



Ibstock
Plc

Resilient Performance. Strategic Progress.

Annual Report and
Accounts 2024

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About Us

Ibstock Plc is a leading UK manufacturer of a range of building products and solutions and a constituent of the FTSE 250 index, based in the village of Ibstock, Leicestershire.

For over 200 years, we have worked with architects, builders, merchants and the wider construction supply chain to build the face of Britain. We are innovators, designers, makers and engineers who provide a diverse range of smart, efficient, and effective building products and solutions.

Everything we do revolves around our valued customers. Through our customer relationships, and supported by great brands and expert technical design services, we enable the creation of homes, places and spaces for us all to live and work better.

WE ARE Ibstock. WE ARE at the heart of building



► WE ARE IBSTOCK

Read more about our company on our website using this QR code or by visiting www.ibstock.co.uk



Project - The Scoop, Union Street
Product: White Glazed Bricks

Financial highlights

Revenue

£366m

2023: £406m 2021: £409m
2022: £513m 2020: £316m

Statutory reported profit before tax

£21m

2023: £30m 2021: £65m
2022: £105m 2020: £(24m)

Statutory reported basic earnings/(loss) per share

3.8p

2023: 5.4p 2021: 7.8p
2022: 21.6p 2020: (6.8)p

Total dividend per share

4.0p

2023: 7.0p 2021: 7.5p
2022: 8.8p 2020: 1.6p

Adjusted EBITDA*

£79m

2023: £107m 2021: £103m
2022: £140m 2020: £52m

Adjusted EPS*

7.7p

2023: 13.9p 2021: 13.9p
2022: 22.7p 2020: 4.0p

Adjusted free cash flow

£11m

2023: (16m) 2021: £51m
2022: £50m 2020: £26m

Net debt*

£122m

2023: £101m 2021: £39m
2022: £46m 2020: £69m

* Alternative Performance Measures are described in Note 3 to the consolidated financial statements. All future references to APMs within the Strategic Report and Governance section of this Annual Report and Accounts are denoted by an asterisk, unless otherwise indicated.

Non-financial highlights

Carbon Reduction Metric

49%

2023: 37% 2022: 20%
2021: Baseline reset in 2022
2020: Baseline reset in 2022

Clay Reserves

73mt

2023: 73m 2021: 74m
2022: 74m 2020: 74m

Plastic Reduction

64%

2023: 25% 2021: 13%
2022: 16% 2020: Target set in 2020

Share of Revenue from new and sustainable products

22%

2023: 11% 2021: 13%
2022: 13% 2020: 12%

Female Representation in Senior Leadership

34%

2023: 35% 2021: 26%
2022: 27% 2020: 22%

Methodology for metrics showing LTIFR, Water Reduction and Net Promoter Score have been changed. Please see Key Performance Indicators on page 26. Plastic reduction and carbon measured relative to 2019 baseline.

At a glance

For over 200 years, we have worked to build the face of Britain.

Our business

Ibstock exists to build a better world by being at the heart of building through the manufacture and supply of clay and concrete products and solutions to the UK construction industry with a focus on the environmental and social impacts of our industry.

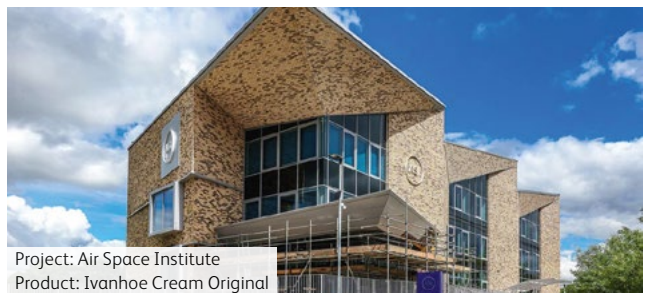


Project: Ouseburn Quays
Products: Birtley Olde English Grey, Birtley Northern Buff, Commercial Red & Ibstock Glazed Copper

Our Strategy

Our Strategy is to enhance our existing business, whilst investing for growth in both our core and diversified construction markets. As a leading building products manufacturer, the Group is committed to the highest levels of corporate responsibility. Our Sustainability targets set out a clear path to address climate change, improve lives and manufacture materials for life, with an ambitious commitment to reduce carbon emissions by 40% by 2030 and become a net zero operation by 2040.

► **Read about our** purpose, strategic framework and progress during the year on page 20.



Project: Air Space Institute
Product: Ivanhoe Cream Original

Our strategy



Our ESG 2030 strategy



Our business in numbers

200

years of experience

250+

different brick products

34

manufacturing sites across the UK

c.73m

tonnes of consented clay reserves

1,949

employees

95%

of raw materials sourced in UK

Our sites in the UK

15

Clay

2

Futures

13

Concrete

14

Active quarries

4

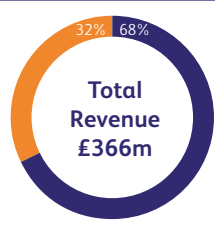
Kevington

Our operations

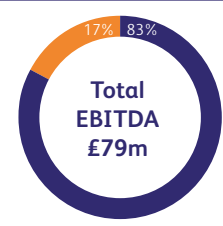
The Group comprises two core business divisions, **Ibstock Clay and Ibstock Concrete**.

The Ibstock Futures business was established in 2021 to accelerate growth in new, fast developing segments of the UK construction market and, while it remains in its initial growth phase, forms part of the Clay division.

► **Read more about** our business on page 33.



- Ibstock Clay £249m
- Ibstock Concrete £117m



- Ibstock Clay £72m
- Ibstock Concrete £15m
- Unallocated Costs £(8)m

Ibstock Clay

The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 15 manufacturing sites, Ibstock Clay has the largest brick production capacity in the UK. It operates a network of 14 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and prefabricated component building solutions, operating from 4 sites.



► **Further information** can be found in the Operating Review on pages 33 to 35.

Ibstock Concrete

A leading manufacturer of concrete roofing, walling, flooring and fencing products, along with lintels and rail & infrastructure products. The concrete division operates from 13 manufacturing sites across the UK.



► **Further information** can be found in the Operating Review on pages 33 to 35.

Ibstock Futures

Complements the core business divisions by accelerating diversified growth opportunities which address key construction trends, including sustainability and the shift towards Modern Methods of Construction (MMC). Operating from an innovation hub in the West Midlands, and the Nostell redevelopment in West Yorkshire.



► **Further information** can be found in the Operating Review on pages 33 to 35.

A diverse range of building products and solutions

Design and Technical Services

We are committed to providing the best possible design and technical support to our customers. From expert advice to a sector-leading training and CPD provision, Istock's range of design and technical services are especially configured to give architects and specifiers the access to the support they need at every stage on their project journey – from concept to build.



Rail & Infrastructure

- Rail troughs
- Platform copers
- Cable theft protection
- Signal bases
- Utility ducts
- Inspection chambers

Flooring & Lintels

- Beam and block flooring
- Insulated flooring
- Hollowcore screed rails

Fencing & Landscapes

- Fence posts
- Copings and cappings
- Gravel boards
- Bollards
- Balustrades
- Path edging
- Gully surrounds
- Urban landscaping

Staircases & Lift Shafts

- Precast staircases
- Lift shafts

The Group concentrates on eight core product categories, each backed up by design and technical services capabilities. These include Bricks and Masonry, Façade Systems, Roofing, Flooring and Lintels, Staircase and Lift Shafts, Fencing and Landscaping, Retaining Walls and Rail and Infrastructure. We are market leading in the UK across our core business.

Further information regarding our products and services can be found on our website at www.ibstock.co.uk.



Bricks & Masonry

- Facing bricks
- Engineering bricks
- Brick slips
- Special shaped bricks
- Walling stone
- Architectural masonry
- Prefabricated components
- Eco-habitats
- Padstones and lintels

Facade Systems

- Brick faced GRC
- Architectural GRC
- Façade systems (brick, stone, porcelain)
- Mechanical brick slip system (Mechslip)
- Lintels & soffits (Nexus)
- Brick slips

Roofing

- Roof tiles
- Roof accessories
- Chimneys

Retaining Walls

- Stepoc
- Slopeloc
- Keystone

Why invest in Ibstock?

Employees at Chesterton factory



1

Our business has strong fundamental qualities

Broad exposure to markets with attractive long-term growth potential

Established market leadership position in our core brick market and leadership positions in attractive segments of the concrete building products market

Diversified market exposure and a product range unrivalled in its breadth and depth

Well-invested asset base, extensive consented clay reserves and unrivalled UK operational network, creating a strong competitive position.

A trusted partner to a high-quality, long-standing customer base

► **Read more about** our business page 2

Atlas factory



2

We are focused on growth

Compelling growth strategy combining development of our core businesses with diversified growth addressing new opportunities in emerging, fast-growth areas of the UK construction market

Strong pipeline of growth projects in our core brick and concrete businesses

Ibstock Futures – an exciting opportunity to diversify and capture growth from faster-growing segments of construction markets. These markets are centred on the use of more sustainable building materials and Modern Methods of Construction (MMC)

Strong organic and inorganic pipeline underpinning significant medium-term growth potential

► **Read more about** Ibstock Futures on page 34



Istudio, London

3

We are creating shareholder value

Significant earnings growth potential over the medium-term

Structurally strong operating margins and cash generation

Robust balance sheet and disciplined capital allocation framework provide the platform to both invest further for growth and deliver incremental shareholder returns. We have invested organically £285m over seven years.

Sustainable and progressive dividend policy targeting cover of c.2x adjusted profit after tax

Excess capital returned to shareholders as appropriate

- ▶ **Read more about** our financial progress and targets, which demonstrate our ambition to deliver strong growth and returns in the medium-term on page 36



2023 Apprentices at Make UK training centre in Birmingham

4

We have built sustainability into our strategy, our products and our processes

A resilient and responsible business run for the long term

Leading our industry on adoption of sustainable business practice, supporting our customers' sustainability journey, as well as meeting our own carbon reduction targets

Seizing the growth opportunity from the accelerating transition to sustainable construction

- ▶ **Read more about** our progress against our Sustainability targets on page 50

Resilient strategic progress



“Ibstock has continued to deliver on its strategic commitments to sustain, innovate and grow the business.”

Jonathan Nicholls
Chair

Despite subdued market conditions across the construction industry, I am extremely pleased that this year's Annual Report and Accounts demonstrates a solid set of results where we have delivered to expectations. As a result of those steps taken to right size the organisation at the back end of 2023, we remain well placed to benefit from the anticipated improvement in demand.

Ibstock has continued to deliver on its strategic commitments to sustain, innovate and grow the business and with the Group's major capital investment projects now nearing completion, will be well positioned to provide capacity to meet the demands of a returning market. The level of production at our new Atlas factory is ramping up well and the creation of a unified, enterprise-wide new product development team is successfully accelerating the pace of product innovation. We have also made good progress towards our 2030 ESG targets and have launched Environmental Product Declarations, becoming one of the first UK building materials manufacturers to enhance environmental transparency in doing so.

Our values



Teamwork:
We work together to achieve great things



Trust:
We earn the trust placed in us by delivering on our promises



Care:
We care about each other, our customers and our wider impact



Courage:
We have the courage to do the right thing

Results

Although full year revenues were below those of the prior year, it was pleasing to see that market demand had improved progressively over the year such that revenue in the second half was ahead of that in the first half as well as the equivalent period in 2023.

Proactive cost management meant that Ibstock was able to achieve fixed cost savings materially in line with those targeted in the restructuring programme that was initiated in late 2023. A disciplined focus on margin management delivered an adjusted EBITDA* margin of 21.7% (2023: 26.5%) despite the reduced volumes. These incremental actions will not compromise our ability to build back capacity quickly as markets recover.

The combined impact of cost management and a focus on commercial execution ensured that adjusted EBITDA* for the year was in line with our expectations at £79 million, a solid performance in the context of difficult market conditions.

The Group's balance sheet remains robust with our closing net debt position being at the lower end of expectations that had been set at the start of 2024. This reflected a strong focus on cash flow performance, with the disciplined management of sustaining capital and a modest reduction in finished goods inventories.

Dividend

The Board recommends a final dividend of 2.5 pence per share, resulting in a full-year dividend of 4.0 pence per share (2023: 7.0 pence).

Our employees

We are committed to driving best in class standards for health, safety and wellbeing for all colleagues and are passionate about establishing culture as a key point of difference across the organisation. Notwithstanding the current challenging market conditions, the Group continued to focus on developing its culture and preserving productive capability during the year. It is a credit to all involved that the strong, collegiate culture of Ibstock has been maintained through 2024, and I want to thank all those involved for their incredible contributions to Ibstock during their time here.

Board changes

As reported in last year's Annual Report I have been on the Board since Ibstock went through its IPO in 2015, a period of just over nine years, of which seven of those have been as the Group's Chair. As a result, and in line with good governance practice, I will be standing down as Chair at this year's Annual General Meeting that will take place in May. Louis Eperjesi, the Senior Independent Director, is leading the process with the support of the Nomination Committee, to recruit my successor. Further details of this recruitment process can be found in the Nomination Committee Report on page 74.

Diversity

The Board recognises the powerful advantages that a diverse Board and workforce can bring to a company, and we are committed to ensuring that Ibstock is a diverse, fair and inclusive place to work.

The Board is cognisant of the FTSE Women Leaders Review recommendation that FTSE 350 companies should have at least one woman in the role of Chair, Senior Independent Director, CEO or CFO. We remain committed to addressing the balance within these roles as succession plans are developed but will always make appointments that are based upon an individual's merit, suitability and ability to carry out a role successfully.

Governance

The Board is more committed than ever to driving long-term sustainable performance for the benefit of all our stakeholders. This includes the application of high standards of corporate governance and making sure that these principles are embedded into our culture. Within this report, we set out in detail how we as a Board have made decisions, engage with our stakeholders and comply with the principles of the 2018 UK Corporate Governance Code. As the governance landscape continues to develop the Board and its Committees have also considered the impacts and made appropriate preparations to be in a position to report on the new Corporate Governance Code in 2026.

ESG

The Board takes our ESG plans very seriously and is passionate about realising our carbon reduction journey whilst maintaining our financial

performance. More information on how our ESG Strategy is embedded within our corporate strategy is detailed throughout this report and within the Sustainable and Responsible Business section from page 41.

Looking towards the future

We remain mindful of broader macroeconomic uncertainties. However, due to our strong business model, strategy and management team, the Group remains well placed to meet these challenges. Confidence in our medium term prospects is underpinned by a return to normalised market conditions and incremental returns from our significant capital investment programme.

In the year ahead, the Board will continue to discharge its stewardship role in supporting the long-term success of the business.

I would like to thank my non executive colleagues on the Board for their support, commitment and enthusiasm for Ibstock in my tenure. Finally, the success that Ibstock has achieved over the last few years is down to the excellent leadership of Joe Hudson our Chief Executive Officer ably supported by Chris McLeish, our Chief Financial Officer. It has been a privilege to be part of the Ibstock story. Thank you.

Jonathan Nicholls,

Chair

4 March 2025

Director's duties

At Ibstock, the Directors take their responsibilities to stakeholders very seriously. The Board ensures all stakeholder views, whether complementary or diverging, are understood and embedded into Board discussions and the decision-making process. Directors also consider the impact of the Group's activities on the communities within which it operates, the environment, and the Group's reputation for high standards of business conduct.

Strong strategic progress as we continue to invest in growth



“Our continued focus on the active management of capacity and margin ensured we delivered a resilient performance in 2024”

Joe Hudson
Chief Executive Officer

The Group delivered a resilient performance in 2024, in a challenging market. Activity in our core markets remained subdued, which led to a reduction in overall sales volumes year-on-year, although as expected, we saw improvement in demand as the year progressed. Against this backdrop, effective cost management, and our focus on commercial execution, ensured that adjusted EBITDA* for the year was in line with our expectations at £79 million, a solid performance in the context of difficult market conditions.

I am also pleased to report that we continued to make strong progress with all elements of the Group's strategy: our investments in new low cost, efficient and more sustainable brick manufacturing capacity at our Atlas facility, and the first phase of a significant capacity expansion in the brick slips market at Nostell; the creation of a leaner, more customer-focused business for the future; a step change in the output from our innovation initiatives; and further progress towards our ambitious 2030 sustainability targets.

I would like to thank all colleagues around the Group for their commitment, spirit and flexibility through the year, which enabled the Group to deliver our results and build towards our longer-term ambitions, despite significant external headwinds. Improving affordability and a more positive evolution of UK housing policy are expected to support a sustained recovery in UK house building over the medium term. We have continued to manage our costs and cash position carefully, to balance near term profitability with the preservation of the capability and capacity required to enable the business to capitalise on an expected improvement in activity levels.

Our growth investment projects are now operational, adding lower cost and more sustainable capacity to our network. In the second half of 2024 we began to see some initial signs of recovering activity levels in new build residential markets which should feed into stronger demand for our products in 2025. In anticipation of this, we will continue to make carefully targeted investments to restore capacity where this is supported by positive demand signals. The Group retains a robust balance sheet, providing both resilience and optionality in respect of future growth investments.

With our organic capital investment programme now nearing completion, we anticipate that capital expenditure within the core business will fall back to long-run sustaining levels, which is expected to support an acceleration in free cash flow generation in the years ahead.

The Board has declared a final dividend of 2.5p per share (2023: 3.6p), representing a full year dividend of 4.0p (2023: 7p), consistent with our stated capital allocation policy, which targets full year cover of approximately two times through the cycle.

Financial Performance

Revenue for the year was 10% lower at £366 million (2023: £406 million) (or 13% lower on a LFL basis, adjusting for the acquisition of Coltman in late 2023), principally reflecting lower sales volumes in the core business in the first half of the year.

Whilst full year revenues were below those for the prior year, demand improved progressively throughout the year, with revenues in the second half 6% ahead of H1 and 3% ahead of the equivalent period in 2023.

With subdued market demand during 2024, the Group continued to manage costs proactively in the period, achieving fixed cost savings in line with the £20 million targeted in the restructuring programme initiated in late 2023. These incremental actions have not compromised our ability to build back capacity quickly as markets recover. During the second half, we began to reinvest selectively in areas where continued demand improvement is anticipated.

Adjusted EBITDA* of £79 million (2023: £107 million) was in line with the guidance given alongside the Group's Half Year results in August 2024 and reflected the market backdrop as well as the non-repeat of the £15 million benefit in the prior year from the absorption of fixed costs into finished goods inventories.

A disciplined focus on margin management delivered a solid EBITDA* margin performance despite the reduced volumes, with an adjusted EBITDA* margin of 21.7% (2023: 26.5%).

Adjusted earnings per share* of 7.7 pence (2023: 13.9 pence) reflected the lower operating profit performance.

Profit before tax was £21 million (2023: £30 million), reflecting the trading performance and an exceptional cost* of £12 million (2023: cost of £31 million) relating to site closure activities.

The Group's balance sheet remains robust, with closing net debt of £122 million at 31 December 2024 (2023: £101 million) representing leverage of 1.8x adjusted EBITDA* (2023: 1.1x). The closing net debt position was at the lower end of expectations set at the start of 2024, and reflected a strong focus on cash flow performance, with disciplined management of sustaining capital.

Divisional Review

Ibstock Clay

The Clay division delivered a solid performance, despite a material reduction in sales volumes, as it benefited from strong cost management and robust commercial discipline, as well as agile operational performance.

The market backdrop remained subdued in 2024, with total UK clay brick volumes for the year of 1.7 billion (2023: 1.7 billion), over 30% below the 2.5 billion total delivered in 2022. As expected, imported volumes reduced year on year as a

proportion of total UK brick deliveries to 18% (2023: 19%).

Revenues in the Clay division reduced by 15% to £249 million (2023: £292 million) principally driven by lower sales volumes during the first half of the year combined with a modest reduction in average selling prices. Sales volumes increased progressively during the year, as anticipated in the Half Year results announcement in August 2024, with revenues during the second half of 2024 around 8% ahead of the first half. As anticipated, market share increased during the latter part of the year and we exited 2024 with domestic market share close to the average levels achieved in 2023.

In the face of a more competitive pricing environment, we maintained a disciplined approach to pricing and remain confident this will allow the Group to achieve targeted levels of market volumes, whilst supporting its margin and return targets, as market conditions normalise. The impact of sales mix contributed to average prices in 2024 being slightly below the prior year.

Adjusted EBITDA* reduced by 27% to £72 million (2023: £99 million), reflecting the reduction in sales volumes, partly mitigated through unit variable cost reductions and continued decisive action to reduce fixed costs. Adjusted EBITDA* in 2024 included a £2 million one-off benefit from the favourable resolution of a legacy gas metering adjustment, whilst the comparative period included a £13 million benefit from the absorption of fixed cost into inventory.

A strong focus on cost management underpinned a resilient margin performance, with the adjusted EBITDA* margin percentage (excluding Ibstock Futures) remaining above 30%.

Ibstock Futures

Despite challenging conditions for the industry in the short term, the structural drivers supporting innovation of sustainable products and modern methods of construction remain compelling and the Group continued to invest in building both capacity and capability in the Ibstock Futures business during 2024.

We reached an important milestone during the year, when the first phase of our organic investments in brick slip capacity at Nostell, West Yorkshire, entered production. The market response to these initial volumes has been encouraging and the facility is now ramping up to deliver a step change in market volumes from 2025.

Revenues at Futures, which are reported in the Clay segment, totalled £10 million (2023: £12 million). Excluding the contribution from the Glass Fibre

Reinforced Concrete (GRC) business, revenues were £6 million (2023: £7 million) with solid performance in the face of challenging market conditions from our Nexus and Mechslip façade systems. Activity levels reflected broader demand trends in UK construction as well as delays to the Building Safety Act implementation.

Ibstock Futures continues to develop a range of innovative products that are focused on increasing productivity and improving sustainability across the built environment, including façade systems and masonry support solutions. Its range of products will expand as the new manufacturing facility at Nostell comes on line in late 2025, increasing the range of façade and architectural solutions that the business can offer into the built environment market.

The Group has also invested in enabling research, development and marketing capability to support future revenue opportunities. As such, Futures recognised an overall underlying net cost of £7 million in the year (2023: £5 million), with the year-on-year movement in part reflecting increased losses within the Glass Fibre Reinforced Concrete (GRC) business.

The GRC business recognised a trading loss of around £3 million in 2024, reflecting acute pressure on margins in the current market environment, as well as losses from recent subcontractor failures. In light of its performance and near-term prospects, during the final quarter of the 2024 year, the Group took the decision to cease production of GRC after discharging all existing commercial commitments, which is expected to conclude during the first half of 2025. The Group has recognised a one-off exceptional charge of £5 million associated with this closure in the 2024 year, of which £2 million is a cash cost. £1 million of this cash cost was paid in 2024, with the remainder expected to be paid in 2025.

Ibstock Concrete

While the breadth of the Concrete Division's end-market exposure helped to mitigate the impact of the subdued industry conditions, its results for the year reflected weaker new build residential and rail market volumes. Revenues of £117 million (2023: £114 million) were 3% above the prior year period, or 7% lower on a LFL basis excluding the impact of the acquired Coltman Precast business.

The division experienced a reduction in residential new build sales volumes in line with the wider market, although RMI performance was more resilient, supported by firmer fencing volumes. Infrastructure sales volumes were materially lower, with rail activity subdued due to the slow transition to Network Rail Control Period 7,

Chief Executive Officer's Review continued

the next five-year period of its network delivery plan. The reduction in this higher margin segment of the concrete business weighed on overall divisional profit performance.

The integration of Coltman, the precast flooring business acquired during the final quarter of 2023, has progressed well, and in line with our expectations. The Coltman business contributed revenues of £12 million in 2024, with an adjusted EBITDA* margin approaching 10%, reflecting certain one-off integration costs not expected to recur in 2025.

Adjusted EBITDA* for the Concrete Division was £15 million, down 21% year on year (2023: £19 million), reflecting product mix and lower levels of operating efficiencies as factories ran at reduced levels of throughput.

Overall, the division achieved EBITDA* margins of 12.5% (2023: 16.4%) as more resilient RMI volumes were more than offset by the impact of lower new build residential and rail volumes. The division benefited from the absorption of around £2 million of fixed costs into inventory in the prior year period.

Major projects

The structural drivers underpinning medium-term demand in our markets remain firmly in place. In 2021 the Group announced two major growth investment projects to capitalise on the attractive fundamentals, across both its core and new, diversified markets. These capital investments are now in production, with high quality, more sustainable and lower-cost capacity in place for the market recovery.

Core clay investments in capacity at Atlas and Aldridge

Production at our new Atlas factory, in the West Midlands, which produces Ibstock's lowest embodied carbon bricks to date, with around 50% lower carbon than the previous factory, is ramping up well. Atlas has also launched our first ever Carbon Neutral® certified bricks as part of its range. When operating at full capacity, the factory will increase the Group's annual network capacity by over 100 million bricks to support our long-term growth objectives. Atlas made the first customer deliveries in late 2024 and the innovative new products have been well received by the market. As our Pathfinder factory, Atlas is also piloting new, more sustainable production technologies and processes that could be rolled out across the wider factory network to deliver a further significant reduction in carbon intensity.

Production at Atlas, and the adjacent upgraded Aldridge factory, will ramp up over the course of 2025, with volumes

managed as part of the broader network according to prevailing market conditions.

Diversified growth investments in brick slip capacity at Nostell, Yorkshire

Customer deliveries of brick slips from the new automated brick slips cutting line at Nostell, West Yorkshire commenced during the second half. The new line provides a significant domestic supply of brick slips to the UK market for the first time and will deliver up to 17 million slips per annum when operating at full capacity. Customer reaction to this new high-quality source of domestic supply has been positive, and this investment represents our first step towards building a scale leadership position in this fast-growing product category.

Phase two of the Nostell redevelopment, the construction of a larger brick slip systems factory with an initial capacity of a further 30 million slips per annum, is progressing in line with our expectations. This project is on track to commission from the end of 2025.

Strategic update

Our operational strategy remains centred on three strategic pillars of Sustain, Innovate and Grow, with our ambitious ESG commitments integrated across all three. An update on progress is set out below.

Sustain

As a scale industrial business, sustainable high performance is at the heart of what we do, with activity focused on three priority areas: health, safety and wellbeing; operational excellence; and environmental performance.

Health, safety and wellbeing

The Group remains committed to driving best in class standards for health, safety and wellbeing for all colleagues. In the year the Group recorded a 13% year on year reduction in total incident frequency rate (TIFR).

In order to drive further improvement the Group has now adopted a more comprehensive and rigorous "every incident matters" approach, supported by a refreshed Leadership in Action programme and the introduction of daily risk reduction measures across the Group's operations. This new approach will form the basis of the Group's future health and safety reporting process, which we expect to raise standards and drive further progress over the years ahead.

Operational excellence

Over the last five years we have significantly enhanced the reliability, quality and performance of our factory networks – investing, rationalising and adding flexibility to optimise our footprint. These initiatives have delivered both

operational efficiencies and an improved environmental performance.

Specific factory improvement projects included the kiln rebuild at the Parkhouse brick factory driving a 10% increase in efficiency at the current operating rate, which will continue to increase as production ramps up. A further example is the automation of our walling stone factory at Anstone (production volumes up around one-third post investment), which has enabled the Group to navigate difficult market conditions and strengthened our ability to build back capacity quickly as market demand recovers.

Environmental performance

Having further developed our high level Carbon Transition Plan, including the impact of key investment projects and a continued operational enhancement programme across the factory estate, we remain on track to deliver a 40% reduction in carbon by 2030 compared to our 2019 baseline.

Work has continued throughout 2024 and a detailed five-year Carbon Transition Plan is now in place. Whilst market conditions have slowed, progress continued to be made with alternative fuel opportunities (syngas and hydrogen) as well as in other commercial areas. The Group is continuing its dialogue with potential commercial partners in this space, as well as working with partners to submit applications for government support through the Hydrogen Allocation Round 2 (HAR2) funding process.

As part of the Group's ongoing investment in upskilling its employees on environmental performance issues, a programme of training from the Institute of Environmental Management and Assessment (IEMA), the global professional body for environment and sustainability personnel, was rolled out across the Group during the year.

Innovate

Product Innovation

As market leader in clay and concrete products, we have the broadest range of building products and solutions available in the UK, and we continue to invest to enhance our customer offer. In 2023 the Group created a single centralised Product, Innovation and Quality function to strengthen and accelerate its innovation, research and new product development pipeline. This focused team has been driving a significant increase in new product development, with 22% of sales revenue coming from new and sustainable products in the 2024 year (2023: 11%). Initial success has been achieved within the concrete product range, where we have been successful in replacing traditional

manufacturing inputs with alternative materials to deliver products with a significant reduction in Scope 3 carbon emissions. A broad range of additional new products is in development, with a number of further introductions expected in 2025.

Following a two-year research project with Sheffield Hallam University's Materials and Engineering Research Institute, the Group is in advanced commercial trials of a waste industrial material which can be substituted to replace fossil-fuel derived products used in the brick manufacturing process. We are excited by the initial results from this project, which has the potential to reduce CO₂ emissions from the existing process by up to 50% and divert around 25,000 tonnes of industrial waste from landfill.

During the year, the Group developed Environmental Product Declarations (EPDs) across its product ranges. The targeted cross category launch demonstrated a leadership position as one of the first UK building materials manufacturers to enhance environmental transparency. This will better enable architects, specifiers, designers, developers and property owners to include carbon in their decisions when selecting building materials over the years ahead. Based on a certified product life of 150 years for our clay brick products, we believe that our products offer a compelling environmental proposition compared to alternative building products.

Customer Experience

The unified 'One Istock' brand identity and new commercial team structure launched in 2023 has further strengthened key customer relationships across the Group. The broader range of products being offered to customers and an increase in solution selling opportunities helped drive improving market share during the latter part of 2024.

Digital Transformation

The digitisation of our business is a key strategic enabler. During the year we invested in an enhanced data platform, to improve the speed and quality of operational and commercial insight. We also established a new, dedicated business transformation team to increase the pace of progress in process improvement, data quality and decision support.

Grow

Grow the core business

Our redeveloped Atlas 'Pathfinder' factory is now ramping up production. Atlas produces our lowest embodied carbon bricks to date, with around 50% lower carbon than the previous factory. The second half of 2024 also saw the launch of the Atlas "Pathfinder" range of Carbon Neutral® certified bricks – a first for the UK

market, which has been well received by customers as they progress their own emission reduction journeys.

The Group also continued to invest in its Concrete division, integrating and investing in Coltman Precast, one of the UK's largest independent suppliers of precast concrete products. This acquisition establishes a strong national leadership position across concrete flooring, staircases and landings.

