m (related to the higher volume of sales), but also the quite exceptional increase in stocks of £3.2m, which were needed to mitigate the exceptional increase in the cost of materials and, wherever possible, to protect customers from the negative effects of rising prices and the longer delays in delivery. These problems have been the greatest challenges to our management throughout 2022.

Overall Strategy

Our strategy remains largely unchanged; continuing to invest in constantly improving our production processes; and exploring new potential global markets for our niche products and developing new innovative solutions for our customers’ common engineering problems. It is the long-standing pursuit of this fundamental strategy which over many years has led to the improvement in our performance and to our recent record result in 2022.

Chairman's statement (continued)

Board Re-structure

On 1st February 2023, I stepped down from my role as Managing Director and the Group appointed my two sons, Carl and Alan Braime, as joint Chief Executives. Both have been on the Board since 2010 and have both experience and complementary skills, including an in-depth understanding of the industries in which the business is involved and the needs of our key stakeholders. Together they are uniquely suited and well placed to transition the Group to its next phase of growth.

As announced on 19th April 2023, we are delighted that Mark Cooper, Tony Steels and Philip Stockdale will be joining the Board as non-executive directors on 1st May 2023. Mark brings expertise in the steel and automotive industry, Tony in the manufacture of complex capital equipment, and Philip has extensive experience in the electronic and the bulk material handling industries, as well as more recently, in the energy sector. Their combined experience in industries closely related to our own will bring tremendous value to the board.

Their appointments allow a short period of overlap with our two longstanding non-executives, Peter Alcock, and Andrew Walker. Both Peter and Andrew have signalled their intention to retire from the board with effect from 22nd of June 2023, at our AGM. Their extremely valuable contribution has guided the Group through some very challenging periods and helped to reshape the Group, enabling it to reach its current much stronger overall position.

Staff

I need to end my tenure as Group Managing Director by thanking all those staff who have given me so much help and support over many years and in particular thank my immediate peers without whose ideas and enthusiasm nothing would have been possible. Ultimately it is always the individual staff who both make a company and create its future.

Current Trading and Outlook

Given the current instability post the pandemic, and the ongoing energy crisis, it is even more difficult than usual to predict the future with any degree of certainty. None of us know if the war in Ukraine or the current deep geo-political tensions between the USA and China will cease to be a major concern.

While overall the Group continues to enjoy strong positive trading, different parts of our global Group at this time are unusually performing quite differently. While the Asian regions of our markets remain relatively subdued, central Europe and Africa continue to be affected by energy shortages, but the US economy, our major market, continues to power buoyantly ahead, perhaps until they approach the instability which usually accompanies an election year.

The major challenges facing our management team throughout 2022 remain the same in 2023 and are largely common across the Group. These challenges include high and unpredictable cost inflation and the unreliability of supplies. Both threaten the competitiveness of the business and create an urgency in finding new and more stable sources of supply; both also divert finite management time away from the normal primary focus of the business, the search for new sales. Nevertheless, my hope remains that we will finally be able to return to re-focus on the future and the pursuit of our long-term strategy to maintain steady growth.

The current unstable political and economic background is not conducive to encourage capital investments in new machinery and so also threatens the volume of sales. The two key ingredients of success in the material handling industry are firstly the ability to consistently deliver the spare parts needed immediately to maintain critical plant in storage and processing plant, such as bucket elevators, and, secondly, a willingness to maintain, when necessary, prices for the duration of the contract in order to retain the customers confidence that new investment can be installed both on time and on the original budget, even when this can involve absorbing cost increases and accepting lower margins. So while business overall currently remains very strong, these issues, lower volumes, squeezed margins, the cost of carrying larger stocks, (and the accompanying cash flow requirements), can all be seen in our current trading. Repeating in 2023 the quite exceptional result achieved in 2022 may be an overambitious target but this does not stop us trying to overcome these challenges.

Nicholas Braime, Chairman

24th April 2023

Group strategic report

The directors present their strategic report of the Company and the Group for the year ended 31st December 2022.

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 2022 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 second year running. For the year ended 31st December 2022, the Group generated revenues of £44.9m, up £8.5m from prior year. Profit from operations before exceptional costs was £4.4m, up £2.0m from prior year and EBITDA before exceptional costs was £6.0m up £2.2m from prior year. As mentioned in note 3 of the financial statements, exceptional costs of £0.4m relate to additional costs in respect of extensive repairs to the chain cell area of our Hunslet Road property, following the discovery of a series of structural faults along three walls in 2021.

After exceptional costs, profit before tax was £3.8m, up £2.7m from prior year.

At 31st December 2022, the Group had net assets of £19.2m.

Cash flow

Inventories increased by £3.2m as the Group built stock to accommodate increased customer demand and also as a result of the impact of inflation on raw materials. Trade and other receivables increased by £2.7m reflecting increased customer activity during the period close to the year end. There was an increase in our trade and other payables of £4.9m reflecting the increase in purchases of stock and a reclassification of the balance of the chain cell provision of £481,000 from provisions

to accruals. In total the business generated funds from operations of £3.4m (2021 – £1.9m). The Group continued its investment programme during the year, spending £2.1m on property, plant and equipment; £1.4m of this was on the construction of the new warehouse, enhancements in the chain cell area and improved employee facilities of our Hunslet property in the UK, and £0.7m on purchases of plant and machinery, mainly for our manufacturing division. The Group also spent £0.7m on the purchase of an exclusivity agreement with one of its trading partners as announced in the 2021 financial statements. After the payment of other financial costs and the dividend, the cash balance (net of overdraft) was £0.8m, a decrease of £0.2m from the prior year.

Bank facilities

The Group's operating banking facilities are renewed annually. At the year end, the available headroom on its operating facilities was £2.8m. The development loan of £0.9m which was used to fund the new warehouse construction was converted to a five-year term loan in 2022. As previously announced, the Group has additionally obtained a development loan facility of £1.5m from its bankers HSBC, for the chain cell project. This carries an interest rate of 2.75% above base and is also expected to be converted to a five-year term loan upon completion of the project. The chain cell facility was not utilised until February 2023 and at the time of writing, the Group has only drawn down £978,000 of the chain cell facility. The business continues to enjoy good relations with its bankers.

