

June 2025

Financial Reporting Decision

Decision 4/2025



Issuer	Kingspan Group plc
Report type	Annual report and financial statements
Reporting period	Year ended 31 December 2023
Financial reporting framework	IFRS-EU
Applicable financial reporting standards	Regulation 5(4)(c) of the Transparency (Directive 2004/109/EC) Regulations 2007 ('TD Regulations')

Summary

This Decision concerns an issuer whose materials were used in insulating a high-rise residential block (Grenfell, London). In 2017, a fire broke out in that block and 72 residents died in the fire.

Background

The issuer is a manufacturer of insulated panels, rigid insulation boards, technical insulation, architectural facades, roofing and waterproofing solutions, data and flooring technology, daylighting and ventilation systems and water and energy solutions.

IAASA performed an interactive focused examination of the issuer's annual financial statements for the year ended 31 December 2023.

Outline of financial reporting treatment applied by the issuer

During 2023 and prior to the approval and publication of the issuer's 2023 annual report, the issuer was the subject of negative media reports in connection with the fire. The criticisms directed at the issuer were not discussed or addressed in the 2023 management report as part of the risks and uncertainties facing the business.

In relation to the requirements in the TD Regulations, the issuer indicated to IAASA that in the prior years' annual reports and financial statements, it had addressed its participation in the UK Public Inquiry and concerns raised by the inquiry in relation to the issuer's business conduct in its annual reports and financial statements as well as in other public announcements. The issuer advised IAASA that the media reports in 2023 dealt with the same substantive issues and events reported in prior years and had been addressed by the issuer in its annual reports for those earlier years.

Outline of findings made by IAASA

Regulation 5(4)(c)(ii) of the TD Regulations states that:

'... the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.'

As noted above, a number of events took place in 2023 which appeared to IAASA could impact on the issuer's business and reputation and may require discussion in the management commentary under Regulation 5(4)(c)(ii).

The issuer's revenue and profit before tax for 2023 and 2022 were as follows:

	2023 €m	2022 €m
Revenue	<u>8,091</u>	<u>8,341</u>
Profit before tax	<u>794</u>	<u>747</u>

To further assess whether the above media events had a financial impact on the issuer's business in the UK, IAASA also reviewed the issuer's:

- (1) internal reporting pack to the Board for December 2023 to assess whether the abovementioned events had an impact on the issuer's UK operations, and
- (2) the financial statements of the issuer's four main trading subsidiaries in the UK – it was noted that there was not a material decline in profit before tax for these subsidiaries from 2022 to 2023.

Given the above considerations, IAASA concluded that there are no further required disclosures under Regulation 5(4)(c)(ii) of the TD Regulations for 2023 in relation to the negative media reports as there was not a significant financial impact on the profitability of the issuer's main trading UK subsidiaries or on the issuer as a whole.

IAASA conclusion

However, given:

- (a) that the Public Inquiry published its Phase II report in September 2024,
- (b) the comments made by the UK Prime Minister regarding companies mentioned in the Phase II report will no longer be considered for public contracts in the UK,
- (c) on-going police and/or other regulatory investigations relating to the fire, and
- (d) macro-economic developments in the UK

it is possible that these matters and related publicity could have a material financial impact on the issuer in future reporting periods or could represent principal risks and uncertainties facing the issuer.

The issuer provided disclosures in its 2024 annual report and financial statements (and prior to the conclusion of IAASA's examination of the 2023 annual report and financial statements) stating that (i) the Kingspan group had no role in the design of the cladding system on Grenfell Tower and that its product was misused on the exterior of the building, and (ii) the final report from the Grenfell Inquiry which explained that the principal reason for the fire spread was material neither made nor provided by the Kingspan group.

Outline of corrective actions undertaken or to be undertaken

Following engagement with IAASA, the issuer provided voluntary undertakings that if the impact of the Grenfell fire, the public enquiry, on-going investigations, and/or associated media coverage have a material financial or reputational impact on the issuer or should they represent a principal risk and uncertainty:

- (a) these events will be discussed and addressed in future periodic management reports as part of the requirements of Regulation 5(4)(c) of the TD Regulations,

- (b) the actions that the issuer has taken to address these criticisms will be set out in future periodic management reports, and
- (c) the disclosures required by IAS 37.84 – 86 will be provided in future periodic financial statements, if the matters relating to Grenfell meet the definition of a contingent liability requiring either disclosure or the recognition of a provision.

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