Grow through diversification

Phase one of the Nostell brick slips factory investment is now complete, with the first customer volumes being delivered in late 2024. The new automated cutting line uses some first of its kind technology in the UK to enable the supply of domestically manufactured brick slips at pace and scale. This represents a first significant step towards building a significant leadership position in this fast-growing product category. Phase two of the project - the construction of a larger brick slip systems factory – is progressing to plan, as discussed above.

Discussions with potential partners on the commercialisation of our owned clay reserves for the manufacture of calcined clay are continuing and we expect these to progress during the course of the year.

Culture and capability

We are passionate about establishing culture as a key point of difference across our organisation and, notwithstanding the current challenging market conditions, the Group continued to focus on developing its culture and preserving productive capability during the period.

We continued to grow our sector-leading apprenticeship programme and during 2024 were awarded Gold status by the 5% club. During the year, as part of our Builders' Merchants Federation (BMF) pledge, we made a commitment to take on 200 new apprentices across the business over the next 5 years.

Notable achievements also included a new diversity partnership with the Black Professionals in Construction (BPIC) network (a built environment membership network for Ethnic minority representation), and over 80 colleagues benefiting from our leadership development programme.

Future Focus: The creation of Istock's 'North Star'

The Group has taken significant steps to upgrade its asset footprint and strengthen the capability of its teams over recent years. In order to sharpen our focus on execution, and align everyone across Istock with our ambitious strategic goals, during the second half of 2024 we defined a new set of five focus areas under the banner of a unifying 'North Star' objective.

These areas cover: Obsessive Customer Experience; Istock's Safe Reliable Production Systems; Sector Innovation; Sector Leading Sustainability & Social Impact; and People & Culture.

This North Star will be key to both our continuing progress as we build momentum throughout 2025, and to the creation of a longer-term roadmap, ensuring that we continue to differentiate our business with clarity and ambition as we support positive change in UK housing and construction.

We look forward to updating further on the progress of this initiative, which we believe has the potential to create significant shareholder value over the years ahead.

Outlook for 2025

Trading in the early weeks of the 2025 year has been solid, with sales volumes, as anticipated, ahead of the comparative period. We continue to expect an increase in market volumes in 2025, with momentum building through the year. With the benefit of these anticipated year-on-year volume increases, together with continued effective operational and commercial execution, the Group expects to make good progress in 2025, with performance expected to be weighted towards the second half.

The Group is continuing to invest selectively to bring capacity back into the network where this is supported by improved demand. In line with its established strategy, the Group has currently secured around two-thirds of its energy requirements for 2025, with this cover being front-end loaded.

Since 2018, Istock has invested over £285 million in its manufacturing assets, leaving the business well placed for the market recovery. With its capital investment programme now largely complete, Istock has lower cost, efficient and more sustainable capacity in place, to respond to an increase in market activity. At full capacity, the upgraded clay factory network can operate at roughly double the levels of brick output delivered in 2024.

From the foundation of a robust balance sheet, the Group's anticipated strong free cash flows will provide a solid platform for growth and capital returns in the years ahead.

We see a significant opportunity for a new era in housebuilding in the UK and, with the investments we have made and our market leadership positions, the Group remains well placed to support and benefit from this over the medium term.

Joe Hudson
Chief Executive Officer

Opportunities for future growth

Ibstock is a leading manufacturer of a diverse range of building products and solutions to the construction industry. Our clay and concrete products and systems are integral components for both new build housing and housing repair, maintenance and improvement (RMI). We also have a solid position in infrastructure.



In the UK, the three largest brick manufacturers account for the vast majority of UK brick production. Ibstock has the largest clay brick production capability in the UK and continues to enjoy a market-leading position.

We are well positioned in markets with positive fundamental drivers. Through our thorough understanding of the key drivers in each of our markets, we are able to formulate our strategy based on the most significant growth opportunities for our business.

UK Construction Market ¹

UK economic growth slowed in the second half of 2024 and the muted reaction of the financial markets and business to the Chancellor's Autumn Budget may reflect the prospect of fewer interest rate cuts and slower GDP growth in the near term.

Despite this, UK economic fundamentals still point towards a gradual acceleration in economic growth in the next two years, with GDP forecast to rise by 1.6% in 2025 and 2.0% in 2026. The Construction Product Association (CPA) Winter 2024/25 forecast shows that total construction output is anticipated to rise by 2.1% in 2025 and 4.0% in 2026 which is an improvement in 2023 and 2024.

The Budget also signalled some positive intent on measures that could be taken to ease planning restrictions and some short-term injections of funding for affordable housing, the School Rebuilding Programme and maintenance, repairs and upgrades on the NHS estate.

The fallout from the administration of ISG, the UK's sixth largest contractor, had a significant impact on UK construction supply chain. There continues to be material regulatory uncertainty on the Building Safety Act, the Building Safety Regulator and the information and data required to get approvals for what the regulator defines as higher-risk projects are all leading to substantial delays.

Private housing output rises by

6.0%

in 2025 and 8.0% in 2026

Private housing repair, maintenance and improvement to rise by

3.0%

in 2025 and 4.0% in 2026

Infrastructure output to rise by

1.4%

in 2025 and 4.1% in 2026

Industrial output to fall by

3.7%

in 2025 and rise by 1.6% in 2026

› Ibstock's key markets:



New Housing¹

Private Housing		2022	2023	2024 (F)	2025 (P)	2026 (P)
Private Housing Starts		163,525	130,128	101,500	114,695	130,752
		0.3%	(20.4)%	(22.0)%	13.0%	14.0%
Private Housing Completions		166,322	142,469	128,222	138,480	148,173
		1.5%	(14.3)%	(10.0)%	8.0%	7.0%
Public Housing		2022	2023	2024 (F)	2025 (P)	2026 (P)
Public Housing Starts		42,949	41,494	33,610	34,618	37,388
		1.5%	(3.4)%	(19.0)%	3.0%	8.0%
Public Housing Completions		42,011	449,950	40,455	39,646	41,628
		3.9%	7.0%	(10.0)%	(2.0)%	5.0%

¹ Construction data sources from the the Construction Product Association (CPA) Winter 2024/25 forecast

- New build housing is a key strategic sector for Ibstock and we hold leading positions in both of our core divisions
- We have long-standing strategic relationships with Housebuilders, distributors and builders' merchants across the UK
- Broad product range across the building envelope provides differentiation and competitive advantage
- We focus on new product development and sustainability
- Ibstock Futures provides opportunities for new systems and solutions for the new build residential market

New Private housing remains the most significant construction sector despite the sharp decline in activity during 2023. The total market was worth £40.1 billion in 2023, and it is a core focus for Ibstock, where we hold market-leading positions in many of our product categories.

The fall in mortgage rates over the summer led to increasing mortgage approvals and a slight increase in property transactions during the Autumn which suggested that broader housing market recovery was underway. However, small increases at the end of last year suggested that the recovery may be slower and bumpier than originally thought. The publication of the government's National Planning Policy Framework may help but builders face an array of different issues that add costs including the upcoming Future Homes and Buildings Standards as well as increased supply chain costs resulting from the rise in the National Living Wage and the employers' National Insurance Contributions.



Housing repair, maintenance and improvement (RMI)¹

Housing repair, maintenance and improvement (RMI)		2022	2023	2024 (F)	2025 (P)	2026 (P)
Private Housing RM&I		32,580	34,927	33,530	34,536	35,917
		12.6%	7.2%	(4.0)%	3.0%	4.0%
Public Housing RM&I		8,008	8,427	8,596	8,767	8,943
		(2.0)%	5.2%	2.0%	2.0%	2.0%

¹ Construction data sources from the the Construction Product Association (CPA) Winter 2024/25 forecast

- We have long-standing strategic relationships with builders' merchants and distributors across the UK
- Leading range of products for housing repairs, maintenance and improvement projects
- Our MechSlip system provides a solution for recladding projects
- Ibstock Futures presents further opportunities for new systems and solutions for the renovation and recladding markets

Housing RMI accounts for 15% of the total UK construction output and is a key focus for our business. It is the second-largest construction sector, worth £34.9 billion (constant 2022 prices) in 2023, according to the ONS.

Indications from firms across the supply chain are that private housing RMI output peaked at its highest-ever level at the end of 2021 and early in 2022, primarily due to the 'race for space', when homeowners were looking for better quality indoor space, outdoor space, storage space and home-office facilities due to the increased prevalence of working from home. Discretionary spending subsequently fell away due to cost of living concerns and despite some larger home improvement activity remained subdued in the 2024 year.

With households now experiencing sustained real wage growth and slight falls in interest rates, an expected rise in home moves should drive home improvement projects, although this is most likely to occur from the second half of 2025. Positive house price inflation and the incentive to improve rather than move, combined with households potentially feeling more comfortable using their savings on home improvement, should also help lead to a gradual progression into 2026.

Cladding remediation and general fire safety issues provide a potentially growing stream of activity in the long-term. However, the pace of progress is unclear, despite house builder commitments to dealing with remediation issues before 2029, due to a lack of capacity and skills.

Market and industry overview continued



Infrastructure¹

Infrastructure

	2022	2023	2024 (F)	2025 (P)	2026 (P)
	31,497	32,841	32,548	32,997	34,345
	(0.1)%	4.3%	(0.9)%	1.4%	4.1%

¹ Construction data sources from the Construction Product Association (CPA) Winter 2024/25 forecast

- We have strong relationships with customers across rail and infrastructure
- We focus on innovation and development of new solutions
- We manufacture bespoke products for the infrastructure sector

Infrastructure is the third-largest construction sector, worth £32.8 billion (constant prices 2022) in 2023, according to the ONS and currently accounts for around 16% of total output having shown strong growth over the past few years. We have a solid presence in this sector, particularly in the rail sub-sector with our range of innovative, lower-carbon products. The government has placed emphasis on changes to the planning system beyond housing and ensuring that essential non-residential construction goes ahead. However, whilst we await a 10-year Transport Strategy in Spring 2025, the key government announcement affecting infrastructure is the short-term £500 million additional injection of finance for potholes and roads maintenance in the Autumn Budget.

Activity remains strong on major projects such as Hinkley Point C and HS2. Energy infrastructure activity continues to grow as wind farm activity ramps up. Increases in capital expenditure in the water sub-sector are expected to deal with high-profile water quality issues expected to lead to a ramping up of activity from 2026. Overall, infrastructure output is expected to rise by 1.4% in 2025 and 4.1% in 2026.

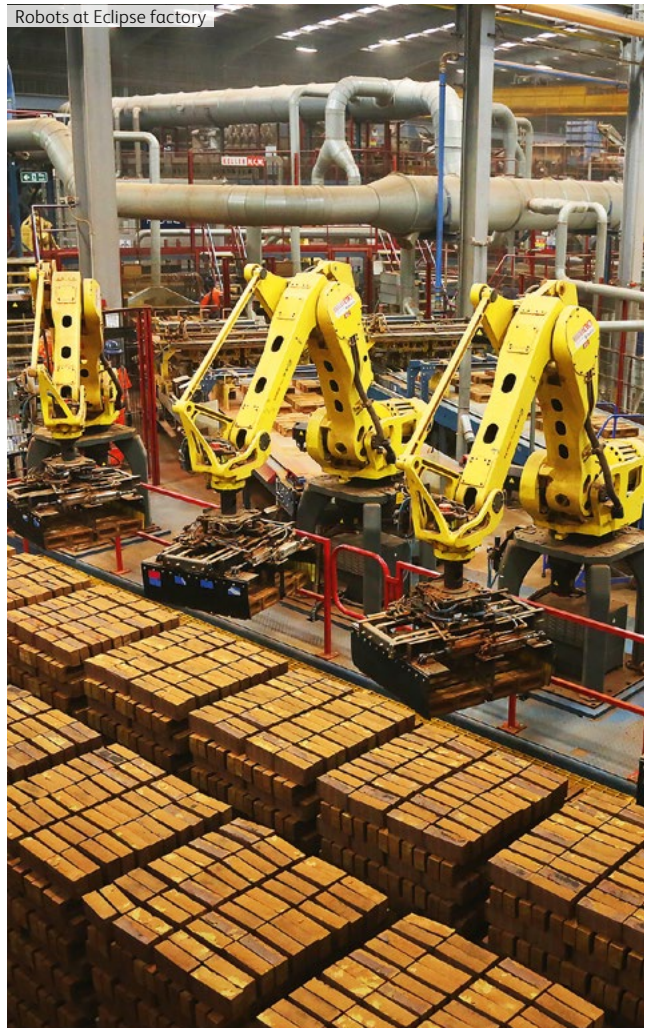


Commercial and public sector

Commercial and public sector construction accounts for almost 20% of total UK output. Many project types are covered within these sectors, including offices, retail, schools, hospitals and other public buildings. We have a long track record of supplying a wide range of products and systems into these sectors, including many award-winning projects.

With a total value of £26.5 billion (constant 2022 prices) in 2023, according to the ONS, fortunes for firms working in the sector continue to depend heavily on which niche area they are working in. The conversion of existing buildings to residential flats in urban centres or industrial and logistics facilities on the edge of cities remain strong drivers if demand.

Overall, commercial output is forecast to remain flat in 2025 as activity on new office towers and large retail or mixed-use projects are deferred, but this is still expected to be offset by strong work on the refurbishment and fit-out of existing developments.



Robots at Eclipse factory



Diversified markets

- Brick is the dominant façade material in residential projects
- We are investing in the UK's first large scale brick slip factory
- We have established facade systems suitable for this market

The markets that we are diversifying into include the mid- to high-rise sector, build to rent and off-site construction. Increasingly we are serving diversified construction markets including off-site and modular markets. The use of off-site manufactured systems and Modern Methods of Construction (MMC) continues to grow, particularly in the off-site residential market supported by government commitment and investment.



Project: Ouseburn Quays

Our purpose and business model

Delivering value

Ibstock exists to build a better world by being at the heart of building through our vision of enabling the construction of homes and spaces that inspire people to work and live better.



Who we are

Ibstock is a leading manufacturer and supplier of clay, concrete and diversified building products and solutions to the UK construction industry.

We focus on the environmental and social impacts of our business, specialising in products and systems for the residential building envelope and infrastructure markets.

What we do

Our core business focuses on the residential construction sector, where we have built strong relationships with our house builder, developer, builders' merchant and distributor customers over many years. Ibstock Futures was established to accelerate diversified growth opportunities, to address key construction trends of sustainability and Modern Methods of Construction (MMC).

Underpinned by our values and behaviours

Our stated values were developed internally through a series of interviews and face-to-face workshops attended by people from every part of our business.

They continue to underpin our performance and actions and are embedded across our organisation.

- Teamwork** We work together to achieve great things
- Trust** We earn the trust placed in us by delivering on our promises
- Care** We care about each other, our customers and our wider impact
- Courage** We have the courage to do the right thing

► Find out more

- Market and industry Overview p14
- Our Strategy p20
- Key Performance Indicators p26
- A Sustainable and Responsible Business p41
- Principal Risks and Uncertainties p28
- Board Leadership and Company Purpose p66

What makes us distinctive

► Extraction

Clay and shale used in our brick production process is sourced from clay quarries that the Group operates on land that it owns or leases under long-term agreements. The quarries are in the vicinity of our brick manufacturing plants, providing security of supply of the key raw material used in brick manufacture.

PRINCIPAL RISKS:

- 1 2
- 3 4

► Procurement

The Group is a major customer for a number of its key third party suppliers, which allows efficient purchasing and transportation, together with the establishment of long-term relationships. Additionally, for the Group's concrete products, the main raw materials are bulky in nature and are locally sourced. Natural gas and electricity costs represent a significant component of our cost base. The Group regularly reviews its energy costs and uses forward purchasing contracts to manage price risk.

- 1 2
- 6 7

► Product design

The Group continually seeks to improve the quality of its existing products and also introduce new and sustainable products through innovation and investment in new technology. Our new product development programme works closely with customers and our sales team to identify opportunities for new products.

- 1 2
- 8 9

► Manufacturing

The Group has the largest brick production capacity and a strategic footprint across the UK. We also have the most advanced concrete roof tile line in the UK and our concrete landscaping and flooring manufacturing facilities provide us with market-leading positions. The Group manufactures bricks through two main methods, wire cut and soft mud, which take their names from the processes used to create them. The Group's concrete products are made from cement, sand, and mixtures and pigments, which are combined together.

- 1 2 3
- 4 5 6
- 8 9

► Sales

The Group differentiates itself as a manufacturer by employing people to assist specifiers and customers in their designs and efficient use of our products. Ibstock sells its products to a diverse group of customers in the UK construction industry. The core business now operates with a single commercial team that is aligned by customer group and region in order to focus on key decision-makers and customers. This is monitored through extensive and regular customer satisfaction surveys.

- 1 2 3
- 4 5

► Distribution

The Group's 34 principal manufacturing locations across the UK are strategically located close to main transportation links to facilitate onward distribution. The Group outsources the majority of its haulage to third party partners.

- 1 2 5
- 6 7 9

► Environment

Our Sustainability commitment runs through our strategy and operational processes. We aim to minimise our impact on the environment wherever possible. Our Sustainability Strategy details our commitment to achieve 40% absolute carbon reduction by 2030 and to be net zero by 2040 (Scope 1 and 2).

- 1 2 3

KEY TO PRINCIPAL RISKS: 1 Regulatory and compliance 2 People and talent management
3 Health, safety and environment (HSE) 4 Economic conditions 5 Cyber and information systems
6 Climate change 7 Financial risk management 8 Major project delivery 9 Customer and Industry

Engineering Intern at our Eclipse Factory

Our unique sources of advantage

Market leadership

Our market-leading businesses enable us to benefit from the expected growth in demand in the UK. We have over 73 million tonnes of consented clay reserves and in excess of 145 million tonnes of clay resources, providing good support for production capacity across all our clay plants.

Long-standing customer relationships

Our customer focus is based on quality, service and consistency and our service-led ethos is one of the key drivers in the growth in our market position in bricks over the past 10 years. Many of our long-standing customer relationships have lasted over 40 years.

Growing capacity

We are investing in the latest technology to increase capacity and to meet the evolving market demands.

Highly experienced management team

Our management team has extensive experience in the building products industry.

Our resources and relationships

- Strong heritage and brand known for quality and consistency
- Well invested manufacturing facilities and technology to support customer service
- Highly skilled workforce
- Strong design focus including our I-Studio in Central London
- High barriers to entry in our market
- Strong health and safety track record
- Robust balance sheet
- Unrivalled operational footprint and clay reserves
- We own or manage 3,281 acres of land in the UK

► **Read more about** our Resources on pages 2 to 6.

And the value we create



Investors

We have a sustainable and progressive dividend policy. This policy is supported by businesses with structurally high margins and strong cash generation and a strategy that provides a strong platform for future growth and value creation.



Customers

Our five main customer groups are builders' merchants, house builders, specialist brick distributors, contractors and installers. Customers play a crucial role in shaping our growth and driving our innovation. Collaborative and long-term mutually beneficial relationships with our customers are the foundation of our success. We have an unrivalled choice of products within our clay bricks offering and are a full-range supplier within our concrete businesses. This provides customers with the greatest possible range of products.



Employees

Alongside our focus on providing a safe and healthy working environment, we offer an attractive employment proposition and invest in ongoing training, development and career progression. We encourage employee share ownership through our share ownership schemes including Istock's Sharesave plan and the "Fire Up" share grant that vested in 2024, to ensure that value flows through to our employee.

► **Read more about** Our Stakeholders on pages 42 to 45.



Pension fund members and Trustees

We have entered into insurance contracts to underwrite our pension commitments and reduce risk to the Group.



Communities

Our activities can have a lasting impact on the communities in which we operate. We are an important employer in the many areas where we are located. We interact directly with the communities in which we operate, contributing to them through our work with local schools and charities. We strive to leave a positive legacy.



Government and Regulators

We engage with Government and Regulatory Authorities to support the development and application of all laws and regulations within the construction sector. We are a UK taxpayer, with a commitment to pay all appropriate taxes on a timely basis. We have a strong commitment for environmental compliance in all of our sites.

Strategic Framework

Ibstock’s strategy is to optimise and enhance the existing business, whilst investing for growth in both core and diversified construction markets.

Our purpose
is to build a better world by being
at the heart of building

The Health, Safety and Wellbeing of our People
is a fundamental priority

Our strategic pillars

The strategy comprises three pillars: **Sustain**, **Innovate** and **Grow**. At its centre are our Sustainability targets and ambitions, setting out a clear path to Address Climate Change, Improve Lives and Manufacture Materials for Life.



Sustain

As a scale industrial business, sustainable high performance is at the core of what we do. Focused on: Health, safety and wellbeing, operational excellence and environmental performance

▶ [Read more](#) on pages 22 to 23



Innovate

Innovation is a critical element of strategy, in enhancing our customer proposition and product portfolio to strengthen our market leading position. Focused on: product innovation, customer experience and digital.

▶ [Read more](#) on pages 22 to 23



Grow

Well positioned to invest in further growth and value creation. Focused on: expanding our core business and diversification into adjacent market segments, as well as growth of our people and culture

▶ [Read more](#) on pages 22 to 23

Sustainability commitments and targets support our corporate strategy

Addressing climate change

▶ [Read more](#) pages 48 to 49

Improving Lives

▶ [Read more](#) pages 54 to 55

Manufacturing Materials for Life

▶ [Read more](#) page 56

Our operational structure

Ibstock Clay

▶ [Read more](#) pages 33 to 34

Ibstock Concrete

▶ [Read more](#) page 35

Ibstock Futures

▶ [Read more](#) page 34

Underpinned by our values

Trust

Teamwork

Courage

Care



Future Focus: The creation of Istock’s “North Star”

The Group has taken significant steps to upgrade its asset footprint and strengthen the capability of its teams over recent years. In order to sharpen our focus on execution, and align everyone across Istock with our ambitious strategic goals, during the second half of 2024 we defined a new set of focus areas under the banner of a unifying “North Star” objective.

This North Star will be key to both our continuing progress as we build momentum throughout 2025, and to

the creation of a longer-term roadmap, ensuring that we continue to differentiate our business with clarity and ambition as we support positive change in UK housing and construction.

We look forward to updating further on the progress of this initiative, which we believe has the potential to create significant shareholder value over the years ahead.


Link to strategy  

► **Find out more**
 Market and Industry Overview p14
 Our Strategy p20
 A Sustainable and Responsible Business p41

Strategic Progress

Despite challenging market conditions, we have delivered a resilient performance, and continued to make good strategic progress.

Strategic focus has created a stronger, leaner and more customer centric business which is well placed to benefit from growth in our markets in the medium term.

Strategic pillar and 2024 priorities	2024 progress
 Sustainable high performance	
Health, Safety and wellbeing <ul style="list-style-type: none"> Introduction of leadership in action, daily risk reduction and new measurement of safety incidents. 	<ul style="list-style-type: none"> 17.4% reduction in total incident frequency rate (TIFR) in 2024, compared to our 2022 baseline.
Operational excellence <ul style="list-style-type: none"> Enhance reliability, quality and performance of factory network. Deliver operational efficiencies and improve environmental performance. 	<ul style="list-style-type: none"> Parkhouse Kiln re-build driving 10% increase in efficiency at current operating rate. Automation of walling stone factory at Anstone (production volumes up around one-third post investment).
Environmental Performance <ul style="list-style-type: none"> Carbon Transition Plan (CTP) . Continue progress with alternative fuel opportunities (syngas and hydrogen) . Upskill employees on environmental issues. 	<ul style="list-style-type: none"> High level CTP developed including impact of key investment projects. Dalogue with potential commercial partners and possible applications for government support through the Hydrogen Allocation Round 2 (HAR2) funding process. Training from Institute of Environmental Managemnt and Assessment rolled out.
 Market-led innovation	
Product innovation <ul style="list-style-type: none"> Create centralised NPD team. Develop body fuel replacement for product range. Development of Environmental Product Declarations (EPDS). 	<ul style="list-style-type: none"> Dedicated team driving progress now in place – with 22% sales revenue from new and sustainable products. Now in advanced commercial trials with an identified body fuel replacement material. The findings have the potential to enable a significant carbon reduction in the process emissions from several clay brick ranges. EPDs released for each product category and working with customers to align Ibstock's carbon reduction plans.
Customer experience <ul style="list-style-type: none"> Further develop new brand identity and associated support. 	<ul style="list-style-type: none"> “One Ibstock” brand identity and new commercial team structure has further strengthened key customer relationships across the Group. The broader range of products being offered to customers and an increase in solution selling opportunities helped drive improving market share during the latter part of 2024.
Digital transformation <ul style="list-style-type: none"> Project Data and Targeted Transformation Team. 	<ul style="list-style-type: none"> Invested in an enhanced data platform, to improve the speed and quality of operational and commercial insight. Established a new, dedicated business transformation team to increase the pace of progress in process improvement, data quality and decision support.
 Selective growth	
Grow the Core <ul style="list-style-type: none"> Continued investment in Core business. Atlas factory. 	<ul style="list-style-type: none"> Successful integration of Coltman Precast Concrete Ltd – one of the largest independent suppliers of precast concrete products enhancing concrete capabilities and customer offering. Production of our lowest carbon bricks yet, along with the UK's first carbon neutral brick as part of 'pathfinder range'
Grow through diversification <ul style="list-style-type: none"> Continued investment in diversified growth . Futures. Calcined Clay. 	<ul style="list-style-type: none"> Phase one complete of the Nostell factory redevelopment. Phase two making good progress. GRC re-organisation. Discussions with potential partners on the commercialisation of our owned clay reserves for the manufacture of calcined clay continue.
Grow People <ul style="list-style-type: none"> Culture and capabilities. Diversity and Inclusion. Recognition. 	<ul style="list-style-type: none"> Earn and Learn Gold Award received for investing in future talent and succession planning, with 7.4% of workforce in earn and learn positions. New diversity commitments and partnership with BPIC (ethnicity target – 20% of senior leadership by 2030). FUSE awards and recognition – over 2000 peer to peer recognition nominations received.



KPIs/Measure ▶ p26-27

Risks ▶ p28-32

Link to ESG

- TIFR
- % completion against target actions
- % employees trained

- Revenue
- Adjusted EBITDA*/Adjusted EBIT*
- Return on Capital Employed (ROCE)
- Adjusted EPS*
- Customer Referral Rating/NPS

- Carbon reduction metric

- Regulatory and Compliance
- Customer and Industry Risk

- Material Operational Disruption
- Financial Risk Management
- Product Quality

- Climate Change

- Improving lives

- Addressing climate change
- Manufacturing materials for life

- Addressing climate change

- Revenue
- Adjusted EBITDA*/Adjusted EBIT*
- % sales from new and sustainable products

- Customer Referral Rating/NPS

- Revenue
- Adjusted EBITDA*/Adjusted EBIT*

- Economic Conditions
- Regulatory and Compliance

- Customer and Industry Risk
- Product Quality

- Economic Conditions
- Regulatory and Compliance

- Manufacturing materials for life

- Addressing climate change

- Revenue
- Adjusted EBITDA*/Adjusted EBIT*
- Net debt to Adjusted EBITDA*
- Adjusted ROCE*
- Adjusted EPS*

- Revenue, Adjusted EBITDA*/EBIT*
- Net debt to Adjusted EBITDA*
- Adjusted ROCE*
- Adjusted EPS*

- Female representation on Senior Management teams (FTSE Women Leaders definition)

- Economic Conditions
- Regulatory and Compliance
- Financial Risk Management
- Product Quality

- Economic Conditions
- Regulatory and Compliance
- Financial Risk Management
- Product Quality

- Economic Conditions
- People & Talent Management

- Addressing climate change
- Manufacturing materials for life

- Addressing climate change
- Manufacturing materials for life

- Improving lives

H1



Sustainable step change in safety

Our commitment to employee health, safety, and wellbeing has continued to take significant steps forward with the introduction of Leadership in Action principles. This strategic shift has refocused our efforts on daily risk reduction and emphasises that every incident matters. The results speak for themselves: we've achieved a 13% reduction in our total incident frequency rate (TIFR) in 2024, compared to our 2022 baseline.

► **Read more about** Sustainable high performance page 22



Employees safety conversations



Significant milestone achieved on our journey to net zero

Our new state-of-the-art Atlas brick factory in Walsall, West Midlands, is now producing our lowest carbon bricks yet, following a £64m investment in this 'pathfinder' facility. This significant upgrade marks a crucial step in the Group's journey to net zero operations, revolutionising one of the UK's most beloved building materials, and making it even more sustainable for our customers. The new factory has halved the carbon footprint of its brick production compared to its previous factory, while also introducing a range of aesthetically pleasing, externally verified carbon-neutral bricks.

► **Read more about** selective growth page 22



Coltman factory



Ibstock Expands Concrete Portfolio with Strategic Acquisition

The Integration of Coltman Pre-Cast Concrete Limited has progressed well following its acquisition in November 2023. A strategic move that significantly enhances the Group's precast concrete product portfolio and brings a 9.25-acre Sutton Coldfield facility into Ibstock's operations as well as strengthening Ibstock's national footprint.

► **Read more about** Sustainable high performance page 22

H2



Awarded Gold accreditation membership

We are proud to announce we have been awarded Gold accreditation from The 5% Club's 2024-2025 Employer Audit Scheme. This recognition reflects our commitment to earn and learn initiatives, apprenticeship programmes, training, social mobility, and creating inclusive opportunities for professional growth.



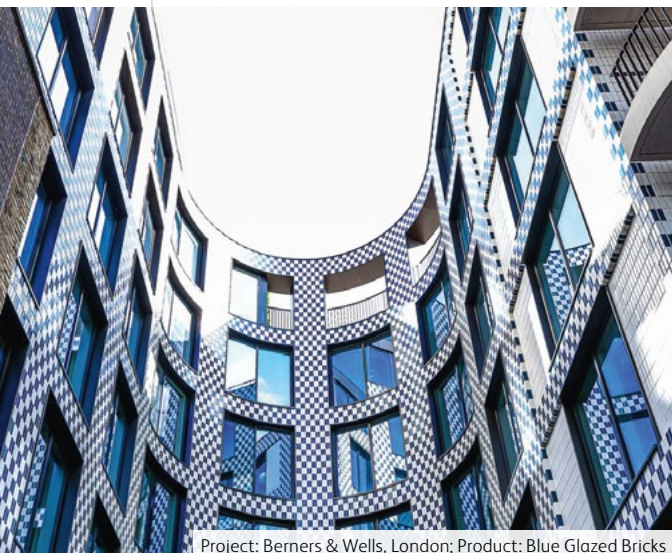
► [Read more about market-led innovation page 22](#)



Demonstrating excellence at the 2024 Brick Awards

At the 2024 Brick Development Association Brick Awards, we celebrated an outstanding achievement, winning eleven prestigious categories, including the Supreme Award for the Norton Folgate development in London. These successes demonstrate our commitment to continued quality, innovation, and excellence in brickmaking for our customers across diverse project types.