Taxation

The tax charge for the year was £1.1m, with an effective rate of tax of 28.8% (2021 – 29.9%). The effective rate is higher than the standard UK tax rate of 19% (2021 – 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 2022, the Group invested £2.8m (2021 – £2.1m) in property, plant and equipment and intangible assets. In addition to £1.4m spent on the UK warehouse construction, chain cell enhancements and improved employee facilities, the Group has enhanced its engineering capabilities, purchasing equipment in robotics, hydraulic press capability, and has continued to expand its belt cutting facilities portfolio. The intangible asset relates to the purchase of exclusivity rights with one of its key trading partners

Balance sheet

Net assets of the Group have increased to £19.2m (2021 – £15.7m). Sterling weakened considerably against the United States dollar in 2022. Consequently, a foreign exchange gain of £0.8m (2021 – £0.1m gain) was recorded on the re-translation of the net assets of the overseas operations, which has increased retained earnings in the year.

Group strategic report (continued)



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 2022 and the comparative figures for 2021 are shown in the table below.

Currency	Symbol	Average rate Full year 2022	Average rate Full year 2021	Closing rate 31st Dec 2022	Closing rate 31st Dec 2021
Australian Dollar	AUD	1.777	1.838	1.771	1.859
Chinese Renminbi (Yuan)	CNY	8.354	8.875	8.394	8.606
Euro	EUR	1.170	1.165	1.128	1.191
South African Rand	ZAR	20.155	20.490	20.385	21.494
Thai Baht	THB	43.159	44.073	41.589	44.690
United States Dollar	USD	1.232	1.374	1.204	1.348

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 £11.8m were up £2.4m on prior year. External sales and intercompany sales were £6.7m and £5.1m as compared to £4.3m and £5.2m respectively in 2021. Profit for the period was £1.0m (2021 – £0.8m). The manufacturing arm benefitted from strong demand from the automotive sector as well as from the development of new products for the building sector. 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 supplier of components and monitoring systems for the material handling industry

Revenues increased from £37.9m to £46.3m, with external sales up £6.9m. The 4B Group saw revenue growth as the world economies continued to recover from the Covid pandemic with investment projects being undertaken by customers that had been delayed for a couple of years. Outside of the UK, revenue in the European market increased by £0.5m compared to 2021 with the Americas increasing by £4.9m, Australia and Asia by £1.0m and Africa by £0.1m driven by strong sales performance across the division. Profit for the period increased by £1.5m to £2.8m.

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	2022	2021
Turnover growth	1	23.3%	11.0%
Gross margin	2	47.6%	48.4%
Operating profit before exceptional item	3	4.45m	2.49m
Stock days	4	174 days	184 days
Debtor days	5	58 days	54 days

Notes to KPIs

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 growth of Group revenues with strong demand across most product areas and geographical sectors.

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 decrease in gross margin is the result of higher material prices, especially in respect of steel products.

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 strong customer demand as confidence increased following the Covid-19 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. Stock days have decreased due to the unwinding of the inventory build-up in December 2021, which was put in place 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 increased as a result of higher sales, particularly towards the end of the financial year.

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

The continued conflict in Ukraine as well as other geo-political pressures create uncertainties in the world markets in which the Group operates.

The Group's short reporting lines of management means it can remain nimble footed to sudden and/or large changes in the business landscape.

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.

Group strategic report (continued)

Principal risks and uncertainties (continued)

- **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 of 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 21).

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.

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 and is currently looking at the new reporting requirements that may fall due in the future. The Group continuously looks for ways to harness energy reduction (electricity and gas) and water. The Company already has a 190KW solar PV system on its UK premises and has recently installed a further 120KW solar PV system. 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.



Sustainability project: Phase II installation of solar PV system, Leeds, UK

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.

On behalf of the board

Cielo Cartwright, Chief Financial Officer

24th April 2023

The Board



Nicholas Braime

Chairman

Nicholas joined the Group in 1972 and was instrumental in the set-up of the 4B division's USA business in 1984, where he spent a number of years before returning as Sales Director for Braime Pressings Limited. Nicholas was appointed Chairman in 1987 and became Group Managing Director in 2006. He stepped down as Managing Director in February 2023. Nicholas remains Executive Chairman and takes a prime interest in the Group's infrastructure and product development. Nicholas has built close relationships with the Company's key suppliers over several decades and has a clear vision of expansion for the business in strategic locations.



Alan Braime

Joint Chief Executive Officer

Alan qualified as a chartered accountant with KPMG where he worked for four years before joining the Group. Alan joined the board in 2010 as Group Commercial Director and was jointly appointed Group CEO in February 2023. He oversees the commercial operations of our manufacturing division Braime Pressings Limited and as well as our operations in Thailand. Alan is also responsible for the Group's IT operations and strategy. Alan has spent considerable time on the development of the Group's ERP systems, giving him a unique perspective into the impact of technology on the Group's business drivers.



Carl Braime

Joint Chief Executive Officer

Carl joined the Group in 2004 as Group Sales Director and was jointly appointed Group CEO in February 2023. Carl spent a number of years in South America with the Group prior to being appointed to the board in 2010. He is responsible for the 4B division, overseeing its strategic customer relationships, as well as the management of key supply chains and its marketing strategy. Carl has built up a strong expertise and know-how of the Group's product offerings and technologies, and their interdependencies.



Cielo Cartwright

Chief Financial Officer

Cielo Cartwright, Chief Financial Officer, joined the Group in 2018. Cielo qualified as a chartered accountant with EY and has been divisional finance director in various public listed companies including KCOM plc and NEXT plc. She was Group FD of Chaucer Foods, a private-equity owned multinational manufacturer and before joining the Group, she was at Froneri, a JV of Nestle SA. Cielo's extensive experience in international businesses makes her fully attuned to the cultural issues of global operations and their impact on financial management. Cielo is on the board of governors of Leeds Beckett's University and is a member of the regional advisory board of Make UK for Yorkshire and the Humber.



Andrew Walker

Non-executive

Andrew Walker, non-executive, is a corporate lawyer. He was the Managing Partner of Simpson Curtis, Senior Partner of Pinsent Curtis, Leeds and former President of the Leeds Chamber of Commerce. Andrew has held a number of non-executive and trustee roles. Andrew is particularly interested in governance matters and his legal training makes his contribution to the discussion of risks particularly valuable.