► [Read more about selective growth page 22](#)



Project: Berners & Wells, London; Product: Blue Glazed Bricks



Phase one go live at the UK's first automated brick slips manufacturing centre

Significant progress at the redeveloped Nostell factory in West Yorkshire, with phase one of the project now complete. This facility uses some of the first of its kind technology here in the UK to drive pace and scale in brick slips, as we increase presence in the fast-growing markets for brick slips, façades, and walling system solutions. Phase two continues on track and focuses on even more advanced technology and an expanded brick slips product offering.

► [Read more about market-led innovation page 22](#)



Automated robots at Nostell's automated cutting line

Our strategy comprises three pillars, which are:



Driving sustainable performance

► [Read more on page 20](#)



Market-led innovation

► [Read more on page 20](#)



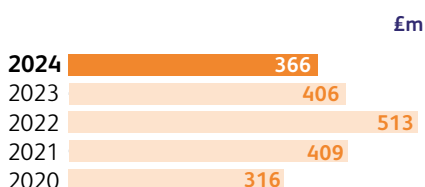
Well positioned to invest in further growth projects

► [Read more on page 20](#)

How we are performing

Financial KPIs

Revenue



Description

Revenue represents the value for the sale of our building products and services, net of local sales tax and trade discounts.

Why important?

Revenue provides a measure of the financial growth of the Group.

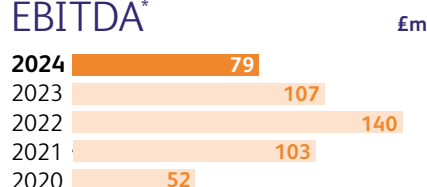
Link to strategy



Remuneration linkage

No specific linkage to remuneration structures at present.

Adjusted EBITDA*



Description

Represents profit before interest, taxation, depreciation and amortisation after adjusting for exceptional items*.

Why important?

Adjusted EBITDA* provides a key measure to assess the Group's profitability.

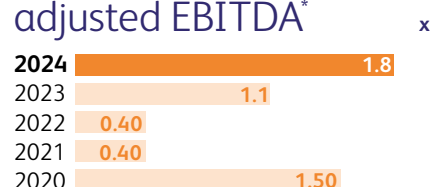
Link to strategy



Remuneration linkage

No Specific linkage to remuneration structures following replacement with adjusted EBIT* in the Annual and Deferred Bonus Plan.

Net debt to adjusted EBITDA*



Description

Net debt, comprising short- and long-term borrowings less cash, over adjusted EBITDA* (as defined) prior to the impact of IFRS 16.

Why important?

Net debt to adjusted EBITDA* provides a useful measure in assessing the Group's financial strength.

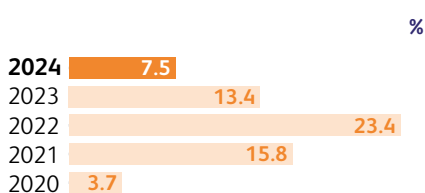
Link to strategy



Remuneration linkage

No specific linkage to remuneration structures at present.

Adjusted ROCE*



Description

The ratio of profit before interest and taxation, after adjusting for exceptional items*, to average net assets and debt (excluding pension).

Why important?

Adjusted ROCE* provides an indication of the relative efficiency of capital use by the Group over the year.

Link to strategy

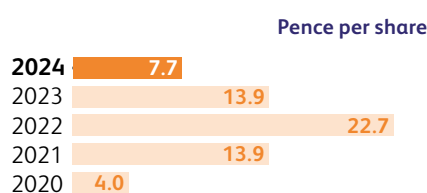


Remuneration linkage

A key measure within the current Long Term Incentive Plan (LTIP) arrangement with a weighting of 20% of total opportunity.

* Alternative Performance Measures are described in Note 3 to the consolidated financial statements.

Adjusted EPS*



Description

Basic earnings per share adjusted for exceptional items*, amortisation and depreciation on fair valued uplifted assets and non-cash interest, net of the associated tax charge.

Why important?

Adjusted EPS* provides useful information in assessing the performance of the Group and when comparing its performance across comparative periods.

Link to strategy



Remuneration linkage

A key measure within the current LTIP arrangement with a weighting of 30% of total opportunity.

Non-financial KPIs

Total Incident Frequency Rate (TIFR)

2024 **52.2**

Why this has changed

In 2024 we refocused the safety KPI to measure and reduce TIFR. TIFR is a more holistic measure for safety culture capturing a wider view of incidents.

Description

The number of lost time, restricted work and medical treatment cases x 1,000,000 then divided by the total hours worked.

Why important?

The measure gives a picture of how safe a workplace is for its workers which helps support risk identification and reduction. LTIFR remains an important subset of this data. In 2024 we reduced TIFR by 13% compared to 2023.

Link to strategy



Remuneration linkage

No specific linkage to remuneration structures at present.

Carbon reduction metric

2024 **0.148**
 2023 **0.151**
 2022 **0.145**
 2021 **0.141**
 2020 **0.160**

Description

Represents the amount of scope 1 and 2 carbon emissions produced per tonne of finished production.

Why important?

Provides a key measure of our progress against our carbon reduction targets (see page 50) and demonstrates our commitment to addressing our impacts on the environment through the reduction in our use of energy.

Link to strategy



Remuneration linkage

Measure in the LTIPs granted between 2021 and 2023 with 10% weighting of opportunity. Refined measure of carbon per brick included in the 2024 LTIP grant.

Customer Referral Rating

2024 **7.58**

Why this has changed

We are now measuring customer satisfaction by transitioning from the Net Promoter Score (NPS) to a more comprehensive customer satisfaction survey

Description

The number of customers likely to recommend Istock to a friend or colleague.

Why important?

It is used as a proxy for gauging our customer's overall satisfaction with our products, service levels and the customer's loyalty to the brand. While NPS has provided valuable high-level insights, we recognise the need for a more detailed understanding of our customers' experiences, preferences, and expectations.

Link to strategy



Remuneration linkage

No specific linkage to remuneration structures at present.

Share of revenue from new products

2024 **22.0**
 2023 **11.0**
 2022 **13.0**
 2021 **13.0**
 2020 **11.7**

Description

Proportion of revenue as defined above generated from new and sustainable products introduced to the market within the last five years.

Why important?

This demonstrates our progress relative to our new product development goals.

Link to strategy



Remuneration linkage

Measure in LTIPs granted since 2022 with 5% weighting of opportunity.

Diversity of senior management

2024 **34.0**
 2023 **35.0**
 2022 **27.0**
 2021 **19.0**
 2020 **18.5**

Description

Percentage of senior leaders who are women at year end as defined by the FTSE Women Leaders Review.

Why important?

This measure assesses whether we have an appropriate gender balance in senior positions throughout the Group.

Link to strategy



Remuneration linkage

Measure in the LTIPs granted between 2022 and 2023 with 5% weighting of opportunity.

Key to strategy



Driving sustainable performance



Market-led innovation



Well positioned to invest in further growth projects

Principal risks and uncertainties

How we manage our risks

The Group's activities expose it to a variety of risks that could impact the business and its strategic objectives. The Board has established a risk management and internal control framework that supports the effective identification, assessment and mitigation of risk and has completed a robust assessment of the Company's emerging and principal risks as required by the Corporate Governance Code 2018 (Code) for the year ended 31 December 2024. The assessment includes those risks that would threaten Ibstock's strategy, business model, its future performance, liquidity, solvency, reputation, and its people. To support the discharge of these responsibilities, the Audit Committee annually reviews the Company's internal financial controls (which form a subset of the broader set of controls) and risk management system, and considers their effectiveness. These controls are also subject to periodic review by Internal Audit. Further information on the role of the Audit Committee and details of the Group's system of internal controls can be found in the Governance section on pages 72 and 73.

Risk management framework and risk appetite

The Board has overall responsibility for ensuring that the Group has an appropriate risk management framework and procedures encompassing the nature and level of risk it is willing to accept to achieve its strategic objectives. Management is responsible for the effective design, implementation and operation of controls and risk mitigation plans.

Our risk management process is designed to identify and manage, rather than

eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

Risks are identified by individuals across our businesses and functions by identifying what could stop us achieving our objectives or impact the sustainability of our business model. Risk owners assess the risk's likelihood and impact of these risks against a Group-wide risk and impact taxonomy that benchmarks the likelihood and impact against financial and non-financial criteria. They also take into account current mitigating control activities and identifying where additional actions may be needed to bring the risk within our risk appetite. Consideration is given to costs of mitigating actions and operates compensating controls which are proportionate to the benefit provided. Risk owners bring the results of their assessment, current status and action plans to business and functional reviews, for support, challenge and oversight.

During the year, the Board reviewed and challenged the Group's assessment of risks as presented by management. This was the final stage in a process that included the review of the divisional and functional registers by senior management prior to the Executive Team's (ET) approval of the Group's principal risks and uncertainties for presentation to the Audit Committee and the Board. With recognition of the nature of our industry, Ibstock has set a low to medium risk tolerance dependent on risk and has a robust process to identify any changes to the risk landscape, agreeing proportionate further mitigating actions where appropriate. The Board seeks to

ensure appropriate and proportionate risk management strategies are in place for all material risks.

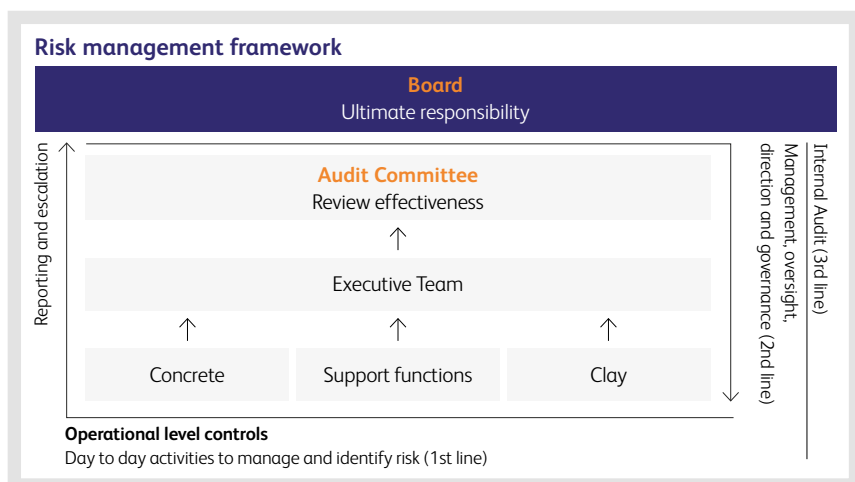
Management operates a 'three lines of defence' structure to its internal controls (see diagram below). The first line of defence is operated by management and covers the day to day risk management activities of implementing and executing internal controls. The second line (health and safety, quality control and other central functions) works alongside the risk owners to support the design and implementation of the controls framework, whilst the independent third line is operated by our outsourced Internal Audit provider, RSM UK Risk Assurance Services LLP (RSM). The Board is committed to a continual process of improvement and embedding of the risk management framework within the Group. This ensures that the business identifies both existing and emerging risks and continues to develop appropriate and proportionate risk mitigation strategies and action plans.

Climate change risk

We have an ambition to be the most sustainable manufacturer of clay and concrete products in the UK, and to lead our sector in the disclosure and transparency around Sustainability issues. We have invested significant capital over the last five years across the Group contributing to a reduction in the carbon intensity of our manufacturing processes. In 2022, we launched our ESG 2030 Strategy which established a stretching set of goals to achieve our ambition of net zero by 2040 (Scope 1 and 2), which is discussed in further detail on pages 47.

At the same time, in order to assess the resilience of our business model, we have modelled the impact of both transitional and physical risks of climate change on the financial performance and position of the Company under different climate pathways. Details of these impacts are disclosed in the Taskforce for Climate based Financial Disclosures (TCFD) Statement on page 182.

We consider climate change to be a principal risk given the Group's material commitments with regard to Ibstock's ESG strategy and its target to be a net zero operation (Scope 1 and 2) by 2040. This carries significant reputational risk and is a material focus for the Group. Details on transitional and physical risks and opportunities related to climate change are detailed in the TCFD report on pages 182. To date these are not considered principal risks in their own right.



Principal risks and uncertainties

Our principal risks are identified and managed in the same way as other risks. Principal risks are owned by one or more members of the ET and subject to a review by this group at least once each year, before a review by the Board or relevant Board Committee. A principal risk and uncertainty is one that is currently impacting the Group or could impact the Group over the next 12 months. Our principal risks are not an exhaustive list of all risks facing the Group but are a position as at 31 December 2024. All risks carry equal importance and weighting for the Board. However, additional focus and priority may be given to specific risks for a period of time in certain circumstances.

We have reviewed our principal risks over the course of the year and have updated them to reflect changes to the external environment and our strategy and plans.

The full list of what the Board considers to be those current principal risks and uncertainties facing the Group can be found from page 28. Our disclosure for each principal risk includes the mitigating actions for each and, where applicable, updates on any change in the profile during the past year.

The principal risks and uncertainties should be read in conjunction with the Strategic Report as a whole from page 1. The Board is mindful that additional risks and uncertainties of which Istock is not currently aware or are believed not to be significant may also adversely affect strategy, business performance or financial condition in the future.

The Board confirms that it has assessed and monitored the Group's principal risks throughout the year, in accordance with the Code

Improvements made during 2024

During 2024 the Board conducted a facilitated review and horizon scanning of longer-term strategic risks which have been factored into the review of principal risks and uncertainties.

In addition, in 2024 we built upon probability and impact assessment of all our risks which was first reported in 2023, by assessing and monitoring trends in these risks and uncertainties score.

Changes in our principal risks New and retired risks

Careful consideration has been given to the Business Continuity risk which has been removed as a specific risk in its own right, as the most significant risk of disruption arising from Climate Change or Cyber and Information Systems are included in specific standalone risks.

In addition the Board has reflected on the number and focus of the principal risks and uncertainties, which has resulted in the amalgamation of the Maintaining Customer Relationships and Market Reputation and Anticipating Product Demand and Innovation risk into a newly titled Customer and Industry Risk allowing the combination of short-term and long-term risks relating to customers and markets.

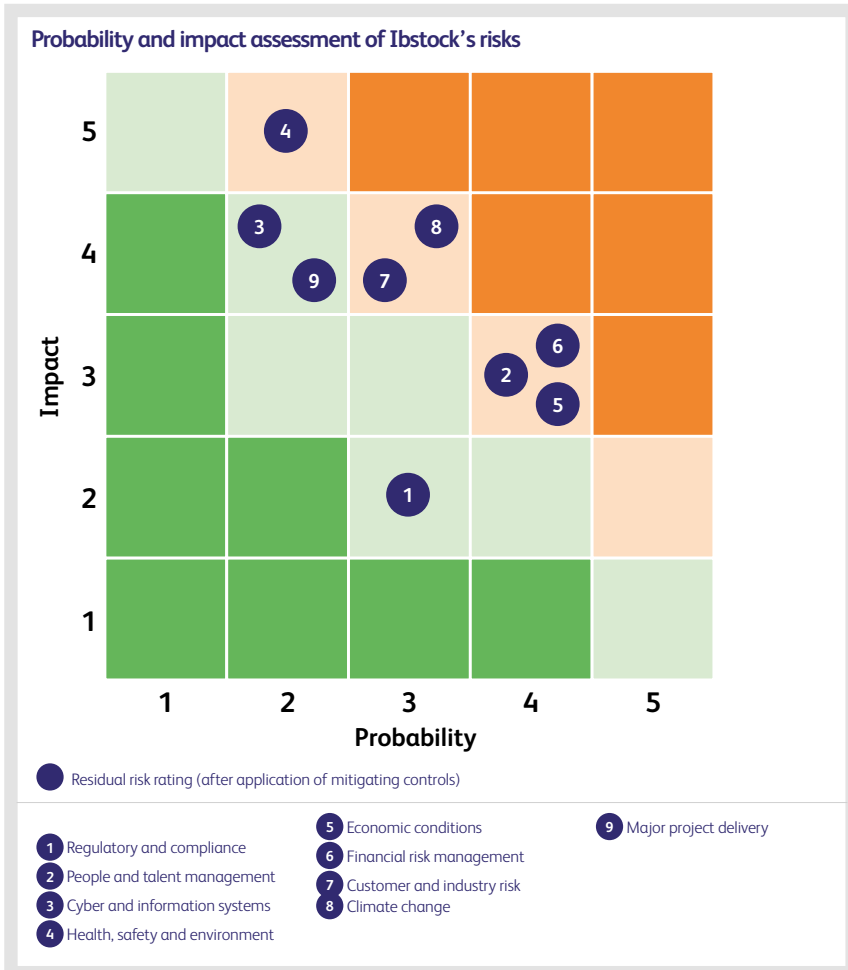
Emerging risks

We continue to review additional emerging risks that could significantly impact or challenge our current strategy and business model and these will be considered by the Board in 2025.

The Group has processes in place to identify emerging risks, which include the divisional and functional risk process, regulatory and compliance horizon scanning, including specifically climate change, strategic risk identification, and review of external emerging risk information.

Any emerging risks identified have been recorded and are being managed and monitored alongside our existing risks. Examples of emerging risks that were considered during the year included the following:

- Cyclicity of industries the Group operates in – We are now incorporating this in the Customer and Industry risk recognising the impact cyclicity may have on investment cycle and growth.



Principal risks and uncertainties continued

Risk movement key

↑ Increasing

↔ No change

NEW New risk

Regulatory and Compliance

Risk Level

Low

↑

Owner

Group Company Secretary

How it aligns to our strategy

Underlying all priorities

Link to Business Model

All

Risk Description

Non-compliance by the Group with legal or regulatory requirements in the markets we operate in (for example, GDPR, anti-bribery and corruption, the Building Safety Act and tax legislation).

This could expose the Group to financial penalties and reputational damage. The risk trend has increased slightly due to increased regulation.

Response/Mitigation

- Monitoring of the laws and regulations across relevant markets to ensure Istock remains compliant and is prepared for the implementation of new requirements
- Alignment of Group-wide policies and procedures with training on mandatory topics and compliance requirements

People and Talent Management

Risk Level

Medium

↔

Owner

Group People, Sustainability and Social Impact Director

How it aligns to our strategy

Underlying all priorities

Link to Business Model

All

Risk Description

An inability to attract, retain and develop people would impact the delivery of the Group's strategic objectives. This may be compounded by the ageing demographic in key employee groups, the dependency on specialist technical knowledge and skills in certain roles or enterprise restructuring programmes.

Response/Mitigation

- 'Fire Up' cultural and well-being programme
- Company-wide people programmes covering succession planning, apprenticeships, people training and development and high potential employees
- Hybrid working model for office based employees
- Focused action plans as a result of employee opinion survey

Cyber and Information Systems

Risk Level

Medium

↔

Owner

CFO

How it aligns to our strategy

Underlying all priorities

Link to Business Model

Manufacturing, Sales, Distribution

Risk Description

Damage caused to the Group, its customers or suppliers through unauthorised access, manipulation, corruption or destruction of data or systems, or lack of investment leading to outdated systems, which could impact operations or the delivery of strategic objectives.

Response/Mitigation

- Achievement of UK Government's Cyber Essentials Plus accreditation
- IT disaster recovery plan
- Regular reviews to reduce the risk of successful cyber attacks, including vulnerability and penetration tests by third parties
- Cyber security training and awareness programme
- Continued investment in technology systems

Health, Safety and Environment (HSE)

Risk Level
Medium



Owner
CEO

How it aligns to our strategy
Underlying all priorities

Link to Business Model
Extraction, Manufacturing, Distribution

Risk Description

Failure to provide a place of work which minimises the risk of harm to our employees, those who work with us, and the environment and thereby risk HSE compliance breaches.

Response/Mitigation

- Dedicated internal Safety, Health, Environment and Quality (SHEQ) team supporting operational delivery of HSE management and leadership
- Appropriate health, safety and environment policies to ensure compliance with all relevant regulations and requirements combined with regular monitoring through internal and external auditing activity
- Six Health and Safety Rules introduced to use as a guide to drive behaviour on a daily basis
- Investment in safe systems and facilities to protect our employees

Economic Conditions

Risk Level
Medium



Owner
CEO

How it aligns to our strategy
Sustainable performance

Link to Business Model
Extraction, Manufacturing, Distribution and Sales

Risk Description

Changes in the UK macroeconomic environment or Government housing policy could negatively impact demand as consumer confidence and affordability affects our customers, resulting in reduced sales volumes.

Response/Mitigation

- Monitoring of market and economic trend and forecast information at the Board, Executive and Divisional leadership level which informs planning and financial forecasting
- Flexibility to adjust capacity and cost base across the Group
- Disciplined capital allocation framework and strong balance sheet position

Financial Risk Management

Risk Level
Medium



Owner
CFO

How it aligns to our strategy
Sustainable performance

Link to Business Model
Procurement, Sales

Risk Description

The Group is exposed to a number of financial risks, both macroeconomic in nature (e.g. foreign currency, interest rates, general inflation) and more specific to the Group, including liquidity and credit risk, as well as volatility in the wholesale energy and carbon markets.

Exposure to these risks could lead to increased costs of business operations, financial loss or reduced ability to access funding.

Response/Mitigation

- Internal control framework is designed to reduce financial reporting risks
- Development, review and communication of a Group-wide treasury policy which is designed to reduce residual risk with regard to foreign exchange and interest rates
- Constant monitoring of energy and carbon markets and forward purchase to mitigate market volatility
- Stress testing the Group's available financing facilities to ensure resilience
- Operation of appropriate and dynamic sales pricing strategies to remain competitive and pass on significant increases in input costs

Principal risks and uncertainties continued

Customer and Industry Risk	
Risk Level Medium	Owner Managing Director – Clay and Concrete and Managing Director – Futures
How it aligns to our strategy Sustainable performance	Link to Business Model Sales, Product Design, Manufacturing
Risk Description Not meeting customers' needs and expectations (e.g. service levels, product quality and digital capability) as well as inability to innovate, develop and implement new products and solutions which respond to the markets' and customers' longer-term needs. This could cause the loss of a key customer, reduced sales volumes and loss of market position, with the Group generating revenues from a relatively concentrated customer base, in a cyclical industry.	Response/Mitigation <ul style="list-style-type: none"> • Organisational structure enables us to understand and respond more effectively to the evolving needs of our customers, with Divisional and regional teams providing customer support • Sales and production are highly integrated and also supported by design support and technical teams • Dedicated Futures business set up to focus on construction mega trends of industrialisation and sustainability • Innovation culture embedded through organisation design, including experienced product managers encompassing horizon scanning and monitoring and reporting on emerging market trends • Customer surveys conducted to understand and respond to customer requirements

Climate Change	
Risk Level Medium	Owner Group People, Sustainability and Social Impact Director
How it aligns to our strategy Sustainable performance	Link to Business Model Model Sales, Manufacturing, Procurement
Risk Description If the Group does not adapt the business to achieve our ESG commitments and meet climate change regulations as well as mitigating climate change related transitional and physical risks, this could result in failure to meet customer and stakeholder expectations. Transition risks include increasing regulatory requirements and changes in customer preferences impacting product demand. A detailed assessment of climate-related risks and opportunities is provided in our TCFD disclosure/ sustainability section.	Response/Mitigation <ul style="list-style-type: none"> • The Sustainability Committee oversees ESG Strategy and business response to climate change risks • Clear ESG Strategy and transition plan with KPIs published to track progress • Transitional and physical climate risks and opportunities being embedded in day to day business operations • Continued investment to enhance operations and develop products which are more sustainable

Major Project Delivery	
Risk Level Medium	Owner CEO and CFO
How it aligns to our strategy Growth	Link to Business Model Model Manufacturing, Product Design
Risk Description Failure to deliver major projects e.g. Nostell to time, cost and capability, could result in reputational damage, financial overspends and commercial penalties.	Response/Mitigation <ul style="list-style-type: none"> • Clear and robust project management encompassing monitoring and reporting to ensure projects remain on track • Group-wide project governance process and procedures

Our divisions



Ibstock Clay

Ibstock Clay is the leading clay brick manufacturer in the UK, with an extensive product range, and 15 manufacturing sites across the country, strategically located near to extensive self-owned clay reserves.

As well as being the UK’s largest brick supplier, the Clay division also manufactures special brick shapes and bespoke products, including arches and cladding solutions out of three sites in the UK, through its Ibstock Kevington business. The division is a significant supplier to the new-build housing sector, the repair, maintenance and improvement (RMI) market through builders’ merchants and the specification sector through a number of our direct distribution channels. The Clay segment includes the performance of Ibstock Futures.

► **Read more** More detail about Ibstock Futures is given on page 34.

2024 performance

Revenue	Adj EBITDA*	No of Sites
£249m	£72m	15

The business delivered a resilient profit performance despite subdued market conditions supported by disciplined focus on margin management resulting in a solid profit margin performance despite reduced volumes.

Revenues of £249 million were 15% below 2023, driven by lower market demand in the first half of the year, with overall mix also contributing to average prices in 2024 being slightly below the prior year. Sales volumes increased progressively during the year improving our total market position, with revenues during the second half of 2024 around 8% ahead of the first half. Effective management of pricing and volumes throughout the 2024 year delivered resilient margins combined with market share gains during the latter part of the year.

Adjusted EBITDA* reduced by 27% to £72 million (2023: £99 million) reflecting a significant reduction in sales volumes, partly mitigated through unit variable cost reductions and continued decisive actions to reduce fixed costs. Adjusted EBITDA* in 2024 included a £2 million one-off benefit from the favourable resolution of a legacy gas metering adjustment,

whilst the comparative period included a £13 million benefit from the absorption of fixed cost into inventory.

The Clay division included £10 million (2023: £12 million) of revenue relating to the Ibstock Futures business, reflecting the cessation of GRC manufacturing operations, whose closure was announced in the last quarter of 2024. The Futures business recognised £7 million (2023: £5 million) of cost including operational investment in research and development, building in-house innovation and commercial capability.

A strong focus on cost management underpinned a resilient margin performance, with adjusted EBITDA* margin percentage (excluding Ibstock Futures) remaining above 30%.

Sustainable high performance

During 2024, the One Ibstock commercial structure was successfully embedded and further supported by the strengthening and aligning of the core leadership team in second half of the 2024 year. We are well positioned to continue to intensify our focus on customer experience, with further benefits expected to be derived on the completion of the commercial data platform in 2025, which will provide enhanced market and customer insight.

During 2024, we also elevated our focus on operational standards across the business, in particular in the areas of operational capability and reliability. We are working to ensure there is a clear, consistent framework of measures to drive progress across the business, with a long-range factory improvement roadmap for each of our sites.

The division retained its focus on strong commercial execution and providing high standards of service for our customers with our On-Time, In-Full (OTIF) service levels continuing to run at a high level of around 95%.

We continue to manage our significant land estate dynamically, pursuing opportunities to generate on-going income streams and looking to recycle capital where it can support the long-run efficiency of our business.

Health, Safety and Wellbeing

We remain committed to driving our business towards zero harm for everyone.

During 2024, our clay factories achieved a 25% reduction in total injuries against our target of 20% reduction. This was achieved through continued focus on our six safety rules as well as successful employee engagement events such as Safe Start days. This result was further supported by the ‘Leadership in action’ initiative that was launched in 2024. This initiative introduced a ‘Safety Improvement every day’ for a daily risk reduction on our sites, safety moments before all internal meetings to further embed safety at all levels, Safety Conversations with our employees to improvement engagement, STOP & Think Dynamic Risk Assessment process and Significant Incident Reviews by our Senior Leadership Team. Other key initiatives of note launched and adopted in 2024 were standardised monthly vehicle checks (available to all employees) and a new health offering, giving free access to GP appointments and annual health checks for all employees and their families.

Operating Review *continued*

Market-led innovation

During 2024, NPD resource was strategically allocated to move forward our sustainability agenda, focusing on research and development into dematerialisation, circularity and thin brick potential, with a real focus on delivery.

Also, in the year we launched Environmental Product Declarations (EPDs), becoming one of the first UK building materials manufacturers to enhance environmental transparency in this way.

Selective growth

Our new Atlas factory, which produces the UK's first externally-verified carbon neutral brick, is ramping up well. As our Pathfinder factory, Atlas is piloting new, more sustainable production technologies and processes that could be rolled out across the wider factory network to deliver a further significant reduction in carbon intensity.

The efficiencies and cost savings achieved in 2024 from recent major investments made (and completed in 2023) at our Aldridge and Parkhouse sites are in line with expectations.

Capacity was increased during 2024 in response to market demand improvements in H2, with several sites progressively returning to higher output levels during the latter part of the year.

We also took the decision to bolster our Istock Kevington business by increasing the brick specials capability at our Laybrook site as we move into 2025.



Istock Futures

Modern methods of construction (MMC) is a significant area of opportunity for Istock, which includes off-site manufacture and assembly.

To address this area of opportunity, the Group has created a growth engine, Istock Futures, which is a business unit that currently forms part of our Clay division.

Istock Futures has two objectives:

- To enable Modern Methods of Construction in the UK that will deliver significant improvements in productivity and deliverability; and
- To be at the forefront of sustainable construction by supporting the growth of lightweight construction methods as well as more environmentally friendly ways of manufacturing.

2024 performance

The 2024 year was a challenging one for Istock Futures, with suppressed demand in the wider market, significant delays due to Building Safety Act implementation and the financial failure of some key customers. However, despite the challenging market backdrop, the Group continues to invest in building both the capacity and capability of Futures.

Overall, Futures recognised an underlying net cost (including research and development expenditure) of £7 million (2023: £5 million) reflecting increased losses within our Glass Fibre Reinforced Concrete (GRC) business.

The GRC business recognised trading losses of around £3 million in the 2024 year, reflecting acute pressure on margins in the current market environment, as well as losses from recent subcontractor failures. In light of its performance and prospects, during the second half of the 2024 year the Group undertook a review of the GRC business.

Following conclusion of this review, the Group took the decision to cease production of GRC after discharging all existing commercial commitments, which is expected to conclude during the first half of 2025. The Group has recognised a one-off exceptional charge of £5m associated with this closure, of which £2m is a cash cost. £1 million of this cash cost was paid in 2024, with the remainder expected to be paid in 2025.

With the challenges the wider construction industry faces, arising from the need for greater productivity and the demographics of an aging work force, we continue to believe that MMC represents an important source of diversified growth for the Group over the medium term

Sustainable high performance

Customer deliveries of brick slips from the new automated brick slips cutting line at Nostell, West Yorkshire commenced during the second half of 2024. The first phase of our slips investment provides a significant domestic supply of brick slips to the UK market for the first time and will deliver up to 17 million slips per annum when operating at full capacity.

Health, Safety and Wellbeing

Health, safety and wellbeing is a critical focus for Istock Futures.

During 2024, we fully integrated the Group's health and safety into Futures procedures, ensuring that our people benefitted from the Group's engagement events such as Safe Start and the Safety Stand down.

Market-led innovation

During 2024, we have continued work on a number of exciting strategic projects that remain within the research and development stages, particularly around energy and alternative use of clays, with a circular economy approach.

We also continued to make progress within our Istock Ventures innovation arm. We have collaborated with start-ups on technology and new business models. These include technologies such as Automation, 3D printing, Design for Manufacturing & Assembly (DFMA), and Parametric Architecture.

Selective growth

Our markets continue to build, and our investments in capacity expansion remain on track for delivery in 2025.

The large-scale development at our Nostell facility, in West Yorkshire, has now delivered a new automated brick slip cutting line, which can deliver up to 17 million slips per annum. Phase two of the Nostell redevelopment, the construction of a larger brick slip systems factory with an initial capacity of a further 30 million slips per annum, is progressing in line with our expectations. This project will be commissioned in the latter half of 2025, with the first products due for delivery from the end of 2025. This flexible new facility will create a strong and diversified position for Istock in this fast-growing and attractive product category.

We continue to see a strong pipeline of opportunities to grow Futures, both organically and by acquisition, representing a significant opportunity for value creation as we selectively



Precast lift shaft - Alexandra Hospital

expand and diversify our product offering further over the medium term.

Ibstock Concrete

Ibstock Concrete is one of the largest specialist manufacturers of concrete construction products in the UK, occupying strong positions in the new-build housing, repair, maintenance and improvement (RMI) and infrastructure markets.

Ibstock Concrete consists of five well-established and strong brands: Forticrete, Supreme, Anderton, Longley and Coltman, with the business organised into six product groups: Roofing, Flooring and Lintels, Staircases and Lift Shafts, Fencing and Landscaping, Retaining Walls and Rail and Infrastructure.

Ibstock Concrete operates across 13 manufacturing sites geographically spread across the UK.

Revenue	Adj EBITDA*	No of Sites
£117m	£15m	13

2024 performance

Despite the challenging market, the breadth of the Concrete division's end-market exposure supported the delivery of a solid performance during 2024.

During 2024, the Concrete division achieved reported sales of £117 million which was 3% higher than 2023 (2023: £114 million), or 7% lower on a LFL basis excluding the impact of the acquired Coltman Precast business. The division experienced a reduction in residential new build sales volumes in line with the wider market, although RMI performance was more resilient, supported by firmer fencing volumes. Infrastructure sales volumes were materially lower, with rail activity subdued due to the slow transition to Network Rail Control Period 7, the next five-year period of its network delivery plan. The reduction in this higher margin segment of the concrete business weighed on overall divisional profit performance.

Adjusted EBITDA* on a reported basis reduced by 21% to £15 million (2023: £19 million). Overall, the division achieved adjusted EBITDA* margins of 12.5% (2023: 16.4%) as more resilient RMI volumes were more than offset by the impact of lower new build residential and rail volumes. The division benefited from the absorption of around £2 million of fixed costs into inventory in the prior year period.

Within the division, our operational excellence programme continued to focus on quality, service, cost and capacity. During the year, a comprehensive operational review completed to increase process efficiency, automate and reduce fixed costs, whilst flexing capacity to near-term market demand.

We continue to develop our Bespoke Precast Infrastructure business, which, despite weaker volumes, delivered solid progress

by increasing its offerings into new markets such as solar and the water industry in the year.

Health, Safety and Wellbeing

During 2024, our concrete factories achieved a 27% reduction in total injuries against our target of a 20% reduction. This was achieved through continued focus on our six safety rules as well as successful employee engagement events such as Safe Start days. This was further supported by the 'Leadership in action' initiative that was launched in 2024. The initiative introduced a 'Safety Improvement every day' focussed on achieving a daily risk reduction at all our sites, safety moments before all internal meetings to further embed safety at all levels; Safety Conversations with our employees to improve engagement, STOP & Think Dynamic Risk Assessment processes and Significant Incident Reviews by our Senior Leadership Team.

We are delighted that our industry Trade Association (The Mineral Products Association) acknowledged our achievements by awarding us a certificate of merit for implementing health and safety improvements across our sites.

Market-led innovation

During 2024, we rolled out our professional range of residential landscaping products, which offer increased functionality and industry-leading lower levels of embodied carbon reduction. Within our rail and infrastructure category we introduced a range of lower-carbon and lower-weight products that has enabled us to win new business and being formally recognised for a global sustainability award for our collaboration with Siemens.

Selective growth

During the year, the division successfully integrated the Coltman acquisition, which was acquired on 30 November 2023. Coltman manufactures hollowcore, staircases and landings with flexibility to produce a wider range of pre-stressed and pre-cast products. The acquisition strengthened Ibstock's national distribution model for prestressed products, widened our customer base, as well as enhancing profit and revenue opportunities through internalisation of supply.

Our £3 million investment in automated equipment at our walling stone factory in Anstone, Yorkshire, was commissioned during the second half of 2024. The fully automated line will drive benefits in safety, enhanced product quality and output.

We are also investing to improve our offer, quality and reliability at our Architectural Masonry operation in the North of England.

We continue to have a pipeline of further fast-payback opportunities to invest capital in our Concrete business over the medium term.

Resilient performance in a challenging market



“With our robust financial position, and inherently cash generative business, we expect to generate significant cash to support growth and shareholder returns over the medium term ”

Chris McLeish
Chief Financial Officer

The Group delivered a resilient financial performance in 2024 in a challenging market, with both adjusted EBITDA* and adjusted earnings per share in line with the guidance given alongside the Group’s half year results in August 2024. Both revenue and profit were below the comparative period, principally reflecting lower sales volumes in the core business, although, as expected, we saw an improvement in activity as the year progressed.

The Group managed the reduction in sales volumes well, through the disciplined management of capacity and costs and robust commercial execution.

Group statutory profit before taxation of £20.7 million (2023: £30.1 million), reflected the impact of lower underlying operating profits and an exceptional charge¹ of £11.7 million (2023: £30.8 million) arising in relation to the Group’s restructuring plan initiated in late 2023 (£6.5 million) and the cessation and wind down of our GRC business (£5.2 million).

The Group maintained a robust balance sheet, with closing net debt* of £122 million at 31 December 2024 representing leverage* of 1.8 times adjusted EBITDA* (Dec 2023: 1.1 times). This year-end position was achieved through a resilient cash flow performance which included around £46 million of capital expenditure (including £28 million of growth expenditure). At 31 December 2024, the Group had £94 million of undrawn committed facilities in place.

With our robust financial position, and inherently cash generative business, we expect to generate significant cash to support growth and shareholder returns over the medium term.

Alternative performance measures

This results statement contains alternative performance measures (APMs) to aid comparability and further understanding of the financial performance of the Group between periods. A description of each APM is included in Note 3 to the financial statements. The APMs represent measures used by management and the Board to monitor performance against budget, and certain APMs are used in the remuneration of management and Executive Directors. It is not believed that APMs are a substitute for, or superior to, statutory measures.

Group results

The table below sets out segmental revenue, profit/(loss) before tax and adjusted EBITDA* for the year

	Clay £'m	Concrete £'m	Central costs ² £'m	Total £'m
Year ended 31 December 2024				
Total revenue	248.8	117.4	–	366.2
Adjusted EBITDA ¹	72.3	14.6	(7.6)	79.4
Margin	29.1%	12.5%	–	21.7%
Profit/(loss) before tax	29.5	3.5	(12.3)	20.7
Year ended 31 December 2023				
Total revenue	292.2	113.6	–	405.8
Adjusted EBITDA ¹	98.8	18.6	(10.1)	107.4
Margin	33.8%	16.4%	–	26.5%
Profit/(loss) before tax	37.9	5.0	(12.9)	30.1

1 Alternative Performance Measures are described in Note 3 to the consolidated financial statements

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures

2 Central costs includes interest charges of £4.6 million (2023: £2.4 million) within Profit/(loss) before tax

Revenue

Group revenues for the 2024 year decreased by 10% to £366.2 million (2023: £405.8 million), principally reflecting lower sales volumes in the first half of the year and a modest reduction in average selling prices across the core business.

In our Clay division, revenues of £248.8 million represented a reduction of 15% on the prior year (2023: £292.2 million). Volumes reduced year on year with a modest reduction in average selling price, in part reflecting the impact of changes in channel and product mix. Activity levels increased progressively during the year, with revenues during the second half of 2024 around 8% ahead of the first half. As anticipated, market share increased during the latter part of the year, as we exited the 2024 year with share back close to the average levels achieved in 2023. Istock Futures revenues (reported in the Clay segment) reduced to £10 million (2023: £12 million) reflecting the reduced industry demand and the decision in the second half of the 2024 year to cease our GRC operations.

In our Concrete division, revenue increased by 3% year-on-year to £117.4 million (2023: £113.6 million), which included £11.8 million associated with the Coltman business. Whilst the breadth of end-market exposure helped to mitigate the impact of the subdued

trading conditions, like-for-like performance was driven by weaker new build residential volumes and reduced rail infrastructure volumes reflecting the impact of a slow start to Network Rail Control Period 7.

Adjusted EBITDA*

Management measures the Group's operating performance using adjusted EBITDA* and adjusted EBIT*.

Adjusted EBITDA* decreased year on year to £79.4 million in 2024 (2023: £107.4 million) reflecting the significant reduction in sales volumes, partly mitigated through variable cost reductions and continued decisive action to reduce fixed costs. Adjusted EBITDA* in 2024 included trading losses of around £3 million from our GRC operations within Istock Futures whilst the comparative period included a £15 million benefit from the absorption of fixed cost into inventory.

Adjusted EBITDA* margins remained resilient at 21.7%, (2023: 26.5%) despite the impact of lower sales volumes. Performance benefited from decisive action to reduce both variable and fixed cost, with the Group achieving a fixed cost reduction benefit in line with the £20 million per annum targeted at the beginning of the year.

Within the Clay division, adjusted EBITDA* totalled £72.3 million

(2023: £98.8 million), representing an adjusted EBITDA* margin of 29.1% (2023: 33.8%). The reduction in adjusted EBITDA* reflected significantly lower activity levels in residential construction markets, offset by a resilient contribution margin performance and disciplined and decisive fixed cost management. The division also benefited from around £2 million in the year arising from the positive resolution of a gas metering adjustment. The division recognised a net cost of £6.6 million (2023: £5.0 million) in Istock Futures, as the business continued to both invest in building both capacity and capability during the year.

Adjusted EBITDA* in our Concrete division decreased to £14.6 million (2023: £18.6 million). The division experienced a decline in demand within its residential product and infrastructure categories. Adjusted EBITDA* margins reduced to 12.5% from 16.4% in 2023, as strong cost management partly mitigated the impact of lower volumes and the effect of weaker mix as rail and infrastructure volumes reduced as a percentage of total divisional activity.

Central costs decreased to £7.6 million (2023: £10.1 million) reflecting discretionary cost reduction action and lower variable remuneration costs.

Adjusted EBIT*

In order to focus on a more comprehensive measure of operating performance, the Group has also started to measure and report the Group's performance using adjusted EBIT*. Adjusted EBIT* is defined as adjusted EBITDA* less underlying depreciation and amortisation.

For the year ended 31 December 2024, adjusted EBIT* reduced to £49.6 million (2023: £78.0 million) reflecting reduced trading profits.

Exceptional items*

Based on the application of our accounting policy for exceptional items*, certain income and expense items have been excluded in arriving at adjusted EBITDA* to aid shareholders' understanding of the Group's underlying financial performance.

The amounts classified as exceptional* in the period totalled a cost of £11.7 million (2023: £30.8 million gain), comprising:

1. Exceptional costs of £6.5 million arising from the finalisation of the Group's restructuring programme initiated in late 2023. Within the charge, all amounts related to cash costs which were settled during the 2024 year.

Group Financial review continued

2. Exceptional costs of £5.2 million arising from the cessation of GRC activities within Ibstock Futures, comprising asset impairments and severance costs. Within this charge, £1.5 million represented cash costs, of which around £1 million remains to be settled during the 2025 year

Further details of exceptional items* are set out in Note 5 of the financial statements.

Finance costs

Net cash interest paid of £8.6 million was above the prior year (2023: £5.8 million) due to higher levels of average debt during the 2024 year. The Group continued to benefit from its £100 million private placement at a fixed coupon of 2.19% per annum. We expect the cash interest expense in the 2025 year to remain at around £9 million.

Statutory net finance costs of £6.4 million increased in the year (2023: £5.0 million) principally reflecting increased interest expense from higher utilisation of the Group's RCF, partly offset by increased non-cash interest income arising from the unwind of discounted provisions.

Profit before taxation

Depreciation and amortisation pre fair value uplift increased modestly to £29.8 million (2023: £29.3 million) reflecting incremental depreciation on its clay growth investments. We expect depreciation and amortisation pre fair value uplift to total around £34 million in 2025, reflecting incremental depreciation from the Atlas and Nostell factories.

Group statutory profit before taxation of £20.7 million (2023: £30.1 million), reflected the impact of lower underlying operating profits and an exceptional charge¹ of £11.7 million (2023: £30.8 million) arising from the Group's restructuring plan initiated in late 2023 and the cessation of GRC operations.

Taxation

The adjusted ETR* (excluding the impact of the deferred tax rate change and exceptional items*) for the 2024 year was 26.0% (2023: 24.6%). The increase in adjusted ETR from the prior year was due to the increase in the standard rate of UK corporation tax impacting the full year period. For the 2025 year, we expect the adjusted ETR to remain at around 26%, reflecting the 25% headline rate of UK corporation tax and typical levels of non-deductible expenses.

The Group recognised a statutory taxation charge of £5.6 million (2023: £9.0 million) on Group pre-tax profits of £20.7 million (2023: £30.1 million), resulting in a statutory effective tax rate (ETR) of 27.0% (2023: 30.0%) compared with the average standard rate of UK corporation tax of 25% (2023: 23.5%). The lower tax charge in 2024 arose principally from the reduction in statutory profits. The higher statutory effective tax rate in 2023 reflected the one-off impact of the increase in the headline UK rate on the Group's deferred tax liability.

Earnings per share

Group statutory basic earnings per share (EPS) decreased to 3.8 pence in the year to 31 December 2024 (2023: 5.4 pence) as a result of the Group's reduced profit after taxation, reflecting the reduced trading result and exceptional costs* arising from our enterprise restructuring plan and decision to cease GRC production.

Group adjusted basic EPS* of 7.7 pence per share reduced from 13.9 pence in the prior year, reflecting: a decrease in adjusted EBITDA*; a higher interest charge; and a higher adjusted effective tax rate as explained above. In line with prior years, our adjusted EPS* metric removes the impact of exceptional items*, the fair value uplifts resulting from our acquisition accounting and non-cash interest impacts, net of the related taxation charges/credits. Adjusted EPS* has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our adjusted EPS¹ measure is included in Note 11.

Table 1: Earnings per share

	2024 pence	2023 pence
Statutory basic EPS	3.8	5.4
Adjusted basic EPS*	7.7	13.9

Cash flow and net debt*

Adjusted operating cash flow increased by £6.1 million to £56.1 million (2023: £50.0 million), reflecting a reduction in adjusted EBITDA* offset by an improvement in working capital (where a modest increase of £4.5 million in 2024 was materially below the increase of £37.0 million reported in the comparative year period). Overall, we anticipate a modest investment in working capital in 2025, with the typical seasonal increase as at the half year.

Net interest paid in 2024 increased to £8.6 million (2023: £5.8 million) reflecting higher average net debt levels as the Group drew down on its revolving credit facility. Cash tax amounted to a small outflow of £0.5 million (2023: inflow of £0.6 million), as the Group continued to benefit from the accelerated tax deduction on qualifying capital expenditure. Other cash outflows of £9.6 million (2023: £14.9 million outflow) principally comprised lease payments totalling £9.7 million (2023: £10.0 million). The prior period also included £1.8 million in relation to the purchase of carbon emission credits and an outflow of £2.7 million in relation to the purchase of Coltman.

The Cash conversion* percentage increased to 71% (2023: 47%), reflecting a reduction in adjusted EBITDA* and a significantly reduced investment in working capital as inventories were tightly controlled and trade receivables well managed.

Adjusted free cash flow* increased to an inflow of £10.9 million (2023: outflow of £15.6 million). Capital expenditure of £45.2 million decreased by £20.5 million on 2023 (£65.7 million), reflecting the Group's reduced investment in its organic growth projects as they near completion. The 2024 capital expenditure figure comprised £17 million of sustaining expenditure and £28 million of growth investments, principally on the Atlas and Nostell factories.

In the 2025 year, sustaining expenditure is anticipated to be at around £20 million, with final outflows in respect of the Atlas and Nostell factories expected to total around £20 million.

Table 2: Cash flow (non-statutory)

	2024 £'m	2023 £'m	Change £'m
Adjusted EBITDA ¹	79.4	107.4	(28.0)
Adjusted change in working capital ¹	(4.5)	(37.0)	32.5
Net interest	(8.6)	(5.8)	(2.8)
Tax	(0.5)	0.6	(1.1)
Post-employment benefits	–	(0.3)	0.3
Other ²	(9.6)	(14.9)	5.3
Adjusted operating cash flow ¹	56.1	50.0	6.1
Cash conversion ¹	71%	47%	+24ppt
Total capex	(45.2)	(65.7)	20.5
Adjusted free cash flow ¹	10.9	(15.6)	26.5

1 Alternative Performance Measures are described in Note 3 to the consolidated financial statements.

2 Other includes operating lease payments and emission allowance purchases in all years, and Coltman consideration in 2023.

The table above excludes cash flows relating to exceptional items* in both years. During 2024, the Group incurred £11.2 million of exceptional cash outflows (2023: £4.6 million outflows) relating to the Group's restructuring programme initiated in late 2023 and the GRC closure. Included in this cash outflow of £11.2 million were amounts totalling £4.4 million contained within provisions at the start of the 2024 year.

Net debt* (borrowings less cash) at 31 December 2023 totalled £121.6 million (31 December 2023: £100.6 million; 30 June 2024: £137.8 million). The movement during the 2024 year principally reflected capital expenditure of £45.2 million.

At 31 December 2024, the Group had drawn £31 million under its Revolving Credit Facility (RCF), and had £94 million of undrawn committed facilities in place.

The present value of lease liabilities decreased to around £35 million (2023: £44 million) due to the completion of a number of operating lease contracts for mobile plant.

Return on capital employed*

Return on capital employed* (ROCE) in 2024 reduced to 7.5% (2023: 13.4%) reflecting a decrease in adjusted operating profit and an increase in the capital base, as the Group approached the conclusion of its organic investment programme.

Capital allocation

Our capital allocation framework remains consistent with that laid out in 2020, with the Group focused on allocating capital in a disciplined and dynamic way.

Our capital allocation framework is set out below:

- Firstly, we will prioritise investment to maintain and enhance our existing asset base and operations;
- We are focused on a progressive ordinary dividend, with targeted cover of approximately 2 times underlying earnings through the cycle;
- Thereafter, we will deploy capital for growth, both inorganically and organically, in accordance with our strategic and financial investment criteria;
- And, finally, we will return surplus capital to shareholders.

Our framework remains underpinned by our commitment to maintaining a strong balance sheet, and we will look to maintain leverage at between 0.5 and 1.5 times net debt to adjusted EBITDA* excluding the impact of IFRS 16, through the cycle.

Dividend

The Board has recommended a final dividend of 2.5p per share (2023: 3.6p), for payment on 30 May 2025 to shareholders on the register on 9 May 2025. This will bring the full year dividend to 4.0p (2023: 7.0p), representing a pay-out of 52% of adjusted basic earnings per share.

Pensions

At 31 December 2024, the defined benefit pension scheme (the scheme) was in an actuarial accounting surplus position of £7.8 million (2023: surplus of £9.8 million). Applying the valuation

principles set out in IAS19, at the year end the scheme had asset levels of £330.9 million (31 December 2023: £373.7 million) against scheme liabilities of £323.1 million (31 December 2023: £363.9 million).

On 20 December 2022, the Scheme completed a full buy-in transaction with a specialist third-party provider, which represented a significant step in the Group's continuing strategy of de-risking its pensions exposure. This transaction, which involved no initial cash payment by the Company, completed during the 2023 financial year. Together with the partial buy-in transaction completed in 2020, this insures the vast majority of the Group's defined benefit liabilities.

In light of the fact that the pension scheme was in a net surplus position after the full buy-in, the Trustees and the Group agreed that the Group would suspend further contributions with effect from 1 March 2023.

Climate Change and TCFD

As a long-term, energy intensive business, a commitment to environmental sustainability and social progress is central to our purpose. In 2022 we launched the Group's ESG 2030 Strategy and remain committed to this approach. This strategy provides the framework for actions across three key areas:

- Addressing climate change;
- Improving lives; and,
- Manufacturing materials for life.

At the same time, we have identified material transition and physical risks associated with climate change and considered the impacts of these on the financial performance and position of the Company, through our viability scenario assessment, our impairment testing and assessment of the useful economic lives of our assets. We have also assessed the resilience of our business model as part of our strategic planning process. The outputs from these activities are detailed in our TCFD disclosures contained on page 182.

The Group remains committed to increasing the transparency of reporting around climate impacts, risks, and opportunities. This year we continued to enhance our disclosure to ensure full compliance with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD) and those of Climate-related Financial Disclosure (CFD).

Group Financial review continued

Related party transactions

Related party transactions are disclosed in Note 31 to the consolidated financial statements. During the current and prior year, there have been no material related party transactions.

Subsequent events

Except for the proposed ordinary dividend, no further subsequent events requiring either disclosure or adjustment to these financial statements have arisen since the balance sheet date.

Going concern

The Directors are required to assess whether it is reasonable to adopt the going concern basis in preparing the financial statements.

In arriving at their conclusion, the Directors have given due consideration to whether the funding and liquidity resources are sufficient to accommodate the principal risks and uncertainties faced by the Group.

Having considered the outputs from this work, the Directors have concluded that it is reasonable to adopt a going concern basis in preparing the financial statements. This is based on an expectation that the Company and the Group will have adequate resources to continue in operational existence for at least twelve months from the date of signing these accounts.

Further information is provided in Note 1 of the financial statements.

Chris McLeish

Chief Financial Officer

4th March 2025

Non-Financial and Sustainability Statement

Ibstock's Non-Financial and Sustainability Information Statement can be found below. In compliance with Sections 414CA and 414CB of the Companies Act 2006, the information listed is incorporated into this statement by cross-reference to relevant content found elsewhere in this Annual Report.

Requirement	Policies	Additional Information	Pages
Environmental matters	<ul style="list-style-type: none"> ESG 2030 Strategy reports Sustainable Procurement Policy 	<ul style="list-style-type: none"> A Sustainable and Responsible Business Compliance and other statements 	<ul style="list-style-type: none"> Page 41-57 Page 65
Employees	<ul style="list-style-type: none"> Health and Safety Policy Statement Diversity and Inclusion Policy Anti-bullying and Harassment Policy Code of Business Conduct Whistleblowing Policy 	<ul style="list-style-type: none"> A Sustainable and Responsible Business Nomination Committee Report 	<ul style="list-style-type: none"> Page 41-57 Page 74
Human rights	<ul style="list-style-type: none"> Modern Slavery Statement Data Protection Policy 	<ul style="list-style-type: none"> A Sustainable and Responsible Business 	<ul style="list-style-type: none"> Page 57
Social matters	<ul style="list-style-type: none"> ESG 2030 Strategy and Framework 	<ul style="list-style-type: none"> A Sustainable and Responsible Business 	<ul style="list-style-type: none"> Page 41-57
Anti-corruption and bribery	<ul style="list-style-type: none"> Anti-bribery and Corruption Policy Competition Law Compliance Policy Supplier Sustainability Code of Business Conduct 	<ul style="list-style-type: none"> A Sustainable and Responsible Business Governance 	<ul style="list-style-type: none"> Page 41-59 Page 60
Description of the Business Model		<ul style="list-style-type: none"> Our purpose and business model 	<ul style="list-style-type: none"> Page 18
Principal risks and impact on business activity		<ul style="list-style-type: none"> Principal risks and uncertainties Governance Audit Committee Report A Sustainable and Responsible Business Sustainability and Governance Reporting 	<ul style="list-style-type: none"> Page 28 Page 60 Page 80 Page 42 Page 178
Non-financial key performance indicators		<ul style="list-style-type: none"> Strategic Report Key performance indicators 	<ul style="list-style-type: none"> Page 01-59 Page 26-27

The policies referenced above provide the link between our purpose and values and how Ibstock is managed and conducts its business.

Stakeholder Engagement

The Board carefully considers the impact of its decisions on stakeholders as part of its duty to act in the way, it considers, would be most likely to promote the success of the Company.

Our key stakeholders have been identified by the Board through a careful review of the important groups that we need to work with to achieve our strategy and promote long-term success within our Company.

The Board considers each key stakeholder's interests, priorities and views, when making decisions, noting there may be times when stakeholders' interests and priorities potentially conflict. Although the Board engages directly with some stakeholders, the majority of engagement takes place across various levels and teams within the business. The Chairs of the Board and the various Committees are available

to engage with stakeholders on their areas of responsibility on request.

The output from engagement below Board level is reported to the Board and/or Board Committees to help inform both Board and other business level decisions.

The Board considers that our stakeholder engagement mechanism remains effective.

In 2024, the Executive Team (ET) and Board received qualitative reporting to identify trends and emerging issues of pertinence to each stakeholder group. This enabled the ET and the Board to readily consider stakeholder issues in decision-making.

Find out more

- ▶ The **Section 172(1)** Statement p46
- ▶ **Stakeholder engagement** p43
- ▶ **Principal decisions** undertaken by the Board in 2024 p67

Key to strategy



Driving sustainable performance



Market-led innovation



Well positioned to invest in further growth projects

Employee quality checks at Power Park



Our Investors

Individuals or institutions who own shares in Ibstock Plc

Why they are important

Our current and potential investors ensure our continued access to the capital that enables us to pursue our Strategic objectives.

Link to KPIs

- Revenue
- Adjusted EBITDA*
- Net debt to adjusted EBITDA*
- Adjusted ROCE*, Adjusted EPS*
- Women in senior management
- Carbon reduction metric
- Refer to KPIs p26 to 27

What they tell us matters to them

- Financial performance and progress against strategy
- Sustainability performance and ambitions
- Balance sheet management and approach to capital allocation
- Business resilience and prospects
- Return on investment
- Risk management

How we engage at Board level

- Members of the Board, including the CEO and CFO, meet with shareholders and analysts as part of the regular annual cycle
- The Board receives structured feedback after each market announcement from our Brokers

How we engage across the Company

- Investor roadshows
- Results presentations
- Annual General Meeting
- One-to-one meetings and calls with investors and brokers
- Chair and Board Member meetings on request

What Ibstock offers them

- We have a sustainable and progressive dividend policy. This policy is supported by businesses with structurally high margins and strong cash generation and a strategy that provides a strong platform for future growth and value creation
- Comprehensive and compliant ESG disclosures.

Outcomes from engagement

- The Board considered shareholder views deciding on the level of interim and final dividend

Priorities for 2025

- Strong communication and engagement
- Delivery of strategic projects and initiatives
- Execution of business plans and balance sheet management
- Board engagement with investors
- Construction Inclusion Coalition

Link to strategic outcomes

- ▶ Sustainable high performance
- ▶ Selective growth



Our Customers

The businesses and organisations that buy our products

Why they are important

- Customers play a crucial role in shaping our growth and driving our innovation. Collaborative and long-term mutually beneficial relationships with our customers are the foundation of our success.

Link to KPIs

- Revenue
- Carbon reduction metric
- Share of revenue from new and sustainable products
- Refer to KPIs p26 to 27

What they tell us matters to them

- Product value, pricing and quality
- Volume and availability
- Quality of customer service
- Strong, collaborative relationships
- Visibility into embodied carbon in products and the development of Environmental Products Declarations (EPDs)

How we engage at Board level

- The Board receives updates on the relationships, customer strategies and priorities with existing customers
- Customer and employee feedback is fed into Board discussions, which together with market insights shapes strategic decisions, including plans related to capital investment and innovation

How we engage across the Company

- Account Management Teams
- Customer Service Team
- Design and Specification Advisers
- Customer feedback, including detailed customers surveys
- Quality and complaints team
- Social media

What Ibstock offers them

- Commitment to building our understanding of our customers' priorities as an imperative to meeting their needs
- The unrivalled choice of products available within the Group's range of clay bricks provide these customers with the widest selection from which to choose
- As a full-range supplier, our Concrete businesses provide customers with a broad product set upon which to base their buying decisions.
- Greater product information through EPDs

Outcomes from engagement

- We continue to evolve our sales teams to bring a more aligned approach to meet our customers needs
- We continue to manage our production capacity with a focus on ensuring continuity of supply and our ability to react quickly as demand returns

Priorities for 2025

- Continual improvement of our service
- Increasing customer contact and engagement to ensure strategic alignment
- Sustainability enhancements and innovation through the unified, enterprise-wide New Product Development team

Link to strategic outcomes





Our Employees

Colleagues who work in our business

Why they are important

Our talented and engaged employees play a vital role in the success of Ibstock. We not only have a legal obligation to look after our employees but an ethical obligation to ensure that we create an environment where everyone can be at their best.

Link to KPIs

- Total injury frequency rate
- Employee engagement
- Female representation in senior leadership
- Refer to KPIs p26 to 27

What they tell us matters to them

- Fair pay and benefits
- Culture that cares and is inclusive
- Development for growth and resilience

How we engage at Board level

- The Listening Post is our formal mechanism for workforce engagement and sharing employee views with the Board. Each Board member attends at least one Listening Post per year.
- Regular direct progress reports on people and culture from the Group People, Sustainability and Social Impact Director.
- Board members visit our sites and senior management join meetings for specific items, e.g. our Board Strategy meeting and through the Sustainability Committee visits

How we engage across the Company

- The continuation of the 'Fire Up' cultural transformation programme
- The Week – weekly video update from an Executive Team member posted on our MyIbstock intranet, displayed on digital screens in common areas at all sites and emailed to all employees
- Ibstock Informed presentations and live open Q&A panel sessions
- MyIbstock news and employee blogs
- Safe Start conversations
- Employees are encouraged to visit other sites and share best practice

What Ibstock offers them

- Alongside our focus on providing a safe and healthy working environment, we invest in ongoing training, development and career progression.
- Attractive employee proposition.