Peter Alcock

Non-executive

Peter Alcock, non-executive, is a mechanical engineer and brings a deep understanding of engineering processes having been, for 32 years, director of Hunslet Holdings PLC, a key manufacturer of locomotives, mining equipment and machine tools originally founded in 1864 and whose operations now form part of the Wabtec Corporation in the US.

Corporate governance report

Chairman's statement on corporate governance

At Braime we recognise that high standards of corporate governance underpin our continuing success.

We continually review the framework within which we operate and the processes implemented to ensure that they reflect the complexities of our business and, whilst acknowledging our size, are also capable of adding value as the business grows to ensure that the stakeholders interests are always aligned with the Company. The Company seeks guidance from the Quoted Companies Alliance, as set out in their publication, "The QCA Corporate Governance Code".

The board sets out the overall strategic direction for the Group, regularly reviews management performance and ensures that the Group has the right level of resources available to support our strategic goals. The board is satisfied that the necessary controls and resources are in place such that these responsibilities can be properly addressed.

Within the Group we promote a culture of good governance in dealing with all key stakeholders: our employees, our customers and our shareholders. The following report describes our

corporate governance structures and processes and how they have been applied throughout the year ended 31st December 2022. The board considers that it has complied with the recommendations of the QCA Code throughout the year with the exception of the role of Chairman and chief executive being fulfilled by a single individual, this is commented on further below.

Principles and approach

As an AIM company, Braime Group PLC is not required to comply with the UK Corporate Governance Code (the 'Code') which applies only to fully listed UK companies and adherence to which requires the commitment of significant resources and cost. However high standards of corporate governance are a key priority of the board. Details of how the Company addresses key governance issues by reference to the 10 Principles of Corporate Governance as developed by the Quoted Companies Alliance (QCA) are discussed further in this report and set out in the Corporate Governance section of the Group website www.braimegroup.com/corporate-governance. These principles are as follows:

QCA Code Principle	How it should be applied	How the Company applied it
1. Establish a strategy and business model which promote long-term value for shareholders	The board must express a shared view of the company's purpose, business model and strategy and set out how the company intends to deliver shareholder value in the medium to long term. It should demonstrate that the delivery is underpinned by a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future.	The main area of our business is focused on handling agricultural commodities and our strategy is increase our geographical reach in this global market and to develop new products to enhance our offering. The principal risks and uncertainties surrounding execution of our strategy are set out in the Group strategic report.
2. Seek to understand and meet shareholder needs and expectations	Directors must develop a good understanding of the needs and expectations of all elements of the company's shareholder base. The board must manage shareholder's expectations and should seek to understand the motivations behind shareholder voting decisions.	The Company engages with shareholders through its website and at the annual general meeting. At the AGM, a presentation of the business activity and outlook is presented by the Chairman. The feedback from shareholders attending the most recent AGM has been very positive. Responsibility for shareholder liaison rests with the Chairman, and in his absence, with the Company Secretary.
3. Take into account wider stakeholder and social responsibilities and their implications for long term success	Long-term success relies upon good relations with a range of different stakeholder groups both internal and external. Communities within which the company operates have the potential to affect the company's ability to deliver shareholder value. Systems need to be in place to solicit, consider, and act on feedback from all stakeholder groups.	The Company recognises the importance of maintaining good relations with key stakeholder groups, in addition to its members, these are its employees, customers, key suppliers and regulatory bodies. The Company dedicates significant time to understanding and acting on the needs and requirements of each of these groups via meetings dedicated to obtaining feedback. The Group is fortunate to have so many proactive and longstanding employees and staff turnover remains very low. The Group has dedicated quality teams and works very closely with its key suppliers in key product categories such as monitors, chain, belts and steel, to ensure that products continue to meet the appropriate quality standards, and features are regularly enhanced to obtain and maintain competitive edge.

Corporate governance report (continued)

Principles and approach (continued)

QCA Code Principle	How it should be applied	How the Company applied it
4. Embed effective risk management considering both opportunities and threats	The board needs to ensure that the company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy and to consider the supply chain, from key suppliers to end-customer. Setting strategy should include extend of exposure to the identified risks that the company is able and willing to bear.	The executives have undergone a business continuity planning exercise to understand its exposure to the loss of key staff, suppliers, customers and other natural catastrophic events, enabling the generation of a risk register. Principal risks facing the Group are set out in the Group strategic report. Insurance of key risks is an integral part of the Group's risk management framework and the board actively reviews its cover requirements on an ongoing and at least annual basis.
5. Maintain the board as a well functioning balanced team led by the chair	<p>The board members are collectively and legally responsible for promoting the interests of the company and for defining corporate governance arrangements. Ultimately the quality and approach to governance lies with the chair. The board should be provided with timely, quality information to facilitate assessment of matters requiring decision or insight.</p> <p>The board should have an appropriate balance between executive and non-executive and have at least two non-executive directors.</p>	The board consists of four executive directors, Nicholas Braime, Carl Braime, Alan Braime and Cielo Cartwright, and two non-executive directors, Peter Alcock and Andrew Walker who will step down in June 2023. Peter Alcock and Andrew Walker are no longer considered as independent directors by virtue of the time they have served on the board. As announced on 19th April 2023 three new non-executive independent directors, Mark Cooper, Tony Steels and Philip Stockdale will join the board from 1st May 2023. Board meetings are held monthly. Certain matters are standing agenda items at each board meeting – these include disclosure of directors' interests, health and safety, reports from the head of the subsidiary businesses, the CFO's report, specific customer issues, IT, major capital expenditure, business development and AIM disclosures. A formal agenda, board papers including minutes of the last meeting are circulated in advance. The attendance of the directors at board meetings can be found below.
6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities	The board must have an appropriate balance of sector, financial, and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities.	<p>The board members' experience and areas of expertise can be found in The Board section. The board is committed to the promotion of gender balance and diversity within its workforce. At the time of writing there are five male board members and one female board member.</p> <p>The Company organises briefings from its NOMAD for the directors covering regulations that are relevant to their role as directors of an AIM-quoted company. These are held at a minimum on an annual basis. The Company has not to date, sought external advice on keeping directors' skills up to date but the directors believe that their blend of formal qualifications, past and ongoing experience provides them with the relevant up-to-date skills needed to act as board members for a company of its size.</p>
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The board should review the effectiveness of its performance as well as that of its committees and directors.	Performance targets are set as part of the budgeting process. Evaluation of the performance of the Company's board has historically been implemented in an informal matter and no formal board performance evaluation took place during the year. On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members. However, the directors consider that the Company is too small to have an internal succession plan and it would not be cost effective to maintain an external candidate list prior to the need arising. Key performance indicators are set out in the annual report. The role of the various governance committees are set out further down this section.