Outcomes from engagement

- Board oversight of employee pay and reward philosophy
- Senior leadership gender and ethnicity diversity target supported by the Board

Priorities for 2025

- Joining up the organisation in service of performance and delivery of results against strategic ambitions
- Review strategic capabilities map and strategic organisational health for long term ambitions
- Continued focus on embedding a culture of well being and belonging and fostering a diverse workforce

Link to strategic outcomes



Our Communities

The people who live and work in the local communities around our sites and operations

Why they are important

- Our activities can have a lasting impact on the communities in which we operate – we strive to leave a positive legacy.

Link to KPIs

- Carbon reduction metric
- Refer to KPIs p26 to 27

What they tell us matters to them

- Localised environmental impacts
- Employment, education and training
- Equal opportunities
- Financial support for local community activity

How we engage at Board level

- The members of the Sustainability Committee receive a quarterly summary of material issues or points of interest from Ibstock's community stakeholder champions including the Estates Team, Early Careers, Matched Funding approval and Factory Managers
- Through MyIbstock, significant content is shared by employees on our community work and charitable activities. This system enables the Board to engage with and monitor activity

How we engage across the Company

- Factory Managers link with local community
- Estates team liaison with local authorities and interest groups
- Early Careers engagement with training and education sector
- MyIbstock community stories

Outcomes from engagement

- The Board, through the Sustainability Committee, has approved a materiality assessment to understand the importance that our stakeholders assign to key issues

Priorities for 2025

- Continued skills development and early careers
- A focus on STEM ambassadors
- Develop a social impact strategy
- Social value baseline and measurement

Link to strategic outcomes





Government and Regulators

Government bodies and agencies

Why they are important

- Understanding and adapting to the changing laws and regulations is essential to ensure that Istock not only remains compliant with requirements but can also benefit from any opportunities that changes could present.

Link to KPIs

- Carbon reduction metric
- Refer to KPIs p26 to 27

What they tell us matters to them

- Workplace health and safety
- Energy and climate change
- Legal and regulatory compliance

How we engage at Board level

- Updates from the Group Company Secretary at each Board meeting
- Reports from our external advisers including quarterly horizon scanning
- Direct liaison as required

How we engage across the Company

- Industry bodies, forums and conferences
- Direct liaison with Government and regulatory bodies where pertinent

What Istock offers them

- Through our involvement with industry bodies and other engagement activities, Istock seeks to support the development and assessment of laws and regulations within the construction sector
- Support for the government policy for growth and increasing housing (numbers) and new towns

Outcomes from engagement

- During the year, the Board accessed subject matter expertise and training on legislative, regulatory and best practice changes and considered the impact on strategy and business activity

Priorities for 2025

- Adherence to new regulations such as the Building Safety Act and Code for Construction Projects Information (CCPI)
- Implementation of changes resulting from the new Fraud offence under the Economic Crime and Corporate Transparency Act.
- Support to achieve the objectives for the industry as led by Ceramics UK, CPA and Mineral Products Association
- Continued focus on supporting wellbeing within Istock and our industry
- Continued development of our Carbon Transition Plan

Link to strategic outcomes



Pension Fund Members and Trustees

The Trustees and members of the Istock pension schemes

Why they are important

- As part of our culture of care, we are committed to continue to look after our employees once they have retired.

Link to KPIs

- Refer to KPIs p26 to 27

What they tell us matters to them

- Pension scheme member interests

How we engage at Board level

- Regular reports from the Finance team

How we engage across the Company

- Direct liaison with Trustees
- Financial oversight

What Istock offers them

- Confidence in the long term security of their pension

Outcomes from engagement

- Clear understanding of the financial position of the Company and the objectives of the Trustees

Priorities for 2025

- Regular engagement with the Trustees

Link to strategic outcomes

- N/A

Key to strategy



Driving sustainable performance



Market-led innovation



Well positioned to invest in further growth projects

Section 172(1) – Statement

The purpose of this Strategic report is to inform members of the Company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006.

This s.172(1) statement incorporates information from other areas of the Annual Report to avoid unnecessary duplication.

The Board of Directors confirms that, during the year under review, it has acted in good faith to promote the

long-term success of the Company for the benefit of its members as a whole, whilst having due regard to the matters set out in Section 172(1)(a) to (f) of the Companies Act 2006.

To ensure the Board complies with S.172 (1) of the Companies Act 2006, each Director carefully considered the outcomes of key decisions for Istock’s stakeholders as part of their duty to act in the way that they consider would be most likely to promote the success of the Company. This results in an approach whereby decisions are made

that result in consistently high standards of business conduct and the success of Istock in the long term.

Examples of matters discussed in the year by the Board and their impact on our stakeholders are included in the table below and discussed throughout the Strategic Report and the Governance section. The table also identifies where in the Annual Report information on the issues, factors and stakeholders the Board has considered in respect of s172(1) can be found.

s172(1) factor	Where to find out more	Page
<p>(a) the likely consequences of any decisions in the long term; Example: During the year, the Board continued to ensure that the Group’s strategy remained appropriate to deliver the long-term success of the Company, and oversaw management’s execution of the strategy. The Board carefully evaluated the likely consequences of its decisions, challenging management where necessary to ensure that the impact of any decisions over the long term would be of benefit to the Company. This manifested itself through the decision that was taken to restructure and cease the activities of the GRC component of the Futures business in October 2024.</p>	<p>Strategic Report Chair’s Statement Chief Executive Officer’s Review Market and Industry Overview Istock Futures Our purpose and business model Our Strategy Key performance indicators Principal risks and uncertainties Governance Board Leadership and Company Purpose</p>	<p>08 10 14 34 18 20 26 28 66</p>
<p>(b) the interests of the Company’s employees; Example: The Board remains committed to establishing culture as a key point of difference across the organisation and is keenly focussed on the impact of its decisions on all employees. With subdued market demand during 2024, the Group continued to manage costs proactively and take actions involving employees, to deliver on the cost savings that had been targeted in the restructuring programme initiated in late 2023. These incremental actions have not compromised our ability to build back capacity quickly as markets recover.</p>	<p>Strategic Report Our purpose and business model Our Strategy A Sustainable and Responsible Business Governance Board Leadership and Company Purpose Sustainability Committee Report</p>	<p>18 20 41 66 78</p>
<p>(c) the need to foster the Company’s business relationships with suppliers, customers and others; Example: Reaching mutually agreeable and pragmatic solutions to supply chain challenges and increasing input costs has been a key aspect of the Board’s decisions when having regard to this factor. A disciplined approach to pricing had been maintained, with a focus on customer service and product quality enabling an increase in market share during the latter part of the year; The unified “One Istock” brand identity and new commercial team structure launched in 2023 has further strengthened key customer relationships across the Group.</p>	<p>Strategic Report Market and Industry Overview Our purpose and business model Our Strategy A Sustainable and Responsible Business Governance Board Leadership and Company Purpose</p>	<p>14 18 20 41 66</p>
<p>(d) the impact of the Company’s operations on the community and environment; Example: The Board and Sustainability Committee have supported and are driving Istock’s ambition to be sector leading in its approach to ESG issues and approved the ESG 2030 Strategy to maintain this position through to 2030, as well as a commitment to be a net zero business (Scope 1 and 2) by 2040. Through the work of the Sustainability Committee, the Board has overseen good progress towards our 2030 ESG targets, further progress in carbon reduction, and the launch of Environmental Product Declarations (EPDs), becoming one of the first UK building materials manufacturers to enhance environmental transparency in this way</p>	<p>Strategic Report Our Strategy Sustainability Committee Report</p>	<p>20 78</p>
<p>(e) the desirability of the Company maintaining a reputation for high standards of business conduct; Example: The Board remains committed to ensuring the business operates with the highest standards of integrity, and continually reviews and tests the compliance arrangements in place. A significant part of the Board’s leadership responsibility is to ensure that the Company’s purpose, strategy and culture remain aligned, and it recognises that a robust and transparent culture is a solid foundation for maintaining the Group’s reputation for high standards of business conduct. Over the course of the year, the Board has overseen and supported the initiatives undertaken on culture.</p>	<p>Strategic Report Our Strategy Governance Audit Committee Report Compliance and other statements</p>	<p>20 80 65</p>
<p>(f) the need to act fairly between shareholders and the Company. Example: The Board seeks to ensure that communications are clear and its actions are in accordance with the Group’s stated strategic aims to promote the long-term success of the Company. All of our shareholders have the opportunity to engage with the Board and ask questions at the Company’s Annual General Meeting. When considering the dividend payments during the year, the Board carefully considered the interests and needs of both institutional and retail shareholders, ensuring these were carefully balanced prior to making recommendations.</p>	<p>Strategic Report Chair’s Statement Our Strategy Governance Board Leadership and Company Purpose Directors’ Report</p>	<p>08 20 66 111</p>

Our sustainability ambitions

Our approach to Sustainability issues is guided by our 2030 ESG Strategy which enables us to respond to those areas that are most material for our stakeholders and Istock.

This focuses our efforts in three key pillars:

- Addressing Climate Change
- Improving Lives
- Manufacturing Materials for Life

KPIs and milestones are used under each pillar to set our ambitions and measure our progress. Underpinning this is the commitment to ‘doing business responsibly’ through our corporate governance processes.



Why it is important

We believe there is a collective responsibility when it comes to addressing climate change and tackling social inequalities. As an energy intensive manufacturer, Istock has a role in taking action to drive the shift to a low carbon built environment that is designed and manufactured for the long-term success of communities.

Our stakeholders, customers, investors, suppliers and colleagues helped inform our ESG Strategy to 2030 through our materiality process so that we are focusing our resource and investment on the most important issues. The strategy is aligned to the UN Sustainable Development Goals 12 for responsible consumption and production and 13 for climate action.

► [Read more p48](#)

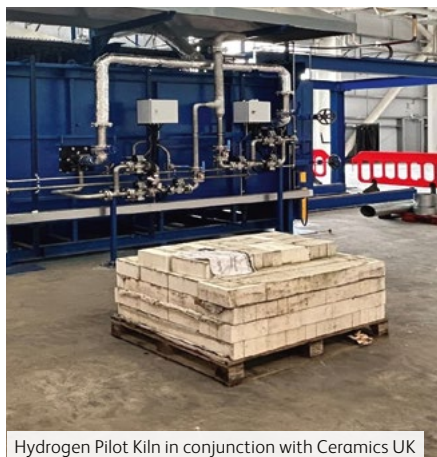
The strategy is ambitious and has driven changes in our products, processes and services. The incorporation of whole lifecycle analysis and the provision of environmental data that demonstrates progress supports our customers in whole life cycle design of the communities they build and encourages a focus on building resilience. Be it energy reduction, minimising waste or alternatives fuels and materials, through the implementation of the strategy, we are striving to address climate change and promote responsible production and consumption.

Istock’s people are central to making a meaningful contribution by integrating

sustainability into the way we do business. It is vital we work with our stakeholders to tackle the skills shortage impacting our construction and manufacturing sector. In delivering against our strategy we are investing in people and communities. Underpinned by health, safety and wellbeing as central priorities, we have a culture which supports the whole workforce to grow and develop.

Progress against our ambitions and milestones

Istock’s ESG Strategy outlines our key ambitions with supporting milestones against our nine most material issues. Progress against these is outlined in the table on page 50. Three years into delivering the strategy many of the early milestones have now been completed, with further milestones to be set informed by the outcomes of our materiality analysis, commissioned for early 2025.



Hydrogen Pilot Kiln in conjunction with Ceramics UK

Highlights in 2024

- Achieving our Health and Safety targets
- Investment in kiln and process efficiency at Parkhouse factory resulting in a significant gas saving
- Research into replacements for high carbon materials in clay bricks led to commercial trials using alternative waste materials
- Application submitted to the government’s Hydrogen Allocation Round 2 for onsite green hydrogen production at Atlas factory in the West Midlands
- Environmental Product Declarations third party verified and published for key products
- Digicare Plus rolled out to all colleagues providing access to GP, mental health and nutrition services and much more
- The setting of an ethnicity in leadership target guided by the Parker report recommendations
- Gold membership awarded by the 5% Club for our commitment to Earn and Learn demonstrating our investment in future talent and succession planning
- Over 300,000 bricks donated to schools, colleges and community projects to support skills development in brick laying as well as heritage projects in local communities

Addressing climate change

Carbon reduction, water management and improved biodiversity are all key to our strategy to address climate change.

SDGs



Carbon reduction

As an energy intensive manufacturer Scope 1 carbon emissions make up the largest proportion of our carbon impact, from the natural gas and the process emissions from firing clay. As such our main focus is to deliver our ambitious target of a 40% reduction in operational carbon (scope 1 and 2) by 2030.

In 2024, the business continued to implement the Scope 3 carbon reduction strategy. Year on year Scope 3 carbon increased with significant capital expenditure on Nostell factory construction increasing the capital goods category, see page 179 for Scope 3 carbon figures. Progress against the strategy included:

- bringing Scope 3 calculations from an external provider to an in-house methodology with a view to increasing both ownership and the granularity of the data analysis.
- establishing closer relationships with five of our key suppliers identified in our scope 3 analysis as higher carbon emitters, based on either our spend or the carbon intensity of their products and services, to understand how their carbon targets align to Istock to access more granular data and to explore sustainable innovations related to their products.
- working with partners on industrial waste streams to source alternatives to high carbon virgin materials used in the clay firing process.
- advocating for a lower carbon built environment in the supply chain as Gold Partners of the Supply Chain Sustainability School. Working with the Future Homes Hub at CEO and Technical level and as members of the UK Green Building Council.

2024 was a lower production year which is reflected in a significant 49% reduction in our absolute scope 1 and 2 carbon emissions against 2019 baseline. Although this is ahead of target the lower production volumes present an artificially positive picture. The group carbon intensity metric for 2024 was 0.148 tonnes of carbon per tonne of production. This is an improvement on 2023 but remains above the targeted level. Delivery of operational efficiencies implemented as part of our ISO50001 energy management system as well as the impact of capital investment including improvements to the Parkhouse factory kiln and operational material process and product adaptation continued to contribute to lower operational carbon during 2024. These impacts will be fully realised when the market recovers and factories are able to return to optimum capacity.

Alongside operational efficiency we invested further resource into longer term transformation projects including commercial discussions for syngas, estate renewal options and on site hydrogen production. Partners submitted a Hydrogen Allocation Round 2 application to government for onsite green hydrogen production at the Atlas factory in the West Midlands and we worked with partners and peers in our sector to promote the shift to green hydrogen at national and regional levels.

As the market recovers and production volumes increase in the short term we forecast that our absolute carbon will increase and our intensity metric will come down. Short to medium term the investment to achieve our carbon reduction is embedded in our financial forecast to align to our carbon reduction target for 2030. This will see our operational carbon decouple from production in a more meaningful way.

Water

Water used in our manufacturing process comes from a combination of mains water, borehole extraction, quarry water and our growing number of on-site rainwater harvesting systems. Our ESG 2030 target to reduce m³ mains water per tonne of production by 25% against 2019 baseline shows a 19% increase in 2024.

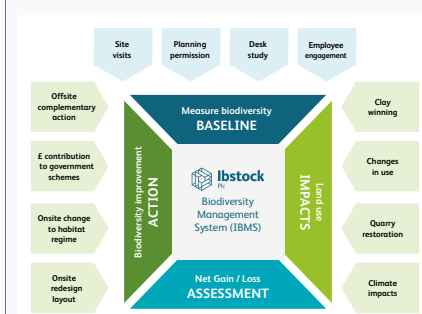
The methodology for measuring mains water has improved since the baseline figure was set with metered water across 63% of all sites. This means comparisons with the baseline are not representative of actions taken. As an interim we highlight the % reduction in mains water use m³ against the 2019 baseline which is a 33% reduction in 2024.

A review of the measurement and value of this target to business performance will be undertaken in 2025 to provide a more impactful approach to managing our water consumption responsibly.

Biodiversity

Biodiversity is a key priority in our estate management plans and all quarrying operations are covered by planning consents which include conditions for site restoration often pertaining to biodiversity enhancement.

To become a Biodiversity Net Gain business by 2030 we have introduced the Istock Biodiversity Management System. The System objectively scores the biodiversity value of any given site, enabling tracking of long-term trends, recording the presence of protected and notable species and identifying enhancement opportunities. Following a 2023 pilot on the Leicester site the Management System has been rolled out across 16 sites in 2024, with full Company completion in 2025.



Alignment to climate reporting requirements

The Taskforce on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board in 2015 and published its final report in June 2017. The report set out eleven recommended disclosures under four pillars to promote better disclosure. Pursuant to the FCA Listing Rule 6.6.6R (8) and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, the Board of Directors confirm the following:

- a) Ibstock has made disclosures that are compliant with the four recommendations and eleven recommended disclosures set out in section C of the TCFD Final Report in their Annual Report.
- b) The location of these disclosures can be found in this Annual Report in the section entitled Sustainability Governance and Reporting that starts on page 178. More specifically, each recommendation can be found at the pages stated in the table below:

Governance

Our governance structure on climate-related risks and opportunities.

► Read more p182

- Our Board's oversight – page 183
- The role Management performs – page 183

Strategy

The actual and potential impacts of climate-related risks and opportunities on the business, strategy and financial planning.

► Read more p184

- Our short-, medium-, and long-term climate-related risks and opportunities – page 185
- The impact of climate-related risks and opportunities on Ibstock – page 186
- The resilience of Ibstock's strategy to different climate-related scenarios – page 187

Risk management

How we identify, assess and manage climate-related risks.

► Read more p189

- How we identify and assess climate-related risks – page 189
- How we manage climate-related risks – page 189
- How climate-related risks are integrated into our overall risk management – page 189

Metrics and targets

The metrics and targets we use to assess and manage relevant climate-related risks and opportunities





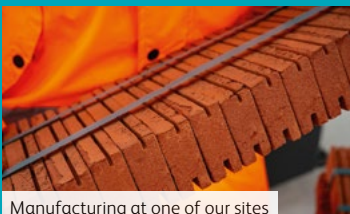

► Read more p189

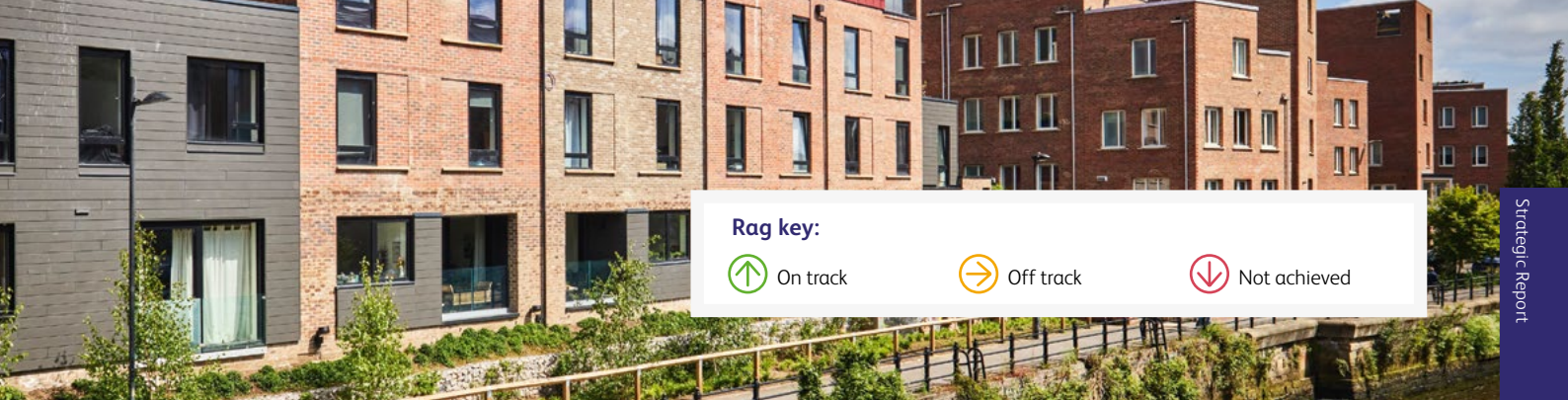
- The climate-related risks and opportunities metrics we used – page 190
- Our greenhouse gas (GHG) emissions and the related risks – page 191
- Our climate-related risks and opportunities targets and performance – page 191

A Sustainable and Responsible Business continued

Progress against our 2030 Strategy Milestones and Ambitions



Strategic Pillar	Material issues	Milestone Date	ESG 2030 Strategy Milestone
Addressing Climate Change ▶ p48  Atlas factory UNSDG alignment 	Carbon Reduction	2022	Scope 3 carbon reduction strategy developed
		2023	Atlas brick factory opens
		2024	100% of mobile plant to be hybrid and/or electric
		2024	On site renewable energy generation review published
		2030	Reduce absolute Carbon (Scope 1 and 2) by 40% against 2019 baseline
	Biodiversity Net Gain	2026	Biodiversity action plans across all sites
		2030	Achieve Biodiversity Net Gain across our estate
	Water efficiency	2023	Water footprint and reduction strategy implemented
		2030	25% reduction in mains water (m3 per tonne of product)
	Improving Lives ▶ p54  Apprentices UNSDG alignment 	Health, safety & wellbeing	2022
2023			Launch wellbeing strategy
2023			50% reduction in LTIFR
Inspiring Futures		2022	Establish social value framework
		2023	Every site connected to a local school or college
		2026	200 Istock colleagues as active STEM Ambassadors
		2030	10% of colleagues in Earn and Learn positions
Employee Experience		2023	Building Belonging campaign launches
		2023	Ethnicity data pay gap reporting
		2030	40% of senior leaders to be female
Manufacturing Materials For Life ▶ p56  Manufacturing at one of our sites UNSDG alignment 	Product Innovation	2022	Istock Futures launches
		2024	Slips factory opens at Nostell
		2030	20% sales turnover from new products and solutions that deliver customer value and improved sustainability
	Circular economy	2024	Research into alternative and secondary materials published
		2024	Product data transparency project update
		2025	Zero waste to landfill achieved
	Dematerialisation	2022	Impacts of clay dematerialisation project published
		2025	40% reduction in preventable plastic packaging



Rag key:



On track



Off track



Not achieved

Progress	Commentary
	Improving data granularity and working with suppliers on targets and progress
	Brick production commenced at Atlas in 2024
	16% achieved – cost, power infrastructure and technology limitations have slowed progress. Roll out continues
	Continued focus on expanding our on-site renewable energy opportunities
	49% reduction is partially linked to lower production year in 2024 which will increase again with market recovery
	Measurement of biodiversity baseline underway to feed into action plan development
	Biodiversity management system designed and being rolled out across the estate
	Availability and accuracy of data has stalled progress - new target development in 2025
	+19% availability and accuracy of data has changed over time making the baseline obsolete - this target will be reviewed in 2025
	Continued focus on mental health with 72 qualified mental health allies across the business in 2024
	Digicare + rolled out to all staff to support health and wellbeing
	LTIFR target achieved. TIFR target set for 10% reduction in 2025
	Social Value reporting to be undertaken for the first time in 2025
	All clay sites provide product donations to schools and many have wider connections
	36 STEM Ambassadors in 2024. Strong focus on STEM planned in 2025
	7.4% achieved and awarded Gold member status by the 5% Club
	Continued focus on inclusion and diversity through our affinity groups
	New targets have been set for ethnicity to drive action in the business
	34% achieved. Continued focus on attracting and retaining / promoting women in Istock
	Futures continues to develop diversified product solutions for our customers
	Slips factory at Nostell to start commissioning in 2025
	22% achieved with lower carbon mix designs rolled out across multiple concrete product ranges
	Research into replacing high carbon materials in clay bricks led to commercial trials for lower carbon alternatives
	Environmental Product Declarations (EPD) third party verified and published for key products
	4.6% general waste to landfill in 2024
	Continued focus on implementing materials reduction including increased voids and product redesign
	64% achieved due to inconsistency in measured data, in reality our progress slowed - new approach to be defined in 2025

Planning our Carbon Transition

We are continuing to deliver carbon reduction against our 2030 target.

We are developing our Carbon Transition Plan in line with the recommendations published by the Transition Plan Taskforce (TPT). We are reviewing the guiding principles in the creation of our plan, which will set out our journey towards being a net zero business and expect to publish our detailed Carbon Transition Plan in 2026.

1. Action to date

- 100% electricity purchasing backed by Renewable Energy Guarantees of Origin (REGO) since 2021
- Energy Management System (ISO 50001) certification across the clay and concrete manufacturing estate with energy efficiency targets and site action plans
- Over £285m investment in the last 7 years to reduce carbon:
 - New Atlas brick factory that is anticipated to be c.50% lower carbon per unit than the previous factory
 - New brick slips factory in Nostell
 - Improvements to the kiln at Aldridge, Parkhouse and Ellistown
- Investment in trials for firing bricks with syngas and hydrogen as alternatives to natural gas
- Product adaptation to dematerialise with larger voids in bricks, lighter utility troughs and redesigned fence posts reducing embodied carbon through reduced gas consumption, lower process emissions and lighter product transportation.
- Engagement with key supply chain partners in high carbon areas such as cement, electric mobile plant (16% of fleet EV) and raw material replacements
- Life cycle analysis incorporated into product design to drive lower embodied carbon products

2. Next steps (to 2030)

- Investment to achieve our carbon reduction is embedded in our financial forecast
- Continued focus on operational and energy efficiency improvements by delivering site energy action plans
- Phasing out of diesel across the manufacturing estate (including mobile plant where possible)
- Securing funding with HM Government for on-site Hydrogen utilisation
- Investment in material science for product development
- Increased recycled content in products
- R&D into new, low carbon products and systems
- Enhancing our Scope 3 emissions data by shifting from a spend-based approach to a more accurate activity-based approach through increased supply chain engagement
- Broadening the scope of our supply chain engagement beyond high impact materials and preferentially partnering with companies decarbonising their operations

3. Future steps and scale up:

- Continued improvements to energy and operational efficiency with full sub-metering and automation

- Increased usage of on site renewables and/or direct purchase
- Roll out of hydrogen across the clay brick estate (on site and pipeline)
- Continued product innovation to utilise lower carbon methods and materials to reduce embodied carbon linked to our KPI for new and more sustainable products
- Carbon capture research for unavoidable emissions

4. Challenges, uncertainties and dependencies

- Industrial hydrogen supply and associated pipeline is not guaranteed.
- Future of regulation on embodied carbon of buildings is uncertain.
- Limited availability of electric machinery on the larger scale, in particular for quarry vehicles.
- Technology Readiness Levels (TRL) for lower carbon manufacturing are not yet proven at scale including for green fuels and carbon capture.
- Many of our suppliers do not yet have carbon reduction targets. We need to work with them and encourage action and commitments to drive down emissions or seek alternative providers.
- Carbon data availability and accuracy within the supply chain is poor as companies themselves make progress. We will need to work closely with suppliers to ensure a just transition.

2030 target

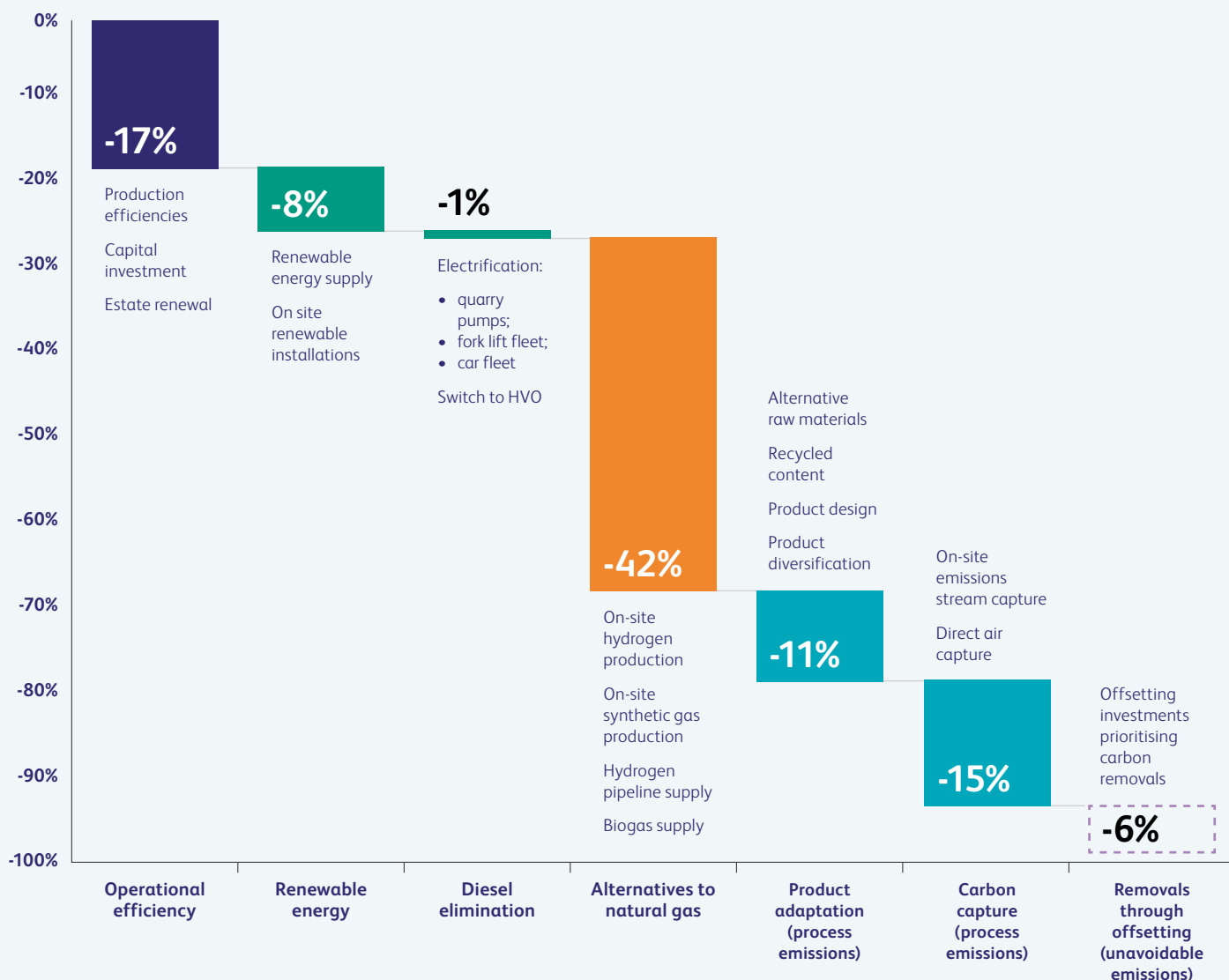
40% reduction
Scope 1 and 2

2040 target

Net Zero operations
Scope 1 and 2

2050 target

Net Zero
Scope 1, 2 and 3



Engagement with industry

We are working closely with the manufacturing sector through Ceramics UK supporting the development of the Ceramics Net Zero Road Map in 2024. We are active participants of the Future Homes Hub, at technical and CEO level, helping us to work with industry to understand and shape the future for new homes. We spoke at national and regional hydrogen industry events raising the profile of the demand for green hydrogen and welcomed ministers, MPs and civil servants to our sites to raise the profile of the opportunities and challenges for UK manufacturing achieving net zero.

Alignment with financial planning

In developing our in-depth transition plan, we will show how we will embed our ambitions for climate action within our business model. The plan will highlight how this may affect the homes and developments we build, together with resourcing, operational and capital expenditure, as well as material interdependencies on the environment, workforce and value chain.

Governance

Ultimate responsibility for climate action lies with the Executive Committee supported by monthly Net Zero Working Group meetings. This feeds into quarterly Sustainability Committee meetings to review and discuss progress. Carbon reduction is a key action area for the operations and technical teams as well as R&D and NPD teams. Delivery of the strategy is supported by a sustainability team. See page 69 for governance diagram.

Offsetting

Whilst emissions reductions are our priority, there will be a requirement to neutralise residual emissions across scope 1 and 3 as we approach our net zero targets. We have, at a small scale, begun to explore procurement of certified high quality carbon offsets to achieve carbon neutral certification for a single range of our new Atlas products – the Pathfinder Range. This experience will feed into a longer-term strategy for offsetting residual emissions in the future.

Improving Lives

Ibstock’s people remain fundamental part to our success. Engaging our colleagues and our communities is essential to create a culture where people feel like they belong so they can develop and grow.

UNSDGs



Health, Safety and Wellbeing

Safety is our number one priority. We have made good progress over the last 5 years implementing our Health and Safety Roadmap and achieving our target to reduce Lost Time Incident Frequency Rate by 50% in 2023.

In 2024 we refocused the safety KPI to measure and reduce Total Injury Frequency Rate (TIFR). TIFR is a more holistic measure for safety culture capturing a wider view of incidents (the number of lost time, restricted work and medical treatment cases (x 1,000,000 then divided by the total hours worked) which helps support risk identification and reduction. LTIFR remains an important subset of this data. In 2024 we reduced TIFR by 13% compared to 2023 and have set a further 10% year on year reduction target for 2025. A longer term safety target will be developed this year.

To support TIFR reduction we introduced the Leadership In Action approach to keep safety at the forefront of everyone’s minds.

Health and wellbeing are an increasingly important part of our culture. Leaders throughout the business continue to shine a light on the importance of physical and mental wellbeing through our employee communications, team meetings and engagement channels.

► See page 44 for colleague engagement under stakeholders.

We extended our support to colleagues in 2024 with the introduction of Digicare+ that is provided through our life insurance provider, Aviva, and which utilises an app to provide all colleagues with a free annual health check, GP services, nutritional advice and much more. Following its initial launch in the summer, 700 colleagues have downloaded the app in the first 6 months. Use of our Employee Assistance Programme in 2024 was at 2.5% use rate a decrease from 7% in 2023.

In conjunction with the Lighthouse Charity, we continue to invest in Mental Health Allies training with 72 colleagues qualified to provide support to people in their teams.



Employee at Chesterton Factory

Employee experience

At the end of 2024, female representation on the senior leadership team stood at 34%. This is a slight dip from 35% in the previous year, largely due to the restructuring of our Executive Committee. Despite this development, we remain confident that we will meet our ambition by 2027 whereby 40% of the senior team are female.

► See page 77 for further diversity and inclusion data.

Ethnic groups are underrepresented in the construction and manufacturing sectors. This is reflected at Ibstock where only 5% of colleagues identified as a member of an ethnic minority in 2024. With this data, the findings of our ethnicity pay gap analysis and in alignment with the guidance from the Parker Report the Board approved a new target for 20% of senior leaders to be identifying as ethnically diverse by 2030. This is backed up at grass roots by our commitment, set in early 2024, to target a third of the apprentice intake to be female and a third from an ethnic minority. This was achieved with the 2024 apprentice intake¹. Given our high retention levels of apprentices this is an important strategy to meaningfully increase the diversity of the workforce for the future.



Employees at a Safe Start workshop



Ibstock formed a strategic partnership with Black Professionals In Construction (BPIC) to support our reach in black communities and BPIC's ambition to expand into geographies outside London.

Colleagues across the business are supported to fundraise for charities and local causes that they are passionate about. The business implements a matched funding process that supports individuals and teams in colleague led events.



Inspiring futures

In 2024 we were awarded with a Gold accreditation membership as part of The 5% Club's Employer Audit Scheme. This achievement highlights Ibstock's commitment to supporting employees through earn & learn initiatives and apprenticeships. As part of the audit, our efforts, future ambitions, and commitment to social mobility were commended with diversity and inclusion further strengthening our commitment to the ongoing development of employees. The Ibstock Apprenticeship programme continues to be a driving force behind skills succession planning, with 54 apprentices on active programmes in 2024.

The business continued its commitment to support the next generation of construction talent through the donation of more than 300,000 bricks to colleges across the UK.

“Achieving Gold status is a testament to our approach to growth and development of our people. Through programmes that offer hands-on learning and career pathways for professional growth we are equipping our employees with the skills and confidence to thrive.”

Jo Hodge

Group People, Sustainability and Social Impact Director



Apprentices at Make UK, Birmingham

¹ Our 2024 intake did achieve this target but subsequent choices of the apprentices meant the intake at the end of 2024 was 29% female and 11% ethnically diverse.

Manufacturing Materials for Life

Our customers are building the value of sustainability into their decision making around product choice

UNSDGs



Sustainability now sits alongside the key technical and procurement considerations of strength, durability, aesthetics and cost for the specification of construction products.

Ibstock products are resilient, durable, safe, beautiful and last several lifetimes making them an excellent choice for building sustainable communities. But we can still make improvements: by building on the inherent attributes of our clay and concrete products we are committed to manufacturing even more sustainable products and solutions to meet our customers' needs.

Product innovation

Our performance accelerated from 11% in 2023 to 22% in 2024 of sales from new and more sustainable products exceeding our 20% target ahead of 2030. This KPI includes not just new product development (NPD) but also product evolution to develop our existing product range with greater sustainability performance.

The step change in the metric in 2024 follows our investment in successful trials, over several years, in concrete material mix design. Having proven the technology and met customer's requirements, we were able to roll out lower carbon cement replacements across several factories

Through the year we have been able to influence our NPD and our research and development by modelling the Life Cycle Analysis (LCA) of current and future products. The LCA feeds into an Environmental Product Declaration (EPD) providing robust data on the embodied carbon in each product. Ibstock has published EPD data, verified by a third party, for a number of leading products which enables our customers and the

business to make more accurate and informed decisions on material choice.

Dematerialisation

Reduction in the use of materials in our products presents a key opportunity for our customers as they seek to reduce the embodied carbon of their developments (homes and infrastructure). Ibstock is focusing on reducing the pressure on virgin resources, including our own clay reserves, by focusing on plastic reduction and secondary materials such as aggregates and cementitious replacements.

Our target to reduce preventable plastic packaging (kg per tonne of product) by 40% by 2025 relative to our 2019 baseline has driven action over the last 5 years to reduce plastic use. However finding the optimal solution between pack safety, product quality and packaging reduction has been more challenging than anticipated, which has slowed our progress on this target.

Our 2024 performance shows we have achieved 64% reduction in preventable plastic relative to 2019 baseline. However, the methodology for measuring plastic packaging reduction has improved since the baseline figure was set. Over time we have excluded packaging from the metric that is not preventable. This means comparisons to the baseline are not representative of true plastic reduction initiatives. The way in which we measure plastic reduction going forward will be revised and a new KPI implemented in 2025.

Circularity

Over the last 3 years we have sent consistently low quantities of waste to landfill with only 42.2 tonnes of general waste being landfilled from the entire Ibstock estate in 2024 which is just 4.6% of our general waste. Our target is to achieve zero general waste to landfill in 2025.

The measurement of this becomes challenging when we reach low quantities with industry average data used by the major waste providers for material diverted to landfill, see page 181 for our waste data. We will continue to focus on site segregation of waste to improve our recycling rates and divert materials away from landfill and incineration, where possible, supporting circularity principles.

Ibstock products are inherently reusable or recyclable at the end of their life, meaning they can already contribute to the circular economy. Our research and development teams are focused on reduction of virgin materials and fossil fuel derived materials in our products and prioritising secondary and recycled content.

We partnered with Sheffield Hallam University's Materials and Engineering Research Institute in a Knowledge Transfer Partnership funded by Innovate UK. This initiative involved researching replacements for higher-carbon processes, which are used when manufacturing some multi-coloured bricks, with waste materials from industry.

The findings of this project have moved into commercial trials with an alternative waste stream showing strong potential to reduce carbon emissions from the existing process and divert waste from landfill.



Design Advisor with Customers

Governance and Compliance

As the laws governing business dealings become ever more complex we need to ensure the judgements and decisions we make are taken with both the knowledge and application of the highest ethical principles.

The main Governance section that begins on page 60 sets out how the Board and its Committees operate and apply the provisions and principles of the Corporate Governance Code and other regulation and best practice. The Sustainability Governance and Reporting Section that starts on page 178 provides information regarding the management of Sustainability issues specifically and includes key performance data as well as our full TCFD disclosures as required by the FCA Listing Rule 6.6.6R(8) and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Ibstock operates appropriate policies and procedures to ensure that risks from unethical conduct and illegal business practice are reduced and eliminated as far as possible. These underpin our Code of Business Conduct, which together with our Supplier Sustainability Code of Business Conduct, sets out the behaviours expected of our staff and third parties we do business with.

Oversight of the operation of the Group's key policies in this area has been delegated to the Audit Committee who, in turn, make recommendations to the Board.

The Code of Business Conduct is underpinned by a number of additional standalone policies covering bribery and corruption, competition law and data protection. Taken together these policies ensure that we operate in an open, fair and honest manner in all of our business dealings.

Modern Slavery

We support the Modern Slavery Act 2015. Our Modern Slavery Policy confirms our zero tolerance approach to any potential or actual breaches of the policy and sets out the steps taken by Ibstock to prevent modern slavery and human trafficking in its business and supply chains. The Company's full Modern Slavery Statement can be accessed on the corporate website at www.ibstock.co.uk.

Whistleblowing

To help us encourage the highest standards of ethical behaviours, corporate governance and accountability in our business activities, the Group operates an anonymous whistleblowing hotline, which is available 24 hours a day, seven days a week. A summary of whistleblowing activity, together with details of related investigations, is provided to the Audit Committee at each meeting with a consolidated summary being presented to the Board on a twice yearly basis. There were 4 incidents reported through the external whistleblowing line during the year (2023: 3).

Anti-Bribery Policy

We prohibit any inducement which results in a personal gain and is intended to influence action which may not be solely in the interests of the code.

Sustainable Procurement Policy

We have policy and framework guidelines for all procurement activity in order to maintain the highest standards of integrity.

Sustainability Policy

As part of our vision for sustainable growth, we continuously work to better measure, record and reduce our greenhouse gas emissions.

Diversity and Inclusion Policy

We are committed to ensure any type of discrimination including harassment, victimisation, favouritism and bullying is not accepted.

Trade Association Policy

Our Trade Association Policy helps to support employees in their dealings with follow employees, customers, suppliers, regulators and colleagues in competing businesses.

Health and Safety Policy Statement

We are committed to ensuring the health and safety of all our colleagues.

For more information relating to these policies please see our corporate website at www.ibstock.co.uk.

Compliance training

Ibstock's web-based compliance training is completed by appropriate employees and covers a wide range of the Group's policies and codes of practice, including anti-bribery, conflicts of interest, business ethics and diversity.

Human rights

Ibstock is supported by the principles set out in the UK Declaration of Human Rights and the requirements of the Human Rights Act and seeks to act accordingly in all aspects of its operations.

Tax strategy

Our tax strategy is published on the Group's website. This formalises the Group's approach to conducting its tax affairs and managing our tax risks. Our vision for tax is to be a responsible corporate citizen, contributing the right amount of tax to society on time and in the right tax jurisdiction. Ibstock resides only in the UK and not in countries considered as partially compliant or non-compliant according to the OECD tax transparency report or blacklisted or grey listed by the EU in February 2024.

Viability and Going Concern Statements

Background

The Board's assessment of the longer-term viability of the Group is an integral part of our business planning processes. These processes include financial forecasting and risk and opportunity management, as well as longer-term scenario planning incorporating potential future economic conditions, market trends, emerging opportunities or threats and the potential impact of climate change. The output of the Group's business planning processes reflects the best estimate of the future prospects of the business based on a range of possible future scenarios. To make an assessment of viability, these forecasts are rigorously stress tested based upon potential adverse impacts arising from the Group's principal risks and uncertainties, which are outlined on pages 28 to 32, in severe but plausible scenarios which test the Group's resilience.

Assessment

Management's viability exercise, reviewed by the Audit Committee on behalf of the Board, has robustly assessed the market conditions, risks and the liquidity and solvency of the Group, including consideration of the wider economy and future uncertainty. The Group has leading positions within the markets in which it operates, as noted on pages 14 to 17, and its business strategy (see page 20) is aimed at continuing to strengthen its position in those markets, create value for its shareholders and ensure its operations and finances are sustainable.

Lookout period

The Group may use longer-term time horizons for the purposes of investment decisions and capital allocation given its markets and construction timeframes. However, the Directors believe that a three-year period provides the most appropriate horizon over which to assess viability. The performance of the building products industry is sensitive to the broader level of macroeconomic activity, which is influenced by factors outside of the Group's control, including demographic trends, the status of the housing market, mortgage availability, interest rates, changes in household income, inflation and also Government policy. These macroeconomic drivers are currently producing a period of prolonged uncertainty.

The Group's financing consists of £100 million of private placement notes from Pricoa Private Capital, with maturities between 2028 and 2033, and a £125 million Revolving Credit Facility (RCF) with a syndicate of five banks which matures in Q4 2026, against which £31 million was drawn at 31 December 2024.

The Group believes it would be able to refinance these arrangements as they fall due or obtain equivalent alternative sources of finance.

Stress testing

Although each of the Group's principal risks has a potential effect and has been considered as part of the overall assessment, only those that result in a severe but plausible scenario have been modelled. The Group's viability modelling has stress tested the annual budget and strategic plan in the following scenarios, both individually and in combination. The Group's viability assessment also considered two compound scenarios whereby firstly the Group experienced reputational damage during an economic downturn and secondly the Group experienced business disruption during an economic downturn.

The Group's viability assessment also included a sensitivity involving a reverse stress test to understand the Group's resilience through establishing the financial headroom that exists before viability is threatened. This was conducted by reducing profitability due to reducing industry demand for the Group's products..

Assumptions

In determining the viability of the Group, the Board made the following assumptions:

- The economic climate in which the Group operates remains in line with a broad consensus of external forecasts;
- There is no material change in the legal and regulatory frameworks with which the Group complies;
- There are no material changes in construction methods used in the markets in which the Group operates;
- The Group's risk mitigation strategies continue to be effective; and
- The Group's past record of successfully mitigating significant construction industry declines can be replicated.

- This assessment is based on debt maturities over the assessment period as follows:
 - £125 million Revolving Credit Facility maturing in 2026
 - £30 million US Private Placement maturing from 2028
- The scenarios assume an appropriate management response to the specific event which could be taken and also considers specific activities to improve liquidity such as raising additional funds, reducing expenditure and selling particular assets.

The Group believes it has the mechanisms to identify the early need for mitigating actions and, as demonstrated by our actions during the pandemic, has the ability to implement them on a timely basis if necessary.

Scenario 1

Economic downturn

Link to risk

- Risk – Economic and Financial Risk
- Risk – Customer and Industry Risk

The impact of a severe and prolonged reduction in demand for its products on the basis of reduced house building activity arising from either a macroeconomic downturn or negative impacts of geopolitical events; unexpected changes to Government policy resulting in reduced volume of product sold; or future impacts on customer activities as a result of COVID-19 or other pandemic, as well as a benign environment of prolonged price stagnation on sales.

This considered a demand reduction of 40% for the Clay and Concrete products in 2025 versus 2022, recovering to a 28% reduction in 2025 and 23% reduction versus 2026 in both Divisions thereafter, representing a gradual recovery after the first year.

Given the current systemic under supply of housing stock, the Directors believe any reduction in underlying demand above these levels would lead to Government stimulus to underpin levels of new-build housing. The Group has proven mitigating strategies including the mothballing and/or full or partial closure of production facilities, together with the reduction of shift patterns at other factories, thereby providing flexibility if the market returns more quickly.

Scenario 2

Production cost increases

Link to risk

- Risk 2 – Regulatory and compliance
- Risk 6 – Economic and Financial Risk
- Risk 9 – Climate change

A situation whereby the cost of production for all products increases by 10% and 20% for energy and 25% for carbon (recognising the material increase included in the budget and strategic plan) as a result of inflationary input cost rises across the Group arising from economic uncertainty, geopolitical events, or additional regulatory costs imposing additional cost within the production process arising from climate change related increases or tariffs, in the remote scenario whereby the Group is unable to pass on these costs to customers. This is based on historical cost inflation and price volatility seen in wholesale energy markets.

The Group seeks to mitigate and improve resilience to this scenario, through operating a policy of forward purchasing its energy requirements to lock in the costs of production to inform price negotiations with its customers and adopting a dynamic pricing strategy in relation to inflationary cost increases. Further, production plans could be flexed to reduce the available product range, either to focus upon more energy efficient products or to reduce changeovers at factories, which would provide mitigating production efficiencies.

Scenario 3

Disruption in business activities

Link to risk

- Risk 4 – Cyber and information systems
- Risk 9 – Climate change

The impact of an event, such as prolonged weather events as a result of climate change (for example mean temperature changes, water stress, storms or flooding), a cyber attack, local/national restrictions on the ability to work or other unanticipated event, which prevents production at one or more of the Group's facilities and therefore prevents customer demand being met. This specifically models the consequences of a significant production facility (Eclipse) being unable to produce for a prolonged period and also an outage at factories vulnerable to the climate-related physical risk of

increased precipitation for a period of 1 month as identified in the TCFD risk assessment. The impact of which would represent around 10% of production.

The Group aims to mitigate the risk associated with disruption through its business continuity and climate change resilience plans, which operate at a factory level, and its ability to transfer some of its production across its network of facilities.

Scenario 4

Reputational damage

Link to risk

- Risk 3 – People and talent management
- Risk 8 – Customer and Industry Risk

A scenario whereby the Group's reputation is damaged, as a result of customer relationship breakdown, significant employee disengagement or product quality issues, resulting in a sudden reduction in sales activity. The scenario modelled includes a reduction in revenue of 10% for a period of three years, representing potential impact or price reduction to maintain customers. The Group seeks to mitigate the risks of reputational damage on an ongoing basis with its internal control framework and series of independent reviews and audits.

The Group's viability assessment also considered two compound scenarios whereby the Group experienced reputational damage during an economic downturn and business disruption during an economic downturn.

The scenarios also consider the covenants with respect to the Group's borrowings, ensuring these thresholds are met.

The scenarios are hypothetical and severe for the purpose of creating situations that have the ability to threaten the Group's viability.

The results of the stress testing demonstrate that, due to the Group's cash-generative nature and access to its RCF, it would be able to withstand the impacts of these scenarios and remain cash generative.

Viability Statement

Based on their assessment of prospects and viability above, the Directors confirm that there is a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three years.

Going Concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation paragraph in Note 1 to the financial statements.

Strategic Report

The Strategic Report on pages 2 to 59 has been approved and signed by order of Board by:

Nick Giles

Group Company Secretary
4 March 2025

Governance at a glance

The Board confirms that the Group has applied the principles and complied with all provisions of the UK Corporate Governance Code 2018 (the Code) for the period under review.

The Code is available to view on the website of the Financial Reporting Council at www.frc.org.uk. The Board has reviewed and is considering the changes to be introduced by the UK Corporate Governance Code 2024 (which will apply to the Company from 1 January 2025), and will report on its application and compliance in the 2025 annual report.

Composition of the Board

Chair	1
Executive Directors	2
Non-Executive Directors	5

Length of tenure

0-3 Years	1
3-6 Years	2
6-9 Years	4
9+ Years	1

Age

Under 50	
50-60	5
60-70	3
70+	

Gender

Female	3
Male	5

The table on the facing page sets out where key content that relates to the Code can be found in this Annual Report.

UK Corporate Governance Code Table

The table below sets out where the key content can be found in this report.

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Chair's introduction



“Our aim is to ensure good governance in and beyond the Boardroom”

Jonathan Nicholls, Chair

I am pleased to introduce the Governance section of this year's Annual Report which has been structured so as to provide a clear and transparent overview of the Board's oversight of Istock's governance framework. The Board operates in accordance with the Code and is committed to delivering long-term sustainable value to our stakeholders.

Although we have not prepared our disclosures for this year against the new Corporate Governance Code that was released in January 2024, we have reviewed this so that we are prepared to do so in next year's Annual Report. As previously advised, we welcome feedback and suggestions from all of our stakeholders' on all disclosures, if you would like to do so please get in touch with our Company Secretary, Nick Giles at our Registered Office.

This section includes the Corporate Governance Statement, the reports of the main Board Committees, including the Directors' Remuneration Report and a number of other disclosures that we are required to make by law. Taken together and including cross references to relevant parts of the Strategic Report, they contain all of the information that is required to demonstrate how we have applied the principles and complied with the provisions of the UK Corporate Governance Code (Code). A table setting out where the key content can be found is on page 65.

Review of the Year

Throughout 2024, the Board and its Committees have played a key role in guiding the Group through another demanding year, by both supporting management and, where appropriate, providing necessary challenge.

All of the Directors take pride in the discharge of our Board duties and responsibilities in a transparent, open and honest manner, and we are heartened that this continues to be reflected by senior management and across the Group.

Our aim is to ensure that good governance extends beyond the Boardroom and is continually borne in mind as part of the successful delivery of the Group's strategic pillars over both the short and long term.

Board succession

The Board recognises the need to maintain an effective succession plan for both Board and senior management positions.

As reported in last year's Annual Report, I have now been on the Board since Istock became a publicly listed company in October 2015, and was appointed as Chair in 2018. The Nomination Committee started the process to appoint my successor during 2024 and have held regular meetings to manage the search, over the past few months. Whilst this process remains ongoing, it is hoped that we will be in a position to finalise an appointment before the AGM in May.

Page 76 provides more detail around the recruitment process.

Diversity

We are committed to promoting equal opportunities in employment and improving the diversity of our workforce. The Board recognises that gender diversity is a wider issue within our industry, with many of our roles, especially those which are factory based, traditionally being more popular with males. Motivated by this historical challenge, we remain committed to further improvement of our diversity statistics. We also note the diversity data collection activity during the year to better understand other elements of diversity within our workforce to enable future targets to be established.

The Board supports the aims and objectives of the Listing Rule (LR 6.6.6(9) (a)) and the FTSE Women Leaders Review, striving to achieve an appropriate balance of women on our Board and in senior positions throughout the Group. Whilst we recognise that we currently do not have at least one woman in the Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer role, we remain committed to ensuring that diversity is a key consideration in our appointment processes.

Remuneration Policy

We will be putting a new Remuneration Policy to our shareholders at the AGM on 15 May 2025. This follows an extensive engagement with our shareholders, the feedback from which was valuable in informing the decisions and conclusions of the Remuneration Committee in its finalisation of the Policy. Full details regarding the new policy can be found in the Directors' Remuneration Report on page 86.

Annual General Meeting and Retirement

Our Annual General Meeting will be held on 15 May 2025 at the I-Studio, 54 Hatton Garden, London. As previously announced, I expect to step down as Chair and as a non-executive director of Istock plc on this date.

Jonathan Nicholls

Chair
4 March 2025

Our highly experienced Board



Key to Committee membership:

- N** Nomination Committee
- R** Remuneration Committee
- A** Audit Committee
- S** Sustainability Committee
- Chair

Board members left to right

- Justin Read**
- Nick Giles (Company Secretary)**
- Nicola Bruce**
- Christopher McLeish**
- Joe Hudson**
- Jonathan Nicholls**
- Claire Hawkings**
- Peju Adebajo**
- Louis Eperjesi**

Jonathan Nicholls BA (Hons), ACA, FCT

Chair

Date appointed to the Board:
22 September 2015
(Chair since 24 May 2018)

Tenure on Board:
9 years 5 months

Committee memberships:

- N** **R**

Independent: On appointment
Relevant skills and experience: Degree in Economics and Accounting awarded by Manchester University. Member of the Institute of Chartered Accountants in England and Wales, having qualified with KPMG in 1982. Fellowship member of the Association of Corporate Treasurers. Over 20 years' experience at the senior management or director level of businesses, including those in brick manufacturing, roofing and construction, and property development. Significant experience as CFO and other senior finance roles in public companies.

Current external appointments:

- Shaftesbury Capital PLC – Chairman (appointed March 2023).

Past board roles include:

- SIG plc – NED
- DS Smith plc – SID
- Great Portland Estates plc – SID
- Hanson plc – CFO
- Old Mutual plc – CFO

Joe Hudson BA (Hons), FCIPD

Chief Executive Officer

Date appointed to the Board:
2 January 2018
(CEO since 4 April 2018)

Tenure on Board:
7 years 2 months

Committee memberships:

- S**

Independent: No
Relevant skills and experience: BA (Hons) Degree in Education awarded by the University of Exeter. General Management programmes at INSEAD and London Business School. Fellow of the Chartered Institute of Personnel and Development. Varied international career in general management, operations and strategic human resources in Europe, North America and Africa. Operational line management experience in cement, plasterboard, concrete products and construction materials. Experience of large scale business combinations.

Current external appointments:

- Director (Officer) of Construction Products Association.

Past board roles include:

- Aggregate Industries UK – Managing Director, Cement & Concrete Products
- Lafarge Africa plc – CEO

Christopher McLeish BSc, ACA

Chief Financial Officer

Date appointed to the Board:
1 August 2019

Tenure on Board:
5 years 7 months

Committee memberships:

- None

Independent: No
Relevant skills and experience: Member of the Institute of Chartered Accountants in England and Wales. Wealth of experience in key finance leadership roles with a broad background in manufacturing, media and technology sectors. Extensive experience of Group finance and controls, as well as global shared services operations. Demonstrable success in a range of senior operational, corporate and financial communication roles. Experience in digital transformation within complex, global operating environments.

Current external appointments:

- None

Past board roles include:

- Tate & Lyle North American Sugars – Finance Director

Louis Eperjesi

Senior Independent Director

Date appointed to the Board:
1 June 2018

Tenure on Board:
6 years 9 months

Committee memberships:

- R** **A** **N** **S**

Independent: Yes
Relevant skills and experience: Experience of manufacture and supply of building products in international markets. 13 years' experience in UK roofing and brick markets. Experience of strategy development, change management programmes and M&A activity. Strong commercial, marketing and product background. 15 years' experience in UK capital markets.

Current external appointments:

- Howden Joinery Group Plc – NED and member of the Audit, Remuneration, Nominations and Sustainability Committees (appointed June 2023).
- Trifast plc – NED, Responsible Business Committee Chair and member of the Audit, Remuneration and Nomination Committees (appointed January 2023).
- Accsys Technologies PLC – NED, SID, Remuneration Committee Chair and member of the Audit and Nomination Committees (appointed June 2022).

Past board roles include:

- Kingspan Group plc – Executive Director
- Tyman plc – Chief Executive Officer

**Peju Adebajo** BSc, MEng, MBA**Non-Executive Director**

Date appointed to the Board:
26 November 2021

Tenure on Board:
3 years 3 months

Committee memberships:

R A N S

Independent: Yes

Relevant skills and experience:

CEO with experience across a number of industrial sectors including building materials, renewables, consulting and banking. Over 15 years' experience in commercial expansion and development of products and services. Experience in sustainability leadership, turnarounds and value creation. Educated at Imperial College London and holds a Bachelors and Masters Degree in Engineering (Chemical Engineering). MBA from Harvard University and alumna of INSEAD.

Current external appointments:

- Wolseley Jersey Limited – NED (appointed July 2022).

Past board roles include:

- Major State Agricultural Department, Nigeria – CEO/MD
- Lafarge Africa PLC – MD
- Mouka Ltd (Nigeria) – CEO

Nicola Bruce MA, MBA, FCMA**Non-Executive Director**

Date appointed to the Board:
29 March 2023

Tenure on Board:
1 years 11 months

Committee memberships:

R A N

Independent: Yes

Relevant skills and experience:

Extensive experience as a Remuneration Committee Chair. Breadth of strategy, business development and non-executive director experience including within residential property and building materials sectors. Degree in PPE from Oxford University, an MBA from INSEAD and a Chartered Management Accountant.

Current external appointments:

- MJ Gleeson Plc – NED, Remuneration Committee Chair and Audit and Nomination Committee member (appointed March 2023).
- Stelrad plc – NED, Remuneration Committee Chair and Audit and Nomination Committee member (appointed October 2021).
- OFWAT – NED and Casework Committee Chair (appointed December 2020).
- Anchor Hanover Group – SID and Remuneration Committee Chair (appointed November 2018).

Past board roles include:

- Hanover Housing Association – NED
- Civil Service Healthcare Society – NED
- The Money Advice Service – NED
- De La Rue plc – Group Director of Strategy & Business Development

Claire Hawkings BSc (Hons), MBA**Non-Executive Director**

Date appointed to the Board:
1 September 2018

Tenure on Board:
6 years 6 months

Committee memberships:

S R A N

Independent: Yes

Relevant skills and experience:

BA (Hons) Degree in Environmental Studies awarded by Northumbria University. MBA from Imperial College Management School. Fellow of the Energy Institute. Fellow of Chapter Zero. Sustainability leadership and management expertise. Experience in developing and delivery of organisational strategies including business process transformation, leadership succession, and diversity and inclusion. Significant experience (30 years) in the energy sector in a variety of international leadership positions.