QCA Code Principle	How it should be applied	How the Company applied it
8. Promote a culture that is based on ethical values and behaviours	The board should embody and promote a corporate culture that is based on sound ethical values and use it as an asset and source of competitive advantage. The policy and culture should be visible. The corporate culture should be recognisable.	The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The companies in the Group maintain handbooks which include clear guidance on what is expected of every employee and officer of the Company and further development of this guidance is being undertaken to continually strive for high standards. Staff matters are a standing topic at every board meeting and the board discusses examples of behaviours that either aligns with or at odds with the Group's stated values. The directors believe that the Company's culture encourages collaborative, ethical behaviour which benefits employees, clients and stakeholders. It is committed to conducting business ethically and responsibly, and treating employees, customers, suppliers and shareholders in a fair, open and honest manner. We aim to maintain healthy and safe working conditions on all our sites and measure our ability to keep employees and visitors safe. We encourage our employees to provide feedback on any issues they are concerned about and the directors maintain a culture of accessibility and fair play and travel extensively to keep in touch with all areas of the business. The directors believe all employees and contractors have worked in line with the Group's values during this financial year.
9. Maintain governance structures and processes that are fit for purpose and support good decision making	The company should maintain governance structures in line with its corporate culture and appropriate to its size and complexity and its capacity, appetite and tolerance for risk.	<p>The board has a number of informal subcommittees which the directors consider appropriate for the size of the business and are described further below.</p> <p>During the year, the roles of Chairman and chief executive were fulfilled by Nicholas Braime which was a departure from the recommendations of the QCA code. However, in 2023 this matter has been addressed by making some changes to the board as explained in the 'Responsibilities of the board' section below.</p> <p>Certain matters are reserved for the board for its consideration. These are set out below in this section.</p>
10. Communication how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	A healthy dialogue should exist between the board and all its stakeholders. In particular, appropriate communication and reporting should exist between the board and all constituent parts of its shareholder base.	The Company's website provides all historical RNS announcements, interim reports and annual reports. The annual reports and AGM circulars are posted directly to all registered shareholders or nominees. Communication with shareholder base is primarily conducted at general meetings which include presentations by the Chairman. Historical annual reports including notices of all general meetings are shown in the investor section. The Company also maintains email and phone contacts which shareholders can use to make enquiries or requests. At the last AGM, all resolutions were passed unanimously by the shareholders voting. At this stage the Company does not publish an Audit Committee report or a Remuneration Committee report but it may look to do so in the future.

Corporate governance report (continued)

Strategy and risks

The Group strategic report on pages 7 to 11 sets out our strategy, which focuses on increasing our geographical reach in global markets, and developing new products to enhance our offering, particularly in the agricultural commodities sector. Our strategy setting includes review of the principal risks pertaining to the business and the extent to which the Group is able and willing to bear these risks. The board has put into place formal business continuity plans in its larger operations to understand its exposure to loss of key staff, suppliers, customers and other natural catastrophic events, enabling the generation of a risk register. The existence of this plan was particularly helpful at the onset of the Covid-19 pandemic. The principal risks facing the business are set out in pages 9 to 10 of the Group strategic report. Insurance of key risks is an integral part of the Group's risk management framework, and the board actively reviews its cover requirements on an ongoing, and at least annual, basis.

The duties of the board of directors

The board is responsible for the overall operations of the Group, including strategic planning, approval of the annual budget, changes to the Group's financing arrangements, acquisitions and disposals, material contract and significant capital expenditure. It meets monthly to discuss reports from the overseas operations and to assess and action areas of significant change, risks and opportunities for the Group.

The board's time can be grouped into six key areas as outlined below. A portion of their time is also spent on administrative matters.

Strategy	<ul style="list-style-type: none"> Setting strategic targets. Reviewing new business developments, including potential acquisitions. Research and technology.
Risk	<ul style="list-style-type: none"> Group's risk and internal control framework.
Governance	<ul style="list-style-type: none"> Legal updates and new disclosure requirements. Internal board review. Succession planning.
Finance	<ul style="list-style-type: none"> Budget approval. Oversight of the preparation and management of the financial statements. Dividend policy. Pensions strategy.
Stakeholder engagement	<ul style="list-style-type: none"> AGM and other shareholder feedback. Investor calls and meetings.
Safety	<ul style="list-style-type: none"> Health and safety monthly updates and management.

The powers of the directors are set out in the Company's Articles of Association. In addition, the directors have responsibilities and duties under legislation, in particular the Companies Act 2006.

Composition of the board

During the year ended 31st December 2022 the board comprised 4 executive directors and 2 non-executive directors. The Chief Financial Officer also serves as Company Secretary to the board.

The board members' experience and areas of expertise can be found in the board biography section on page 12. The board is committed to the promotion of gender balance and diversity within its workforce. There are currently three male executive members and one female executive board member and two male non-executive board members.

The Company has periodically held briefings for directors covering regulations that are relevant to their role as directors of an AIM quoted company. Historically, these briefings have coincided with significant changes in regulations and accounting standards, however going forward, the Company proposes that such briefings should be held at a minimum on an annual basis. The Company has not sought external advice on keeping directors' skills up to date but the directors believe that their blend of formal qualifications, past and ongoing experience provides them with the relevant up-to-date skills needed to act as board members for a company of its size.

Board committees

The board operates a number of informal sub-committees as set out below, these are also available on the Group website.

Remuneration committee

The executive directors' pay is subject to the decision of the whole board and not of a separate committee. However, a separate meeting takes place annually whereby the non-executives receive and consider recommendations from the Chairman of proposed pay for the executive directors as shown in the meeting attendance table. Any significant changes to awards to senior management are discussed by the whole board. The Company's policy on directors' remuneration is discussed further in the Directors' remuneration report. The directors believe this is adequate for a group of this size.