Current external appointments:

- Defence Equipment and Support (MOD) – NED, interim Remuneration Committee Chair, Programme Review and Audit Committee member (appointed April 2021).
- James Fisher and Sons Plc – SID, NED, and Audit, Remuneration and Nomination Committee member (appointed January 2022).
- FirstGroup plc – NED, Responsible Business Committee Chair, and Audit, Remuneration and Nominations Committee member (appointed January 2022).

Past board roles include:

- Tullow Oil Netherlands – Director
- Tullow Oil Bangladesh – Director
- Gujarat Gas Co. Ltd. – Director
- British Gas India Pvt. Ltd – Director

Justin Read MA, MBA**Non-Executive Director**

Date appointed to the Board:
1 January 2017

Tenure on Board:
8 years 2 months

Committee memberships:

A R N

Independent: Yes

Relevant skills and experience:

Educated at Oxford University and holds an MBA from INSEAD. Nine years as a CFO of FTSE-listed companies. Financial and management experience working across a number of different industry sectors, including real estate, support services, building materials and banking. Experience of managing businesses across multiple jurisdictions. Experience of strategy, M&A, business development, investor relations and capital raising.

Current external appointments:

- Grainger PLC – NED, SID, Audit Committee Chair, and Remuneration and Nomination Committee member (appointed February 2017).
- Affinity Water Limited – NED, SID, Audit Committee Chair and Remuneration & Nomination Committee member (appointed July 2020).
- Marshall of Cambridge (Holdings) Ltd – NED, Audit & Risk Committee Chair, and Remuneration and Nomination Committee member (appointed October 2021).

Past board roles include:

- Carillion plc – NED (for a six-week period from 1 December 2017)
- Segro plc – Group Finance Director
- Speedy Hire plc – Group Finance Director

Our restructured Executive Team



Joe Hudson

BA (Hons), FCIPD

Chief Executive Officer

Joined the business on 2 January 2018 (CEO since 4 April 2018)

Relevant skills and experience: BA (Hons) Degree in Education awarded by the University of Exeter. General Management programmes at INSEAD and London Business School. Fellow of the Chartered Institute of Personnel and Development. Varied international career in general management, operations and strategic human resources in Europe, North America and Africa. Operational line management experience in cement, plasterboard, concrete products and construction materials. Experience of large-scale business combinations.



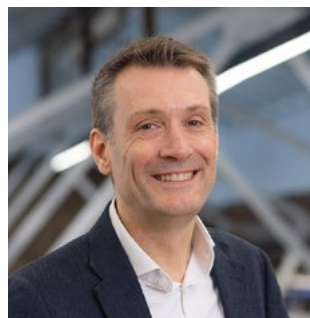
Christopher McLeish

BSc, ACA

Chief Financial Officer

Joined the business on 1 August 2019

Relevant skills and experience: Member of the Institute of Chartered Accountants in England and Wales. Wealth of experience in key finance leadership roles with a broad background in manufacturing, media and technology sectors. Extensive experience of Group finance and controls, as well as global shared services operations. Demonstrable success in a range of senior operational, corporate and financial communication roles. Experience in digital transformation within complex, global operating environments.



Nick Giles

MA, FCG

Group Company Secretary

Joined the business in July 2024

Relevant skills and experience: Undergraduate degree in Business Studies and a Master's degree in Business Law awarded by the University of Portsmouth. Fellow of the Chartered Governance Institute UK and Ireland since 2008. More than 20 years in senior company secretarial, governance, legal and compliance roles at FTSE 100 and 250 listed businesses. Broad experience gained with companies across a range of different sizes and sectors with both UK and international operations including publishing, FMCG, engineering, lighting, and plastic products.



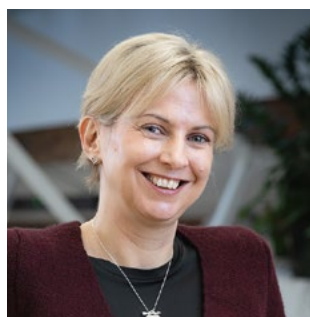
Chris Murray

BSc, MSc, MBA

Managing Director – Ibstock Clay & Concrete

Joined the business in November 2023

Relevant skills and experience: BSc in Civil Engineering, MSc in Materials Handling Technology awarded by Glasgow Caledonian University and an MBA from Newcastle Business School. 27 years of experience in FTSE 100 Manufacturing Companies. 20 years in Rio Tinto, starting as a Graduate Engineer and moving onto multiple Factory General Manager roles and ultimately the Chief Operating Officer for the Middle East. Following Rio Tinto spent almost 7 years with DS Smith Managing Director UK & Ireland.



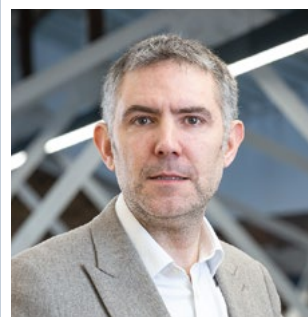
Joanne Hodge

BA (Hons), MCIPD

Group People, Sustainability and Social Impact Director

Joined the business in January 2022

Relevant skills and experience: BA Degree in Business and Finance awarded by University of Coventry. Member of Chartered Institute of Personnel and Development. Career which started as an Apprentice and progressed through a number of operational management roles before moving to HR within a Global FMCG organisation. Has since worked across Finance and Logistics sectors and led sizeable organisational and cultural transformation programmes.



Andrew Shepherd

Managing Director – Ibstock Futures

Joined the business in July 2024

Relevant skills and experience: Over 25 years of experience in the built environment, from both a contractor and client perspective. Several years at Laing O'Rourke, working in Canada, Australia and UK hubs on the delivery of major programmes of work. 4 years spent as the Managing Director of TopHat, Goldman Sachs' modular housing and development business. Andrew has also lectured at the University of Cambridge for 14 years on innovation in the construction industry, as well as being an adviser to HM Government on several industry panels.

Corporate Governance Statement

Application and compliance with the Code Compliance and Other Statements

The principles set out in the Code emphasise the value of good corporate governance to the long-term sustainable success of listed companies. These principles, and the supporting provisions, cover five broad themes and the Board is responsible for ensuring that the Company has appropriate frameworks in place to comply with the requirements of the Code. The Board believes that throughout 2024, the Company has applied the principles and complied with the relevant provisions of the Code.

Application of the Code Principles

References to those parts of the Annual Report and Accounts (Annual Report) that demonstrate how we have applied the main principles of the Code can be found below:

Board Leadership and Company Purpose

The Board is collectively responsible for the effective and entrepreneurial leadership of the Group in order to ensure its long-term sustainable success, including the generation of value for Istock's shareholders and society as a whole. It achieves this by doing business that is consistent with its purpose, vision and values whilst remaining clear on the interests of its key stakeholders as well as its impacts on the environment.

Information on how the Board led the Company, establishing and overseeing the purpose, values, strategy and integration of culture, ensuring that necessary resources are in place and that stakeholder engagement was effective can be found on page 42.

Division of Responsibilities

The roles and responsibilities of key aspects of the Group's governance framework can be found on page 70.

Composition, Succession and Evaluation

The Nomination Committee Report on page 74 contain information on Board composition, the process for appointments to the Board and wider succession planning, the Board evaluation and effectiveness review procedures and the approach to induction, training and development.

Audit, Risk and Internal Control

Page 72 and the Audit Committee Report on page 80 contain information on financial and business reporting, risk management, internal control and the internal and external audit functions. The Audit Committee Report summarises the activities of the Committee for the year, including areas of significant judgement.

Remuneration

The Directors' Remuneration Report on page 86 contains information on the Company's Remuneration Policy as well as its application in 2024 and for the coming financial year.

Robust assessment of emerging and principal risks

The Board confirms that it has carried out a robust assessment of the emerging and principal risks facing the Group (including those which would threaten the business model, future performance, solvency, liquidity or reputation), its appetite with respect to those risks and the systems required to mitigate and manage them. Details on the review process are set out on page 28. Further details on the emerging and principal risks and uncertainties can be found on page 29.

Annual review of systems of risk management and internal control

The Board monitored the Group's systems of risk management and internal control and carried out a review of their effectiveness. The Board concluded that,

whilst there remained opportunities to improve in certain areas, overall these systems were effective. Details regarding this review process are set out on page 85.

Section 172(1)

The s172(1) Statement is presented on page 46.

Fair, balanced and understandable

The Directors consider that, taken as a whole, this Annual Report is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy. Details on the process for arriving at this conclusion are set out on page 82.

Our purpose and values

The construction industry plays a vital part in the UK economy. Istock has a clear and simple purpose: to build a better world by being at the heart of building through our vision of enabling the construction of homes and spaces that inspire people to work and live better.

► **Our purpose** is on page 18.

Our strategy

We have a clear strategy that is informed by our purpose and aligned with our responsible business ambitions, underpinned by a culture that is defined by our core values of Teamwork, Trust, Care and Courage.

► **Our Strategy** is on page 20.

Our culture

The Board is very proud of the culture within Istock and each Director acts with integrity to lead and promote the desired culture.

► **More detail** on page 67.



Employee at our Power Park Factory

Board Leadership and Company Purpose

An effective Board

The Board is collectively responsible for the effective and entrepreneurial leadership of the Group in order to ensure its long-term sustainable success including the generation of value for Ibstock's shareholders and society as a whole. It achieves this by doing business that is consistent with its purpose, vision and values whilst remaining clear on the interests of its key stakeholders as well as its impacts on the environment. Each member of the Board acts in a way which they consider to be in the best long-term interests of the Group and in compliance with their duties under ss 170 to 177 of the Companies Act 2006. Both the stakeholder engagement section and the s. 172 (1) statement on pages 42 and 46 provide further information. The main activities of the Board as set out on page 66 also includes which stakeholder groups were considered as part of different agenda items during the year.

Shareholders look to the Board for the successful delivery of the Group's strategy and financial performance so the Board and has established a framework of prudent and effective controls that enable risk to be assessed and managed. More information on the risk management and risk control framework can be found in the Principal Risks and Uncertainties section on page 28 and the Audit, Risk and Internal Control section on page 72. On a regular basis, we review our level of oversight and the monitoring of risks over a variety of areas including strategy, acquisitions and disposals, capital expenditure on new projects, finance, people, and sustainability matters.

Activities of the Board in 2024

The key activities considered by the Board during the year are set out below. The Board recognises the value of maintaining close relationships with its stakeholders, understanding their views and the importance of these relationships in delivering our strategy and the Group's purpose. The Group's key stakeholders and their differing perspectives are taken into account as part of the Board's discussions. You can read more in the stakeholder section and our s.172 (1) statement on page 46.

Board meetings follow a clear agenda that is agreed in advance by the Chairman, in conjunction with the CEO and Company Secretary. Each meeting will start with a review of the Group's Health, Safety and Environmental Performance and include a number of standing elements including reports on operational and financial performance from the CEO and CFO and legal and governance updates.

Details of the Directors' attendance at the scheduled meetings can be found on page 69.

Strategy and growth

- **Review and approve the Strategic Plan** – Annually, the Board reviews, challenges and approves the Strategic Plan presented by the CEO and CFO.
- **Strategy meeting** – A dedicated session is assigned to the consideration and review of the Group's strategy on an annual basis. During this session, the Board receive inputs from its key advisers, the Executive Directors and members of the senior management teams.
- **Acquisitions** – The Board reviewed and considered potential acquisition targets and the broader pipeline of opportunity.

Health and safety

- **Reports** – The Board considers the Health, Safety and Environmental report from the Group's Head of Health and Safety, covering progress relative to targets, updates on new projects and initiatives, and analysis of any incidents. A more detailed summary round up of incidents is presented once a year.

- **Health and safety culture** – The Board uses The Listening Post and factory visits as opportunities to receive feedback on the health and safety culture within Ibstock.

Operational

- **Operational performance reporting** – The CEO provides regular reports to the Board.
- **Site visits** – Formal Board and Committee visits were held at our Throckley and Atlas sites during the year. The Board members also visited several sites outside of formal meetings. During these visits, operational performance is discussed with the Factory Managers.

Financial

- **Financial performance reporting** – The Board receives a pack of financial data on a regular basis that provides sufficient information on Ibstock's trading and financial position for historic periods as well as forward-looking forecast and budgets. Longer-term plans and information on the Group's banking relationships is also provided.
- **2025 Budget** – The Board discussed and challenged the 2025 Budget presented by Management.

Risk Management and Internal Control

- **Risk management** – Following a detailed review by the Audit Committee, the Board review Ibstock's approach to risk management, risk appetite and the Group's risk register twice a year.
- **Internal controls** – Upon guidance from the Audit Committee, the Board review the internal risk management framework and internal controls.

Governance

- **Formal governance updates** – Formal updates on governance are provided by the Group's advisers.
- **Governance updates** – The Board receives updates on other major legal, governance or compliance developments at each meeting from the Group Company Secretary.
- **Board evaluation** – This year, the Board discussed the findings and agreed the action plan from the internal Board Effectiveness Review.

Section 172 Approach

The needs of our different stakeholders as well as the consequences of any decision in the long term are well considered by the Board. This includes those decisions which involve the competing interests and priorities of our key stakeholders. We remain clear on the overriding duty to promote the success of the Company placed on the Board and other senior managers within the Group and that conflicts between differing interests can often arise.

Principal Decisions during 2024

It is acknowledged that it is not possible for all of the Board's decisions to result in a positive outcome for every stakeholder group. When making decisions, the Board considers the Company's purpose, vision and values, together with its strategic priorities, and takes account of its role as a responsible business. By doing this, the aim is to ensure that decisions are robust, sustainable and drive long-term success for the Company.

The main areas of Board activity can be found above. All of these areas involve

a range of inputs from stakeholders which are communicated to the Board in a variety of different ways. We detail below how the Board factored stakeholders, and the information we received through engagement, into three principal decisions in 2024. When making each decision, the Board carefully considered how it impacted the success of the Group, its long-term (financial and non-financial) impact and had due regard to the other matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Matter Discussed	Stakeholders considered	How we considered these stakeholders	Decision
Dividend	Shareholders, employees, pension trustee	The Board is conscious of the importance of the ordinary dividend as an income stream for many of our shareholders and, taking into account the financial position of the Company and underpinned by the continued confidence in the financial strengths and prospects of the business, the directors decided that it was appropriate to pay interim and final dividends totalling 4.0p per share. The Board will keep the dividend policy under review to ensure that it remains appropriate and continues to be in the interests of the Company's other stakeholders.	The decision was taken to pay a final and an interim dividend
Future Focus	Shareholders, employees, customers	The Group has taken significant steps to upgrade its asset footprint and strengthen the capability of its teams over recent years. In order to sharpen our focus on execution, and align everyone across Istock with our ambitious strategic goals, during the second half of 2024 we defined a new set of 5 focus areas under the banner of a unifying "North Star" objective. These areas cover: Obsessive Customer Experience; Istock's Safe Reliable Production Systems; Sector Innovation; Sector Leading Sustainability & Social Impact; and People & Culture.	The definition of a new set of 5 strategic focus areas under the banner of a unifying "North Star" objective
Istock Futures	Shareholders, employees, customers	During October, we took the decision to restructure our glass fibre reinforced concrete (GRC) activities, which form a small part of the Istock Futures business unit. While we continue to see significant opportunities for GRC technology over the medium term, additional work needs to be completed on an appropriate model before we make material further investment.	The decision was made to restructure the GRC activities

Our purpose, values and Culture

The construction industry plays a vital part in the UK economy. Istock has a clear and simple purpose to be at the heart of building and enable the construction of homes and spaces that help people live better lives with its range of innovative clay and concrete building products as we have been doing for over 200 years. We have a clear strategy that is informed by our purpose and aligned with a responsible business ambition underpinned by a culture that is defined by our core values of Trust, Care, Teamwork and Courage.

Strategy sessions form part of the annual Board cycle that is prepared by the Chairman, CEO and Group Company Secretary.

The Board aims to ensure that these values are integrated into decision-making and that the policies and procedures we put in place are consistent with and support our culture. Where behaviour is not aligned with these values, the Board and management seek to ensure that appropriate action is

taken. The Board has not needed to seek corrective action during 2024.

We monitor culture through updates on new initiatives and the development of plans provided by the CEO and the Director of People, Sustainability and Social Impact. In addition, the Board receives a written update following meetings of the Listening Post, our chosen method of workforce engagement and referenced below, as this serves as a good bellwether for views within the wider business.

The Board also considers the following:

Health, Safety and Wellbeing

The Board receives and discusses a detailed update on health and safety at the start of every Board meeting. This allows the Board to monitor the development and implementation of initiatives to improve safety as well as Istock's prioritisation of completing safety actions. The CEO and senior leaders continuously monitor the Group's safety performance, starting all internal communications with a focus on driving health and safety prioritisation throughout the

Group. The Group recognises factories that meet key milestone dates without Lost Time Incidents.

Operational Excellence

The Board received regular updates on performance and discussed and approved actions required to manage our cost and capacity. When discussing such proposals, a keen focus was given on the approach Istock will take to this work to ensure that the strong collegiate culture is not impacted by the necessary actions taken.

Environmental Performance

Through the Sustainability Committee, the Board receives regular updates on the Group's performance against our ESG targets.

Product Innovation

The Board and its Committees receive updates on new product innovation within their meetings. During 2024, the Sustainability Committee received training on Environmental Product Declarations (EPDs) and monitors the EPD publication programme.

Customer Experience

The Board monitors our customer experience culture through updates of customer feedback, sales figures and customer surveys.

Corporate Governance Statement continued

Digital Transformation

The Board received an update during the 2024 year on the progress made on our digital strategy whilst the Audit Committee also considered cyber and information security at a meeting in November 2024.

Core Investment culture

The Board received regular updates in their meetings on growth opportunities and discussed diversified growth opportunities during the Board Strategy meeting.

Stakeholder interests

The Board recognises the value of maintaining close relationships with all of its stakeholders, understanding their views and the importance of these relationships in delivering our strategy and the Group's purpose.

The Board has a good understanding of its key stakeholders and recognises the interests, importance and value of each relative to the Group's business and strategy. This is based on regular engagement with these groups over a number of years.

An overview of the group's key stakeholders including a summary of the methods of engagement and information on how their interests have been taken into account in board decision making can be found from page 42 of the Strategic Report. Some examples of principal board decisions that were discussed during the year and how the Board considered these stakeholder groups can be found on page 67.

Workforce engagement

The Listening Post, an employee forum comprising members of the Board, the CEO, Group People, Social Impact and Sustainability Director and employee representatives, is our method of engagement with the workforce. Whilst not one of the methods set out in the Code, the Listening Post is a combination of being a workforce advisory panel with non-executive director representation.

Shareholder engagement

Throughout the year, the Board engaged with Istock shareholders through multiple formal channels including those below.

Investor meetings

As part of the Group's annual financial calendar, the CEO and CFO conduct a round of meetings with analysts and investors following the announcement of the full-year and half-year results. Other meetings are arranged as and when requested. During the 2024 financial year, we held over 90 meetings with groups of existing and potential investors.

The Chair seeks regular engagement with the Company's major shareholders in order to understand their views on governance and performance against the strategy whilst the Committee Chairs also engage on significant matters related to their area of responsibility.

Louis Eperjesi, our Senior Independent Director (SID), was available to shareholders throughout the year if they have concerns that contact through the normal channels has failed to resolve or for which such contact is inappropriate.

Investor visits

Interested institutional investors are provided with opportunities to visit the Group's operational sites and are encouraged to do so in order to increase their understanding of Istock's business.

Shareholder feedback

The Chair ensures that the whole of the Board has a clear understanding of the views of shareholders. There is an effective flow of communication between the Board and all shareholders, particularly with regard to business developments and financial results. The Board aims to communicate on a regular basis and at present the Company utilises news releases, investor presentations and Company publications, and will expand communication channels as appropriate.

The Company's brokers prepare a report that provides anonymised objective feedback received from investors following those meetings. The report is shared with all members of the Board, who act upon the feedback as necessary. The Executive Directors also provide feedback on their conversations with investors, which provides an opportunity for all Non-Executive Directors to develop a better understanding of the views of Istock's major shareholders. Further information on engagement with shareholders can be found in the Stakeholder engagement section on page 42.

Annual General Meeting (AGM)

Istock's AGM will be held on 15 May 2025. Any shareholder who wishes to ask a question can do so in advance of the meeting. Please email company.secretariat@ibstock.co.uk with any questions prior to the start of the AGM. We endeavour to answer as many questions as possible and will respond by email if we are unable to answer your question during the meeting.

Details of the arrangements together with the resolutions to be proposed at the AGM can be found in the Notice of Meeting (Notice). The Notice, together with explanatory notes on the resolutions to be proposed and full details of the deadlines for appointing proxies, will be circulated to all shareholders at least 20 working days before the AGM, together with this Annual Report. This document will also be available on our website www.ibstock.co.uk. Results of voting at the AGM are announced to the London Stock Exchange following the meeting and are then published on the Company's website.

Annual Report

Our Annual Report is available to all shareholders and we aim to make our Annual Report as accessible as possible. Shareholders can opt to receive a hard copy in the post, a PDF copy via email or download a copy from our website. In line with our sustainability ethos we encourage you to view a digital copy of our Annual Report where possible. However, if you require a hard copy of the Annual Report please contact the Group Company Secretary.

Corporate website

Our corporate website has a dedicated investor section with Company information and results, our Annual Reports, results presentations (including webcasts) and an investor news section including information which may be of interest to our shareholders. We recognise that continual improvement is necessary and in recognition of feedback received around the current website's suitability and ease of use we have begun a project to upgrade and refresh the website to take account of these comments and to make it more useful and intuitive to all users going forward.

Conflicts of interest

A register of conflicts of interest is maintained by the Company Secretary and considered by the Board twice a year. The Company's Articles of Association, which are in line with the Companies Act 2006, allow the Board to authorise potential conflicts of interest that may arise and to impose limits or conditions, as appropriate, when giving such authorisation. During the year, and as at the date of this report, apart from those relating to directorships of other companies, no conflicts had been reported to the Board.

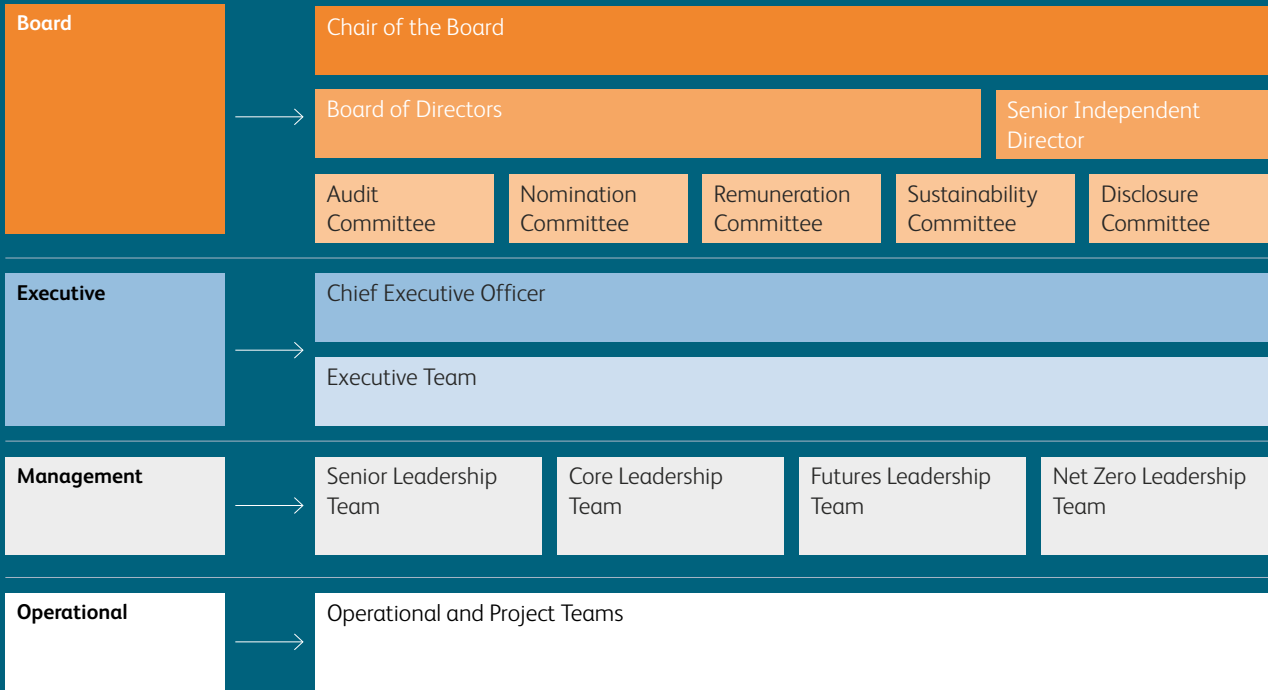
Any concerns of the Directors around the operation of the Board or the management of the Company and that cannot be resolved are recorded in the Board minutes. Directors are asked to provide a written statement to the Chairman for circulation to the Board should they have such concerns when they resign from the Board.

Whistleblowing

Although the Audit Committee reviews the operation of Istock's whistleblowing arrangements, the Board retains responsibility and receives a consolidated report setting out those material incidents that have been reported under the Company's Whistleblowing Policy on a half yearly basis. This provides appropriate oversight of the arrangements in place for our employees to raise legitimate concerns, in confidence, about any matter including those related to financial reporting, health and safety or other improper conduct. Having reviewed these reports, the Board concurred with the actions taken by management and were satisfied that this provided an appropriate level of assurance that confirmed the system was working and that all members of the workforce were familiar with the procedures in place.

Governance Statement

Division of responsibilities



The Istock Board holds seven or eight scheduled meetings during the year, one of which will be an off-site strategy session. If Directors are unable to attend a meeting because of exceptional circumstances, they continue to receive the papers in advance of the meeting and have the opportunity to discuss with the relevant Chair or the Company Secretary any matters on the agenda which they wish to raise. Feedback is also provided to the Director on the decisions taken at the meeting.

Meeting attendance

	Board	Audit Committee	Remuneration Committee	Nomination Committee	Sustainability Committee
Jonathan Nicholls	7/7	-	4/4	7/7	-
Joe Hudson	7/7	-	-	-	4/4
Chris McLeish	7/7	-	-	-	-
Justin Read	7/7	4/4	4/4	7/7	-
Louis Eperjesi	7/7	4/4	4/4	7/7	4/4
Claire Hawkings	7/7	4/4	4/4	7/7	4/4
Peju Adebajo	7/7	4/4	4/4	6/7*	4/4
Nicola Bruce	7/7	4/4	4/4	7/7	-

* Peju Adebajo was unable to attend one meeting date due to an unavoidable conflict with another meeting. She received papers on all matters to be discussed at the meeting and provided the Board, Chair, CEO and other members with comments and questions prior to the meeting.

The Board has clearly defined the roles of the Chair, CEO and Senior Independent Director (SID) and, as required by the Code, the roles of Chair and CEO are not being exercised by the same individual.

Full details of the roles and responsibilities of all parts of the Group's governance arrangements including those concerning the Chair, CEO and SID can be found on the Company's website and on the next page.

Governance Statement *continued*

Roles and responsibilities

Chair	The Chair is responsible for the leadership and effectiveness of the Board. The Chair, with the assistance of the CEO and the Group Company Secretary, sets the agenda for Board meetings, manages the meetings (in conjunction with the Group Company Secretary) and facilitates open and constructive dialogue during those meetings. The Chair may also hold meetings with the Non-Executive Directors without the CEO and CFO being present.
The Board	<p>There are a number of key areas that are specifically reserved for the decision of the Board. A list of these can be found on our website www.ibstock.co.uk.</p> <p>Other matters, including the day to day management of the Group, may be delegated to the Executive Directors. Although a wide range of the Board's powers and authorities are delegated to the CEO, the Board retains ultimate responsibility and authority for their exercise.</p> <p>The Board approves the Group's governance framework, taking into account contributions from Board Committees in their specialist areas such as remuneration policy, internal controls and risk management and succession planning.</p>
Independent Non-Executive Directors	The Non-Executive Directors provide an external perspective, sound judgement and objectivity to the Board's deliberations and decision-making. With their diverse range of skills and expertise, they support and constructively challenge the Executive Directors, and monitor and scrutinise the Group's performance against agreed goals and objectives. The Non-Executive Directors are also responsible for determining appropriate levels of executive remuneration, appointing and removing Executive Directors, and succession planning through their membership of the Remuneration and Nomination Committees. The Non-Executive Directors together with the Chair meet regularly without any Executive Directors being present.
Senior Independent Director (SID)	The SID provides advice to the Chair and serves as an intermediary for the other Directors and shareholders. The Non-Executive Directors meet without the Chair present at least annually to appraise the Chair's performance, and on other occasions as necessary.
Board Committees	<p>The Board has five main committees: the Audit Committee, Nomination Committee, Remuneration Committee, Sustainability Committee and the Disclosure Committee.</p> <p>The Terms of Reference for each Committee are available on the Group's website www.ibstock.co.uk.</p>
Chief Executive Officer (CEO)	The CEO has specific responsibility for recommending the Group's strategy to the Board and for delivering the strategy once approved. In undertaking such responsibilities, he is supported by the ET and other Board colleagues. The CEO and CFO monitor the Group's operating and financial results and direct the day to day business of the Group. The CEO is also responsible for the recruitment, leadership and development of the ET.
Chief Financial Officer (CFO)	The CFO is responsible for the financial matters in the Group. He supports the CEO in the achievement of the Group's strategic objectives and manages the relationships with Ibstock's investors and analysts. Further information can be found in the Group Financial Review on page 36.
Executive Team (ET)	The ET has been established to support the CEO's management of the business on a day to day basis and exercise of any authority delegated to him by the Board. Members of the ET include the Chief Financial Officer, the Managing Director – Clay & Concrete, the Managing Director – Ibstock Futures, the Group People, Sustainability and Social Impact Director and the Group Company Secretary. Formal meetings are held on a monthly basis with weekly catchup calls diarised to ensure all appropriate matters receive time and consideration by this group.
Board support and the Group Company Secretary	<p>The Group Company Secretary supports and works closely with the Chair, the CEO and the Chairs of the Board Committees in setting agendas for meetings of the Board and its Committees. He ensures accurate, timely and clear information flows to and from the Board and the Board Committees, and between Directors and senior management. In addition, he supports the Chair in designing and delivering Directors' induction programmes and the Board and Committee performance evaluations, advises the Board on corporate governance matters and Board procedures, and is responsible for administering the Share Dealing Code and the AGM.</p> <p>The Directors of all Group companies, as well as the Board, have access to the advice and services of the Group Company Secretary, although independent external legal and professional advice can also be taken when necessary to do so. Furthermore, each Committee of the Board has access to sufficient and tailored resources to carry out its duties. The appointment and the removal of the Group Company Secretary is a matter for the Board as a whole.</p>
Directors' Availability	The Board is content with the level of external directorships held by the Chair and the Independent Non-Executive Directors, as these do not impact on the time that any Director devotes to the Company. The Board is satisfied that Directors have sufficient time to perform their duties and, furthermore, the Board believes that this external experience serves to enhance the capability of the Board.
Independence	The independence of the Non-Executive Directors is considered on an annual basis by the Nomination Committee on behalf of the Board and, following this year's review, it was concluded that all of the Non-Executive Directors continue to remain independent in character and judgement and are free from any business or other relationships that could materially affect the exercise of their judgement. The balance of skills and experience ensures that no one individual or small group of individuals dominates the Board's decision-making processes. The Board and Nomination Committee also review Committee membership annually to ensure that undue reliance is not placed on individuals.