Audit and risk committee

The whole board formally receives presentation of audit and risk matters from the Group's independent statutory auditors at least once a year. The consideration of business risks is a regular item on the board's agenda. The board considers that the size of the Group does not justify an internal audit function but continues to assess the requirement for an internal audit function under review.

Nomination committee

The Company typically uses the whole board to consider matters of nomination and succession. However with respect to the recent appointment of the joint chief executives, the nomination committee comprised of the Chairman and the Non-Executives, with the Chief Financial Officer acting as Secretary. The nomination committee ensures there is a robust process for the appointment of new board directors, and works to identify the skills, experience, personal qualities and capabilities required for the next stage in the Company's development, linking the Company's strategy to future changes. The nomination committee also discusses the appointment and replacement of senior management within the Group.

Responsibilities of the board

The board members are collectively and legally responsible for promoting the interests of the Company and for defining corporate governance arrangements. Ultimately, the quality of and approach to governance lies with the chair. The QCA Code

recommends that there should be a clear division of responsibility between the running of the board and executive responsibilities for running the Company

The Chairman is responsible for:

- setting the board agenda;
- the leadership of the board and ensuring its effectiveness on all aspects of its role;
- providing strategic insight from his long business experience in the industry and with the Company; and
- providing a sounding board for the executives on key business decisions and challenging proposals where appropriate.

The executive directors are responsible for:

- the day-to-day management of the Group's business;
- leading the business and the rest of the management team in accordance with the strategy agreed by the board;
- leading the development of the Group's strategy with input from the rest of the board;
- leading the management team in the implementation of the Group's strategy; and
- bringing matters of particular significance to the board for discussion and consideration by the board if appropriate.

During the year, the roles of Chairman and chief executive were fulfilled by Nicholas Braime. Whilst this was a departure from the recommendation of the QCA code, the board considered this practical arrangement enabled the Group to utilise Nicholas' deep knowledge of the business and his extensive relationships with key stakeholders, whilst at the same time benefiting from his strategic vision. As part of the Group's succession planning, Nicholas stepped down as chief executive shortly after the year end in February 2023, and Alan Braime and Carl Braime were appointed joint chief executives, thereby splitting Nicholas' role as both Chairman and chief executive. Together Alan and Carl will lead the execution of the overall Group strategy. In particular, Carl Braime will oversee the 4B division whilst Alan will focus on the manufacturing division. Nicholas remains an executive director.

The role of Company Secretary is fulfilled by Cielo Cartwright, the Chief Financial Officer. The Company Secretary liaises with the Chairman and the non-executive directors in the preparation of board meetings, including the timely provision of information. The Company Secretary also acts as a link between the Company and shareholders on matters of governance and investor relations. The Company is aware that at certain times, it may become necessary to separate the role of executive and secretary and should such events occur, takes the appropriate steps to do so.

Board attendance and agenda

Executive directors are employed on a full time basis and non-executive directors are expected to commit to a minimum of 20 days per year.

The board met formally 11 times throughout the year. Briefing papers were circulated electronically but available in paper format on request. During the year some board meetings were held as hybrid meetings, with some board members

participating online. In addition to the regular scheduled meetings throughout the year, unscheduled supplementary meetings also take place as and when necessary. Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss any issues with the Chairman or the Chief Financial Officer.

To enable the directors of the board to carry out their responsibilities all directors are provided access to all relevant information. The board has a schedule of matters for its discussion, which is reviewed against best practice. A summary of matters reserved for the schedule is available on the Group's website.

In advance of all board meetings the directors are supplied with papers covering the Group's strategy and operations. Members of the executive management team can attend and make presentations as appropriate at meetings of the board.

Details of the number of meetings of the board during the period are set out in the table below. There were no new appointments to the board during the period.

Meeting attendance during 2022

Director	Board (11)	Audit & Risk Committee (1)	Remuneration Committee (1)
O. N. A. Braime	10	1	1
A. Q. Braime	11	1	–
C. O. Braime	11	1	–
C. B. Cartwright	11	1	–
A. W. Walker	11	1	1
P. J. O. Alcock	11	1	1

Board evaluation

The board continues to evaluate improvements to its conduct of business. Improvements have continued to be implemented throughout the year. During 2022, presentations from the Managing Directors of all subsidiaries have taken place to provide the non-executive directors with a greater opportunity to hear the diverse nature of the Group's operations first hand and a rolling programme of such presentations are again planned for 2023.

Performance targets are set as part of the budgeting process. Evaluation of the performance of the board has historically been implemented in an informal manner whereby the Chairman appraised the individual performance of the executives. The board supports and encourages all directors to undertake the necessary training and take up opportunities for professional and personal development.

On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members. However, the directors consider that the Company is too small to either have an internal succession plan and it would not be cost effective to maintain an external candidate list prior to the need arising. Key performance indicators are set out in the Group strategic report.

Corporate governance report (continued)

Support

Directors can obtain independent professional advice at the Company's expense in performance of their duties as directors. None of the directors obtained independent professional advice in the period under review. All directors have access to the advice and the services of the Company Secretary. In addition to these formal roles, the non-executive directors have access to senior management of the business either by telephone or via involvement at informal meetings. At least annually, our nominated advisor (NOMAD) is invited to a board meeting to provide training updates on directors' duties and any legislative changes.

Directors' conflict of interests

The Companies Act 2006 and the Company's Articles of Association require the board to consider any potential conflicts of interest. The board has procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. Under those procedures, directors are required to declare at board meetings all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The board is required to review directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed directors are considered by the board prior to their appointment. In this financial year there have been no declared conflicts of interest.

Elections

The Company's Articles of Association provide that one third of the directors retire by rotation each year at the AGM.

Relations with stakeholders

As required under by Section 172 of the Companies Act 2006, directors preside over the Group for the benefit of all stakeholders. Decisions taken by the board are always cognizant of the impact of each stakeholder group. Fundamentally, the goal is the long-term sustainable growth of the business, which will see returns to shareholders increasing, enable employees to realise their ambitions, and support customers in achieving their goals.

The directors consider the key stakeholders of the Group to fall into the following categories: its employees, its shareholders, customers, suppliers and other business-related parties.

Employees as stakeholders

Employees are key internal stakeholders with significant time and financial investment in the business. The Group provides both formal and informal communications through letters and notices, as well as regular visits by the directors to sites to meet with employees. During the year overseas trips which had been curtailed during the pandemic were reinstated. However, the use on-line video conferencing, which became the norm during the pandemic has also become established as a regular feature of communications. The directors are committed to providing a working environment that promote employees' wellbeing whilst facilitating their performance. Further details of employee engagement can be found in the Group strategic report.

Shareholders as stakeholders

The board recognises and values the importance of good communications with all shareholders. The Company engages with shareholders through the Group's website and at the AGM. At the AGM, a presentation of the business activity and outlook is presented by the Chairman. The feedback from shareholders attending our AGM has been positive. Responsibility for shareholder liaison rests with the Chairman, and in his absence, with the Company Secretary. All reports and updates are made available on the Group's website.

The AGM provides all shareholders with the opportunity to develop further their understanding of the Company. It is the principal forum for all the directors to engage in dialogue with private investors. All shareholders are given the opportunity to raise questions on any matter at the meeting. The Group aims to send notices of Annual General Meetings to shareholders at least 21 clear days before the meeting. Notices of the AGM are available on the Group's website. Following the AGM the voting results for each resolution are published and are available on the Group's website. The Group's website www.braimegroup.com/investor-information provides all historical RNS announcements, interim reports and annual reports.

Customers and other stakeholders

The directors ensure that stakeholder management plans are in place for key customers and key suppliers. Directors ensure that appropriate levels of management time is afforded to meet with customers to understand their needs and with key suppliers to forge a strong, mutually beneficial partnership built on the principles of respect and long-term outlook.

Maintaining a reputation for high standards of business conduct

The board believes that the promotion of a corporate culture based on sound ethical values and behaviours is essential to maximise shareholder value. The companies in the Group maintain handbooks which include clear guidance on what is expected of every employee and officer of the Company and further development of this guidance is being undertaken to continually strive for high standards. Staff matters are discussed at every board meeting and the board considers examples of behaviours that either aligns with or are at odds with the Group's stated values. The directors believe that the Company's culture encourages collaborative, ethical behaviour which benefits employees, clients and stakeholders. It is committed to conducting business ethically and responsibly, treating employees, customers, suppliers and shareholders in a fair, open and honest manner. We aim to maintain healthy and safe working conditions on all our sites and measure our ability to keep employees and visitors safe. We encourage our employees to provide feedback on any issues they are concerned about and the directors maintain a culture of accessibility and fair play and travel extensively to keep in touch with all areas of the business. The directors believe that all employees and contractors have worked in line with the Group's values during this financial year.

Fair, balanced and understandable

The directors have also reviewed the financial statements and taken as a whole consider them to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy and have considered the need to act fairly as between the members of the Company.

Directors' report

The directors present their annual report and financial statements for the year ended 31st December 2022.

Results and dividends

The profit for the year after taxation and transferred to reserves was £2,721,000 (2021 – £750,000). No dividend is to be proposed at the Annual General Meeting, but the interim dividends will be confirmed.

Directors

The directors who served during the year and their beneficial interests in the shares of the Company are detailed below:

	31st December 2022	1st January 2022
Peter Alcock		
Ordinary shares	1,000	1,000
'A' Ordinary shares	5,000	5,000
Alan Braime		
Ordinary shares	35,175	35,175
Carl Braime		
Ordinary shares	35,175	35,175
Nicholas Braime		
Ordinary shares	143,400	143,400
Cielo Cartwright		
Ordinary shares	–	–
Andrew Walker		
Ordinary shares	100	100
'A' Ordinary shares	300	300

In accordance with the Company's Articles of Association O. N. A. Braime retires by rotation and, being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association P. J. O. Alcock retires by rotation. P. J. O. Alcock is not seeking re-election.

A. W. Walker has also expressed his intention to retire at the next Annual General Meeting.

None of the directors had a beneficial interest in any contract to which the Company or a subsidiary company was a party during the financial year.

The Company has made qualifying third party indemnity provisions for the benefit of its directors and officers. The indemnity was in force throughout the tenure of each director during the year and is currently in force. The Company also maintains Directors' and Officers' liability insurance in respect of itself and its directors

Substantial shareholdings

The Company has been notified that as at 11th April 2023, apart from the directors, only the following persons are beneficially interested in more than 3% of the Ordinary shares of the Company:

	Ordinary shares held	Percentage
CGWL Nominees Limited A/C GC1	72,500	15.10%
Hargreaves Lansdown (Nominees) Limited A/C HLNOM	31,907	6.65%
Mrs P. V. Smith	27,500	5.73%
Ferlim Nominees Limited Des. POOLED	26,063	5.43%
W B Nominees Limited A/C ISAMAX	21,600	4.50%
Lion Nominees Limited A/C RB	19,911	4.15%
Mrs A. Barnes	16,655	3.47%

Internal controls

The board is responsible for the Group's system of internal control and reviewing its effectiveness. Identification and evaluation of risks is an integral part of the board's planning process. Controls within the Group are designed to provide the board with reasonable assurance regarding the maintenance of proper accounting records, the reliability of financial information and the safeguarding of assets. The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material loss or misstatement. The board considers that the size of the Group does not justify an internal audit function, but continues to keep the need for an internal audit function under review. The board has conducted a review of the effectiveness of the Company's risk management and internal control systems.

Section 172 statement

The board states its compliance with s172(1) of the Companies Act 2006. Details as to how the directors have fulfilled their duties can be found in the Group strategic report and the Governance report.

Going concern

As noted in its Group strategic report, the Group operates in a number of currencies other than sterling, its principal currency. The exchange rate between sterling, the US dollar and the euro and the price of raw materials creates inherent uncertainty over the future gross margin of the Group.

The Group's net cash figure decreased from an opening figure of £974,000 to £786,000 as at 31st December 2022.

During the period the Group funding of working capital decreased by £2,018,000 arising from a decrease in provisions and increases in trade and other receivables and inventory, which were partially offset by increases in trade and other payables. Inventories increased by £3,165,000. Overall cash derived from operating activities generated £3,423,000 (2021 – £1,876,000) net of the increased working capital funding.

Directors' report (continued)

Going concern (continued)

At 31st December 2022, the available headroom within the Group's borrowing facilities amounted to £2,830,000. The directors are of the continued view that through its Group banking partner it has sufficient access to financial resources.

The Group has contracts with a number of customers and suppliers across different geographic areas and industries which act to mitigate the volatility in any one area. The Group's forecasts and projections, taking account reasonably possible changes in trading performance, show that there is no substantial risk that the Group will not be able to operate within the level of its current facilities.

After due consideration, the directors confirm that they have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Company's and the Group's financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, the directors' report, the directors' remuneration report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK and the rules of the London Stock Exchange for companies trading on the AIM. The directors have chosen to prepare financial statements for the Company in accordance with UK Generally Accepted Accounting Practice. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed by the parent Company and applicable IFRSs as adopted by the UK have been followed by the Group, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company

and to enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Each of the directors at the date of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Subscriptions and donations

Charitable donations amounting to £16,000 (2021 – £15,000) were paid during the year. There were no donations to political organisations.

Streamlined Energy and Carbon Reporting ("SECR")

The directors are of the opinion that the disclosure required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 are not required because the reporting requirements fall on the Company as an individual entity, and neither the Company, nor any of its individual subsidiaries, met the threshold criteria for the year ended 31st December 2022.

Auditors

A resolution proposing Kirk Newsholme be re-appointed as auditors of the Company will be put to the Annual General Meeting.

By order of the board

Cielo Cartwright, Secretary

24th April 2023

Directors' remuneration report

INFORMATION NOT SUBJECT TO AUDIT

The purpose of this report is to inform shareholders of the Company's policy with regard to executive remuneration and to provide full details of the salary and other benefits received by individual directors. The directors have adopted the principles of good governance as set out in the Combined Code and the Directors' Remuneration Report Regulations 2002. However, following the Company's move to AIM, compliance with this report is no longer mandatory.

Remuneration committee

As noted in the Corporate governance report, executive directors' pay is subject to the decision of the whole board and not of a formal remuneration committee. The directors believe that this is adequate for a Group of this size.

Statement of Company's policy on directors' remuneration

The board's policy is that the remuneration of the directors should reflect market rates applicable to a business of its size and complexity. This information is assessed by the board based on their commercial contacts within the industry and the local

business community. It is intended that this policy will remain in place for the following financial year and subsequent periods.

There are no formal performance related elements, entitlements to share options or entitlements under long-term incentive plans in directors' remuneration. All employees of the Group, including directors, may however receive a discretionary bonus which reflects the results of the Group.

The only elements of directors' remuneration that are pensionable are salaries.

There are no performance conditions relating to the non-executive directors' fees

Service contracts

Other than Cielo Cartwright, the executive directors do not have service contracts with the Company or its subsidiaries. The executive directors are subject to election by the shareholders at the first Annual General Meeting following their appointment and thereafter at least at every third subsequent Annual General Meeting. No compensation other than that prescribed by legislation is payable on termination of their employment.

INFORMATION SUBJECT TO AUDIT

Directors' remuneration

The remuneration of the individual directors who served during the period was as follows:

	Fees £'000	Salary £'000	Estimated taxable value of benefits in kind £'000	Total 2022 £'000	Total 2021 £'000	Pension contributions 2022 £'000	Pension contributions 2021 £'000
Executive directors							
Nicholas Braime	–	231	8	239	232	–	–
Alan Braime	–	133	2	135	128	18	17
Carl Braime	–	133	2	135	128	18	17
Cielo Cartwright	–	122	2	124	117	12	11
Non-executive directors							
Peter Alcock	31	–	–	31	30	–	–
Andrew Walker	31	–	–	31	30	–	–
	62	619	14	695	665	48	45
Paid by the Company	62	486	12	560	537	30	28

The estimated taxable value of benefits-in-kind includes private medical cover. Pension contributions represent amounts paid to defined contribution pension schemes. Cielo Cartwright is provided with an electric company car which carries a benefit-in-kind in the current tax year of £nil.

Approval

The Directors' remuneration report was approved by the board on 24th April 2023.

Nicholas Braime, Director

Independent auditors' report

to the members of Braime Group PLC

Opinion on financial statements of Braime Group PLC

We have audited the financial statements of Braime Group PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Consolidated and Company statements of changes in equity and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our 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.

Our approach to the audit

Braime Group PLC, Braime Pressings Limited, 4B Elevator Components Limited and 4B Braime Components Limited are companies incorporated in England and Wales on which we are engaged to perform an audit under ISAs (UK). These components comprised 72.70% of Group turnover, 69.66% of Group profit before tax and 74.54% of Group gross assets.

4B France Sarl, 4B Africa Elevator Components (Proprietary) Limited, 4B Braime (Changzhou) Industrial Control Equipment Co. Ltd. and 4B Asia Pacific Company Limited have had audits performed by component auditors in accordance with local legislation. These components were not individually significant enough to require an audit for Group reporting purposes, but a review was performed by us appropriate to the size and risk profile of these components. This included obtaining and reviewing an audit procedures questionnaire for 4B France Sarl and 4B Africa Elevator Components (Proprietary) Limited, a review of specific working papers regarding certain key audit areas for 4B France Sarl, and analytical review procedures in relation to 4B Braime (Changzhou) Industrial Control Equipment Co. Ltd and 4B Asia Pacific Company Limited. These components comprised 21.84% of Group turnover, 12.56% of Group profit before tax and 20.17% of Group gross assets.

4B Australia PTY Limited is not required by local legislation to have an audit performed. We carried out our own detailed audit procedures on this component sufficient to conclude that there were no significant risks of material misstatement in the Group financial statements. This component comprised 5.46% of Group turnover, 17.78% of Group profit before tax and 5.29% of Group gross assets.

We engaged a firm of CPAs in USA to attend a year-end inventory count of 4B Elevator Components Limited, and a firm of Chartered Accountants in Australia to attend a year-end inventory count of 4B Australia PTY Limited.

At the parent entity level we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of components that were not subject to audit by us.

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) 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.

Carrying value of Inventories

Risk description	<p>This risk concerns the carrying value of inventories of £13,289,000 (2021 – £10,124,000) as shown in note 11.</p> <p>Management judgement is applied to determining the cost of inventories in order to accurately reflect the manufacturing costs incurred in bringing them to their current location and physical condition in the presswork manufacturing segment of the business. This primarily relates to the assessment of direct labour costs and manufacturing overheads to be absorbed and other relevant production costs. The total value of work-in-progress and finished goods inventory held by the presswork manufacturing segment of the Group into which such costs would have been absorbed amounted to £785,000 (2021 – £481,000).</p> <p>As described in note 1.20 inventories are carried at the lower of cost and net realisable value. Establishing impairment provisions for slow-moving, obsolete and damaged inventories to reduce inventories to their net realisable value involves judgements and estimates to be made by management. The Group has consistently adopted a policy of making impairment provisions based upon the ageing of inventories. The income statement for the year ended 31 December 2022 includes an inventory impairment provision credit of £(76,000) (2021 – £72,000 credit) as disclosed in note 11.</p> <p>Given the level of judgement and estimation involved in determining cost and net realisable value this risk was identified by us as one of the most significant risks of material misstatement.</p>
Our response	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> • on a sample basis agreed the cost of raw materials (presswork manufacturing segment) and bought in components (4B segment) to third party invoices and where these were denominated in foreign currencies reviewed the reasonableness of the exchange rates used to translate these invoices. • for manufactured work in progress and finished goods we have for a sample of items obtained the product costings and tested the underlying costs within each item selected. We also challenged the key assumptions concerning overhead absorption by assessing the appropriateness of costs included in the calculation. • reviewed the overheads absorbed in the process of manufacturing to determine whether they were allowable under IAS 2 and appropriately recognised. We agreed the estimated overheads to actual overheads incurred in the year to assess whether they were materially different. • assessed the net realisable value (NRV) of a sample of inventory items by agreeing their subsequent sales price to customer invoices to ensure that the items were being held at the lower of cost and net realisable value. • observed the condition of inventories when we and the firms we instructed to assist us attended stock counts. • gained an understanding of the movements in the inventory impairment provision year on year and assessed the scale of the provision in comparison to gross inventory value to determine whether there were any unusual movements. • performed procedures to ensure that inventory impairment provisions were calculated in line with the Group's inventory provisioning policy. Procedures included reviewing the provisions and verifying ageing data. • challenged the assumptions adopted by management in arriving at the Group's inventory provisioning policy by reviewing the sales activity of impaired and previously impaired lines of inventory.
Key observations	<p>From the work performed we consider that the inventory shown in the Group financial statements is appropriately valued and that the impairment provision in respect of inventories has been consistently applied and is appropriate.</p>

Independent auditors' report (continued)

to the members of Braime Group PLC

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in determining the nature, timing and extent of our audit work and in evaluating the results of that work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality £449,000 (2021 – £364,000).

Basis for determining materiality:	1 % of Group turnover.
Rationale for benchmark applied:	As a trading Group this reflects the level of activity. We believe that this measure and the percentage applied appropriately reflect both the size of the Group and key driver behind its financial performance.
Component materiality:	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality across components ranged from £118,000 to £191,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

Performance materiality to drive the extent of our testing for each component in our audit scope was set at 75% of component materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £16,800 (2021 – £13,650) as well as 'clearly trivial' misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 about the Group's or parent 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.

Our evaluation of the directors' assessment of the entity's ability to adopt the going concern basis of accounting included:

- Obtaining the directors' integrated profit and loss account, balance sheet and cash flow forecasts which are prepared for individual subsidiary undertakings and consolidated at Group level for the period to 31 December 2024;
- Understanding and evaluating the key assumptions to the forecast being forecasts of sales, gross profit margin, administrative costs, level of capital expenditure, inventory, trade debtor and trade creditor days, anticipated new borrowings and repayment profiles of new and existing borrowings. The evaluation made reference to historic figures and the relative accuracy of past performance against past forecasts and based on our knowledge of the business the reasonableness of sales forecasts;
- Checking the mathematical accuracy of the forecasts and calculations used in the forecast model such as inventory, debtor and creditor days and gross profit margins;
- Agreeing financial facilities to facility letters or other appropriate evidence;
- Assessing the level of headroom in available facilities throughout the whole forecast period; and
- Assessing the sensitivity of forecasts to matters such as reductions in sales and gross profit margins and whether there would still be sufficient headroom in facilities.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 20, 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 the directors 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's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Independent auditors' report (continued)

to the members of Braime Group PLC

Auditors' responsibilities for the audit of the financial statements (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the Group through discussions with directors and other management, and from our commercial knowledge and sector experience;
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Group, including the Companies Act 2006 and taxation legislation. The Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on the financial statements, for instance through the imposition of fines, penalties or litigation such as health and safety law, in particular manual handling and power press regulations 1998 (PUWER), REACH regulations, waste disposal regulations, GDPR and employment law;
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Group and Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind any significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims;
- Reviewing any correspondence with HMRC, US tax authorities and relevant regulators websites for notices of any breaches; and
- Review of relevant legal or professional costs within the accounting records for any evidence of previously un-detected or un-reported instances of non-compliance.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters

The Company voluntarily prepares a directors' remuneration report in accordance with the provisions of the Companies Act 2006.

Use of our report

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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.

Andrew Thomas BA FCA

(Senior Statutory Auditor)

For and on behalf of **Kirk Newsholme**

Chartered Accountants and Statutory Auditors

4315 Park Approach

Thorpe Park

Leeds LS15 8GB

24th April 2023



Braime Group – a rich heritage dating back to 1888

The Group has a rich heritage, tracing back its origins to the 19th century, when oilcans made in a small workshop by Thomas Braime quickly gained a reputation for quality. Thomas, the eldest son of a veterinary surgeon, was apprenticed to McLaren, an engineering company manufacturing steam traction engines. After losing his thumb in an accident, he was inspired to look for effective ways to apply oil to machinery. In 1888, he set up production in Hunslet, Leeds, using the new pressings technology. His younger brother Harry, also a skilled engineer joined him as partner. The rise of the motor industry increased demand for metal pressings and larger premises were soon needed for the expanding business. The current Braime buildings, with its attractive red brick and terracotta frontage, was constructed between 1911 and 1914. During the First World War, the Company played an important role in armament provision, training women as skilled munition workers. The Group's headquarters remains its listed buildings on Hunslet Road, the beautiful interiors are often used in film sets. However, today, the Group is truly international with subsidiaries in North America, Europe, China, South East Asia, Africa and Australia.



Braime Group PLC

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