Composition, Succession and Evaluation

Nomination Committee

The Board has established a Nomination Committee to which it has delegated a number of responsibilities. Information on the Committee's composition, together with the principal activities carried out during the year, are included in the Nomination Committee Report on page 74.

Board composition

The Board comprised eight Directors at the year end: two Executive Directors and six Non-Executive Directors. Over half of our Board (excluding the Chair) are deemed independent Non-Executive Directors and the composition of all Board Committees complies with the Code. Additionally, the Chair was considered independent on his appointment.

The Committee is responsible for regularly reviewing the composition of the Board. The Board and its Committees benefit from a combination of skills, experience and knowledge drawn from across several industries and functional roles. Length of tenure and the range of skills and experience of the Board can be found in the Directors and Executive section on pages 62 and 63.

Appointments and succession

The Nomination Committee leads the process for the appointment of new Directors to the Board. Appointments are made on merit and measured against objective criteria set with regard to the benefits of a diversified Board. The process is a formal, rigorous and transparent procedure. Effective succession plans are maintained for Board and senior management.

The Board and the Nomination Committee considered Board succession and that of the wider ET during the course of the year to ensure that the Board has the right mix of skills and experience, as well as the capability to provide constructive challenge and promote diversity.

Process and methodology

The Board undertook an evaluation of its own performance, and that of its Committees and the individual Directors in respect of the year under review. When conducting its annual evaluation,

the Board considers its composition, diversity and how effectively members work together to achieve the Group's objectives. The Chair conducts individual evaluations of the Non-Executive Directors to determine whether they have made an effective contribution to the Board.

Having completed an external evaluation during the 2023 financial year, the process this year was internally facilitated, and supported by the Group Company Secretary. A questionnaire was completed by all members of the Board which included questions around the Group's strategy, effectiveness and accountability. The process provided the Board with the opportunity to make specific comments in response to a series of open questions. The results were collated by the Group Company Secretary and a report provided to the members of the Board for review.

Individual evaluation

The SID spoke with the Non-Executive Directors, in the absence of the Chair, to appraise the Chair's performance, taking into account the views of Executive Directors. The review concluded that the Chair's performance continued to be effective and that he demonstrates commitment to the role. The SID informed the Chair of the review's findings.

The Chair met with all Non-Executive Directors individually to conduct an appraisal of their performance.

The reviews concluded that the Non-Executive Directors continued to be effective and had demonstrated commitment to their roles.

Outcomes

Board effectiveness reviews, by their very nature, can feel somewhat negative given that the outcome is primarily a discussion of areas for improvement. As a balance the review identified many positive aspects of the current operation of the Board and showed that the Board is effective in most areas, is well led, and that the Directors challenge constructively. The evaluation concluded that the Board and its Committees continued to provide effective leadership and exert the required levels of governance and control and that each Director continued to

contribute effectively and demonstrate commitment to his or her role.

A number of recommendations, notably around training requirements, committee advisory relationships and the content of Board deep dive sessions, were discussed by the Board and it was agreed that a formal action plan would be developed with support from the Group Company Secretary to address the recommendations. This plan would form a standing part of the activities of the Board over the course of the coming year.

Induction, training and development

All new Directors receive a tailored induction programme upon joining the Board and additional training is made available to members of the Board in accordance with their requirements. The Nomination Committee reviewed the training requirements of the Board and agreed upon a suitable regime for training and information flows to enable the Directors to satisfy their training and development needs. Information provided to the Board included updates on developments on Corporate Governance, the regulatory framework and accounting matters. The Chair and the Group Company Secretary will continue to identify broader areas of training for the Board as a whole and the Chair will discuss and agree the training requirements with individual Directors as and when required.

Directors may, at the Company's expense, take independent professional advice and are encouraged to continually update their professional skills and knowledge of the business.

Re-election of Directors

All Directors are subject to annual re-election and, with the exception of the current Chair, who will be standing down from the Board, intend to submit themselves for re-election at the 2025 AGM. The Notice sets out the reasons why the Board considers their respective contributions to be and to continue to be important to the Company's long term sustainable success.

Governance Statement *continued*

Audit, Risk and Internal Control

Audit Committee

The Board has established an Audit Committee to which it has delegated a number of responsibilities. Information on the Committee's composition, its role, together with information regarding the principal activities that it carried out during the year, are included in the Audit Committee Report on page 80. The Board considers that the Chair of the Audit Committee, Justin Read, possesses the level of recent and relevant financial experience required and that the Committee, as a whole, has competence relevant to the sector in which the Group operates. Additional information on the skills and experience of the members of the Audit Committee can be found in the Board of Directors and Executive Team section on page 62.

Financial and business reporting

The Board has established arrangements to ensure that reports and other information published by the Group provide a fair, balanced and understandable assessment of Istock's position and prospects. The Strategic Report on pages 2 to 59 explains the Group's Business Model and the strategy for delivering the objectives of the Group and a statement on the Group as a going concern and the Viability Statement is set out on page 58.

The long-term business plan, annual budget and material investment proposals are formally prepared, reviewed and approved by the Board.

A clearly defined organisation structure is in place, with clear lines of accountability and appropriate division of duties.

The Group's financial regulations specify authorisation limits for individual managers with all material transactions being approved by the Board.

Consolidated financial results, including a comparison with budgets and forecasts, are reported to the Board at each meeting, with variances being identified and understood so that mitigating actions can be implemented, where appropriate. Monthly Divisional meetings are held, attended by Executives, representatives from the Group Finance function and local senior management. These meetings provide an opportunity for a detailed review of performance and to identify any issues or trends.

Half-year and annual consolidated accounts are prepared and verified by the finance team, and reviewed by the Executive Directors and the External Auditor. The accounts are then considered by the Audit Committee, which makes a recommendation in respect of their approval to the Board. The Board then reviews and approves the accounts prior to the announcement of the half-year and annual results.

The Board considers that the processes undertaken by the Audit Committee are appropriately robust, effective and in compliance with the guidelines issued by the FRC. During the year, the Board has not been advised by the Audit Committee on, or identified itself, any failings, fraud or weaknesses in internal control which have been determined to be material in the context of the financial statements.

Further details of the review work carried out by the Audit Committee in relation to the 2024 Annual Report can be found in the Audit Committee Report on page 80.

Viability Statement

The approach to the Viability Statement and the statement itself are set out on pages 58 to 59.

Risk management and internal control systems

The Board has overall responsibility for the Group's system of risk management and internal control, including the setting of risk appetite. The Audit Committee has a key role to play in overseeing risk management and internal controls and advising the Board. More information on page 84.

The Board is responsible for reviewing the effectiveness of risk management and internal control systems and specifically that:

- There is an ongoing, systemised process for identifying, evaluating and managing the principal risks faced by the Group.
- This system has been in place for the year under review and up to the date of approval of this Annual Report.
- The system is regularly reviewed by the Board.

During the year, the Board has directly, or through the Audit Committee, overseen and reviewed the development and performance of risk management activities and practices and the systems of internal control in place across the Group. As a result, the Board is satisfied that the risk management and internal control systems that are in place remain robust and effective.

The Board delegated the responsibility for conducting the work required for it to provide the 'fair, balanced and understandable', 'going concern' and 'viability' statements to the Audit Committee. In conducting this work, the Audit Committee acts on behalf of the Board and its activities remain the responsibility of the Board.

The relevant Board statements on these matters are set out on page 65.

The principal risks and uncertainties are set out on pages 28 to 32.

Risk management cycle

Risk appetite

Risk appetite is defined as the amount and type of risk we are willing to pursue or retain in order to meet our strategic objectives. Our assessment of risk appetite is guided by our vision and mission and informed by our strategic objectives. It is used as a measure against which all of our current and proposed activities are tested.

Risk appetite is reviewed annually to ensure that it is aligned with strategy.

Risk management framework

A risk management framework is in place across the Group which includes risk appetite. Each business is expected to adhere to the Group risk framework and to report regularly on its risk registers and key risk indicators, but, if appropriate, the Group framework may be customised to local requirements as long as minimum standards are met. A mechanism exists to extend the Group's risk framework to any significant new business that is acquired or established immediately upon acquisition or start-up. Oversight of the risk management framework and process is provided by the Group Financial Controller, Divisional risk teams, the Audit Committee and, ultimately, the Board.

Risk management assessment process

Our assessment of risk is approached from a top-down and a bottom-up perspective. Through the ET, we identify Group Enterprise Risks, which are those risks that directly link to our business model and strategy. At a Divisional level, each business identifies strategic and operational risks, which are captured on detailed risk registers. Divisions are also required to ensure that risks designated by the Group to be 'critical' risks are actively managed. These are risks where compliance with a minimum level of control is considered to be non-negotiable (an example of a 'critical' risk is health and safety). Best practice in respect of identifying and mitigating 'critical' risks is shared across the Group.

All risks are assessed in respect of likelihood and impact based on the materiality matrix included in the Group risk framework. Risks are then scored on a mitigated and unmitigated basis and rated as high, medium or low. Consideration is given to whether risks are within or outside appetite and particular attention is given to the controls that are in place and the actions being taken to mitigate the risks. Incidents are recorded and reported on at the relevant risk meetings.

Risk registers are reviewed at Divisional risk meetings, with the ET and the Audit Committee having regular oversight of both the Group Enterprise Risks and the principal risks identified by each Division.

Internal control

The Group's internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. They are based on assessment of risk and a framework of control procedures to manage risks and to monitor compliance with procedures. The internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed and, by their nature, can provide only reasonable, not absolute, assurance against material loss to the Group or material misstatement in the financial accounts. The overall responsibility for Istock's system of internal control and for reviewing its effectiveness rests with the Board but this responsibility has been delegated to the Audit Committee. Further details of the review and monitoring procedures can be found within the Audit Committee report on page 83.

The Group employs a third party specialist, RSM LLP, to provide internal Audit Services. Internal Audit acts as the 3rd line of defence. In order to ensure the independence of the Internal Audit function, RSM's primary reporting line is to the Chair of the Audit Committee.

The Internal Audit function fulfils its role and responsibilities by delivery of the annual, risk-based audit plan. There are no restrictions on the scope of Internal Audit's work.

A report is issued after each audit which provides an opinion on the control environment and details any issues found. Internal Audit then works with the businesses to agree remedial actions, which are tracked to completion.

RSM attends and reports to every Audit Committee meeting.

Internal and External Audit

Details of the Internal Audit function and the External Auditors are provided in the Audit Committee Report on page 84. The Board is satisfied that the necessary policies and procedures are in place to ensure the independence and effectiveness of both.

Remuneration

The Remuneration Committee

The Board has established a Remuneration Committee, which has delegated responsibility for determining the policy for executive remuneration and setting remuneration for the Chair of the Board, CEO and members of the ET including the Company Secretary. When doing so, the Remuneration Committee takes account of wider workforce remuneration and related policies and the alignment of incentives and rewards with culture. Further details of the work of the Committee are set out from page 86.

Remuneration Policy

The proposed Executive Remuneration Policy for approval at the 2025 AGM and details of the remuneration packages of individual Directors are set out on pages 93 to 101. During the year no individual Director was present when their own remuneration was determined.

Nomination Committee Report



Jonathan Nicholls
Chair of the Nomination Committee

Committee purpose

The Nomination Committee (the Committee) leads the process for appointments, ensures plans are in place for orderly succession to both the Board and senior management positions, and oversees the development of a diverse pipeline for succession.

Membership, meetings and attendance

Membership comprises the independent Non-Executive Directors with support from the Group’s Company Secretary. Details of meeting attendance can be found on page 69. The Committee met on seven occasions during the year.

Member	Membership dates	Meeting attendance	% attendance
Jonathan Nicholls (Chair)	22 September 2015	7/7	100%
Peju Adebajo	26 November 2021	6/7	86%
Nicola Bruce	29 March 2023	7/7	100%
Louis Eperjesi	1 June 2018	7/7	100%
Claire Hawkings	1 September 2018	7/7	100%
Justin Read	1 January 2017	7/7	100%

► **Read more** – Biographies of the Committee members are on page 62.

Role and responsibilities

The key responsibilities of the Committee are to:

- Develop and maintain a formal, rigorous and transparent procedure for making recommendations to the Board on appointments and on the structure, size and composition of the Board
- Ensure that planning is in place for orderly succession of both the Board and senior management positions
- Oversee the development of a diverse pipeline of talent for succession
- Evaluate the balance of skills, diversity, knowledge and experience of the Board
- Prepare a description of the role and capabilities required for a particular appointment and lead the recruitment process
- Identify and nominate, for the approval of the Board, candidates to fill Board and senior management vacancies, ensuring that candidates have the necessary skills, knowledge and experience to effectively discharge their responsibilities
- Review the time commitment required from Non-Executive Directors and evaluate the membership and performance of the Board and its Committees
- Ensure that evaluations of the effectiveness of the Board and its Committees, and performance assessments of the Chair, the Chief Executive Officer, and the Chief Financial Officer are undertaken annually
- Recommend, where appropriate, the re-election of Directors

► **Read more** – The Committee’s Terms of Reference are available in full at www.ibstock.co.uk

Main activities of the Nomination Committee during 2024

- Reviewed and supported initiatives to support improved diversity, economic and social benefit throughout the Group, as we are conscious that this needs to be an area of focus for Ibstock as a leader within the building sector.
- Reviewed succession plans for key members of the Board, including the Chair.
- In a process that has been led by the Senior Independent Director (SID), Louis Eperjesi, with the support of Russell Reynolds, a specialist third party recruitment specialist, the Committee has overseen the search for a new Chair to replace Jonathan Nicholls when he steps down in May 2025 at the AGM.

Board Diversity Policy

Objectives

We are committed to promoting equal opportunities in employment and apply this policy to all Board Committees. As an organisation we believe that by providing a harmonious working environment, all employees should be able to maximise their potential and contribute to our success. Istock's Diversity and Inclusion Policy, which applies to all employees, supports our Diversity and Inclusion Strategy, and Working Group activities, which aim to increase diversity and promote inclusion within our workforce.

Policy objectives	Implementation	Progress against objectives
The Board acknowledges and supports the recommendations of the FTSE Women Leaders' (previously the Hampton-Alexander) and Parker reviews. Within this context, we will continue to make appointments which reflect our strategic aims to sustain, innovate and grow our business, with due regard for the need for diversity on the Board. On a comply or explain basis, we will continue to report on the diversity of our Board composition with reference to the voluntary targets outlined within these reviews in our Annual Report and Accounts, and in compliance with legal and regulatory requirements as may be applicable from time to time.	The policy is considered and approved by the Board on an annual basis and is publicly available on our website at www.Istock.co.uk .	The results for the period under review can be found in the table below. Istock maintained Board gender diversity of 37.5% through 2024.
	The Nomination Committee adopts the objectives in the policy when approaching all recruitment activity for the Board and the Board's Committees. Similarly, these objectives apply to Executive Team recruitment and the broader senior management team.	We have refined and clarified our diversity disclosures within this Annual Report and Accounts.

Succession Planning

The composition of the Board is constantly under review with the aim of ensuring that it has the depth and breadth of skills to discharge its responsibilities effectively. The Committee, through its oversight of succession planning, applies a similar approach to the layer of management that sits immediately below the Board, the Executive Team.

The Committee aims to ensure that the Board and senior management are well balanced in the skills and experience appropriate for the needs of the business and the achievement of the Company's strategy. Furthermore, the Committee ensures that the Board includes Non-Executive Directors who are appropriately experienced and are independent in character and judgement.

In line with good practice, given the tenure of Justin Read as Audit Committee Chair, the Committee considered and concluded that he remains independent, when reviewing the independence of all our Non-Executive Directors.

To support this, the Committee has developed a skills matrix of the Board Directors which is used to better understand the training requirements of the Board, as well as to understand the skills and experience requirements within the Board's succession plans.

Recruitment agency

To assist with the search to appoint a new Chair, the Committee appointed Russell Reynolds, a specialist third party recruitment agency which has no other connection to the Company or to individual Directors.

Board Diversity

UK Listing Rules Statement

As required by LR 6.6.9R(11) Istock collects diversity data from the Board and wider workforce through diversity data collection surveys. In accordance with the Listing Rule (LR 6.6.6R(9)(a)), Istock confirms that as at 31 December 2024, and as at the date of this report:

- Istock has not met the target that at least 40% of the board of directors are women. 37.5% of the board of directors are women.
- Istock has not met the target that one of the following senior positions on its board of directors is held by a woman – the Chair, the Chief Executive, the Senior Independent Director; or the Chief Financial Officer.
- One individual on its board of directors is from a minority ethnic background.

As a result Istock is not compliant with LR 6.6.6R(9)(a).

Committee Reports *continued*

The Committee retains the strong belief that a diverse Board membership supports the Group strategy by bringing the widest range of viewpoints and experience possible to the debate. Excluding the process to recruit a new Chair, which has not yet concluded, there has been no further Board recruitment during the period under review and so there has been no opportunity to address the fact that we have not met these targets.

Diversity Policy

Ibstock operates a Diversity and Inclusion Policy which is applicable to the whole organisation and which informs the Board's approach in this area. The policy is accessible to everyone at Ibstock through the People team and on MyIbstock.

In line with the recommendation in the Parker Review, aimed at improving the Ethnic Diversity of UK Business, we will be reviewing our approach to Ethnic diversity now we have completed our data collection and will set appropriate targets.

We continue to work with our recruitment partners to ensure that we are able to attract high quality candidates from a wide range of backgrounds, strengths and abilities. We recognise that achievement of our strategic objectives is reliant on the recruitment and retention of a diverse and engaged workforce, and efforts in this area will continue.

In consideration of the need for diversity on the Board and its Committees, the Committee recommended to the Board the adoption of a Board Diversity Policy, which was subsequently approved.

The Board Diversity Policy formalises the Board's commitment to appropriately diverse membership and compliance with reporting regulations, and can be found on the Group website www.ibstock.co.uk. Further information concerning this, as required by DTR7.2.8A, can be found below.

We retain our stated target to increase female representation in the senior management group to 40% by 2027. This group includes those members of the ET and their direct reports. In addition and following recommendation of the Sustainability Committee, the Board approved a target for there to be 20% ethnic representation at the senior management level by 2030. Whilst not completely aligned to the Parker recommendation of a 2027 deadline, this was felt to be appropriate at the point in time.

Skills matrix of Board Directors

	Strategy and Leadership	Built environment/construction	Financial Reporting and Controls	Remuneration	Sustainability	Government Regulation	Health and Safety	Manufacturing	Product Innovation	Customer Experience	Cyber and Technology	M&A	People and Culture
Jonathan Nicholls	●	●	●	●	●	●	●	●				●	●
Joe Hudson	●	●		●	●		●	●	●	●		●	●
Chris McLeish	●	●	●				●	●			●	●	●
Peju Adebajo	●	●			●		●	●	●	●			●
Nicola Bruce	●	●	●	●	●	●				●		●	●
Louis Eperjesi	●			●	●		●	●	●	●		●	●
Claire Hawkings	●			●	●		●	●				●	●
Justin Read	●	●	●	●	●		●	●				●	●

Board appointment process

► Appointment process

The process for appointing new Board members is set out in the Committee Terms of Reference, which can be found on our website www.ibstock.co.uk.

The Committee is responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

► Evaluate the Board

Before any appointment is made to the Board, the Committee takes into account of the balance of skills, knowledge, independence, experience and diversity on the Board, including the balance of Non-Executive Directors to Executive Directors. In the light of this evaluation process, the Committee prepares a description of the role and capabilities required of the particular appointment, and assesses the time commitment expected.

► Identify suitable candidates

In identifying suitable candidates, the Committee:

- Uses open advertising or the services of external advisers to facilitate the search
- Considers candidates of different genders and from a wide range of backgrounds
- Considers candidates on merit and against objective criteria, taking into account the benefits of diversity on the Board
- Ensures that appointees have enough time to devote to the position

► Recommend to the Board

The Nomination Committee considers the selection and reappointment of Directors carefully before making a recommendation to the Board. Non-Executive Directors and the Chair of the Board are generally appointed for an initial period of three years, which may be renewed for a further two terms. Reappointment is not automatic at the end of each three-year term.

Diversity and inclusion

Our current employee population reflects the traditional nature of our industry across all diversity characteristics, including age, race, gender, sexual orientation and disability. We recognise the challenge we face with 83% of roles being occupied by men, including a higher percentage of men in factory-based production roles.

The Committee acknowledges and supports the aims, objectives and recommendations outlined in the FTSE Women Leaders Review and is aware of the need to achieve an appropriate balance of women on our Board and in senior positions throughout the Group. The Committee also acknowledges and supports the aims, objectives and recommendations of the Parker Review on ethnic diversity and the emphasis in the

Disclosure Guidance and Transparency Rules on disclosure around diversity with regard to aspects such as age, gender and educational and professional background. As at the end of the year under review, we are satisfied that we are aligned with the recommendations of both reviews.

Furthermore, the Committee is cognisant of the FTSE Women Leaders Review recommendation that FTSE 350 companies should have at least one woman in the Chair or Senior independent Director role on the board, and/or one woman in the Chief Executive Officer or Chief Financial Officer role in the company by the end of 2025, and the Listing Rule obligation to report against these in the Annual Report and Accounts, effective for the Company from its 2024 year end.

Following the appointment of Louis Eperjesi as Senior Independent Director during 2023, we no longer comply but will take this into consideration as part of future recruitments although all appointments will continue to be based on merit.

Priorities for 2025

- To complete the process to recruit and recommend the appointment of a new Chair to Istock.
- To support the induction and handover to the new Chair once appointed.
- To commence a search for a new Audit Committee Chair.

Jonathan Nicholls

Chair of the Nomination Committee
4 March 2025

Diversity disclosure (LR 6.6.6R(10))

Gender identity of members of the Board and Executive Committee as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board	Number of Executive Team (ET)	Percentage of the ELT
Men	5	62.5%	4	5	83%
Women	3	37.5%	0	1	17%
Not specified/prefer not to say	0	0%	0	0	0%

Ethnicity of members of the Board and Executive Committee as at 31 December 2024

	Number of Board members	Percentage of the Board	Number of Senior Positions on the Board	Number of Executive Team (ET)	Percentage of the ELT
White – English/Welsh/Scottish/N Irish	7	87%	4	6	100%
White – Any other	0	0%	0	0	0%
Asian/Asian British – Chinese	0	0%	0	0	0%
Asian/Asian British – Pakistani	0	0%	0	0	0%
Black/African/Caribbean/British – African	1	13%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

Sustainability Committee Report



Claire Hawkings
Chair of the Sustainability Committee

Committee purpose

The purpose of the Sustainability Committee (Committee) is to oversee Ibstock’s strategies, policies and performance in relation to environmental, social and governance (ESG) matters and suggest ways to drive improvement in these areas as appropriate.

Role and responsibilities

The Committee is appointed to assist the Board in the discharge of its duties through overseeing Ibstock’s strategies, policies and performance in relation to environmental, social and governance matters and suggest ways to drive improvement in these areas as appropriate.

The key responsibilities of the Committee are to:

- Develop a corporate ESG Strategy and ensure it is in alignment with the corporate strategy, purpose and values
- Develop and recommend to the Board, ESG targets and key performance indicators
- Understand the impact of the Company’s operations on the environment and the impacts, risks and opportunities of climate change
- Oversee the promotion of socially responsible values and standards that relate to employees as well as the social and economic community in which the Company operates
- Recommend to the Remuneration Committee performance measures used in the Company’s incentive plans
- Work with the Remuneration Committee in assessing actual performance relative to ESG
- Work with the Audit Committee on understanding the risk and opportunities of climate change, and ensuring mitigation plans are developed and implemented
- Oversee Company disclosures of ESG matters in the Annual Report and Accounts

► **Read more** – The Committee’s Terms of Reference are available in full at www.ibstock.co.uk

Membership, meetings and attendance

Membership of the Committee consists of three Non-Executive Directors and the CEO. The Group People, Sustainability and Social Impact Director also attends in her capacity as the member of the ET responsible for ESG and Sustainability issues at Ibstock. Members of the Sustainability team and other group functions attend meetings at the invitation of the Committee Chair. In addition, the Committee invites an independent consultant to regularly attend Committee meetings to assist with benchmarking and industry views. The Group Company Secretary acted as secretary to the Committee.

Details of meeting attendance can be found on page 69. The Committee met on four occasions during the year and the main activities considered during the year under review can be found below.

The CEO was absent from any discussions or final decision-making on any remuneration target proposals.

Main activities of the ESG Committee during 2024

- Monitoring the Group’s performance against the ambitious interim targets set out in the ESG 2030 Strategy.
- Ensuring the ESG Strategy remains aligned with the Company’s purpose, values and culture.
- Recommending the ESG targets to be included into the 2024 LTIP performance conditions.
- Visiting an Ibstock site to further understand the progress, challenges and opportunities of delivering our ESG 2023 Strategy.
- Continued improvement with the Group’s TCFD Disclosure.
- Training and developing an approach to Task Force for Nature-related Financial Disclosures (TNFD) and biodiversity.
- Review of the initial draft of Ibstock’s Carbon Transition Plan.

Member	Membership dates	Meeting attendance	% attendance
Claire Hawkings (Chair)	1 September 2018	4/4	100%
Peju Adebajo	26 November 2021	4/4	100%
Louis Eperjesi	1 June 2018	4/4	100%
Joe Hudson	2 January 2018	4/4	100%

Introduction

Following the Sustainability Committee's fourth year in operation, I am pleased to introduce the 2024 Sustainability Committee Report. As was also the case last year, the increasing levels of regulation, best practice and stakeholder interest resulted in another full year for the workload of the Committee. As a committee, we continue to adapt and evolve our annual programme of work to reflect the increasing demands on the Committee and the Group.

Having considered the way a number of our key stakeholders, notably our employees, discuss and refer to the matters that fall within the remit of the Committee, the decision was made to change the name of the Committee from the ESG Committee to the Sustainability Committee going forwards. It was felt that this provided a clearer and more meaningful title.

Sustainability governance

The Board holds ultimate responsibility for Sustainability and ESG matters, but the Committee takes the lead in managing the Company's approach and implementation of the ESG framework, to enable us to meet our commitments to all stakeholders.

The Committee is supported by an internal Sustainability team of subject matter experts that is headed by the Group's People, Sustainability and Social Impact Director and RSM UK Group LLP (RSM), professional advisors who provide expert technical advice to the Committee. Implementation of the strategy is the responsibility of the CEO, who, through the ET, oversees a number of ESG working groups that each have ownership of an area of the strategy. These working groups are co-ordinated by the ESG team. A full description of how our ESG governance operates can be found in the Sustainable and Responsible Business and Sustainability Governance and Reporting sections on pages 42, and page 178.

The Committee continues to focus on ensuring that the Committee and Board are fully briefed and appropriately trained on Sustainability matters. The Committee continues to mature rapidly in both its knowledge and understanding of the critical Sustainability issues facing the Company. In this endeavour, we have been supported by our team of internal subject matter experts as well as an independent Committee adviser, who has provided practical advice on a range of issues.

Net zero commitment and Carbon Transition Planning

A key part of our ESG Strategy is the commitment to become a net zero carbon operation by 2040 and achieving a 40% reduction in Scope 1 and 2 emissions by 2030. The Committee remains cognisant that the carbon reduction journey will not always show linear progression.

2024 was a low production year which is reflected in a significant 49% drop in our absolute scope 1 and 2 carbon emissions against 2019 baseline. Although this is ahead of target the lower production volumes distort the tracking of true progress which is important to reflect given our commitment to transparency. The group carbon intensity metric for 2024 was 0.148 tonnes of carbon per tonne of production. This is a slight improvement on 2023 but remains above the desired level. Further details and key data can be found from page 178 onwards.

The implementation and performance of our Carbon Transition Plan will require Group-wide focus and prioritisation, and we are heartened by the progress that Istock has made to align the Divisional Strategies to the Carbon Transition Plan, as this will create further momentum and pace in the implementation of carbon reduction activities. At the same time we continue to develop our Net Zero Transition Plan in line with the recommendations published by the Transition Plan Taskforce (TPT). We are reviewing the guiding principles in the creation of our plan, which will set out our journey towards being a net zero business.

The Committee remains confident that the Group remains on course to achieve the ambitious carbon commitments made in our ESG 2030 Strategy.

► [Read more](#) – page 47

Task Force on Climate-related Financial Disclosures (TCFD)

The Committee has continued to oversee the work of the internal TCFD working group, reviewing progress as necessary. Led by the Group Financial Controller, the TCFD working group comprises representatives from the Sustainability and Finance functions. It meets on a regular basis to analyse and apply the various developments and recommendations published throughout the course of the year and to ensure alignment with Istock's Business Plan.

Positive progress has been made on TCFD through more granular assessments of the risks and opportunities of climate change for Istock and the development of our Carbon Transition Plan.

► [Read more](#) – page 182

Biodiversity

The Committee continues to drive progress in this area including the development and roll-out of the Istock Biodiversity Management System.

Social Impacts

We continue to make positive progress on the Social Value Framework, the diversity and inclusion agenda, and employee development in line with the commitments in our ESG 2030 Strategy. The decision to set a target for ethnic representation at the senior management level, whilst not completely aligned to the recommendation set out in the Parker report, represents a significant commitment and step forward for the business in this area.

In 2024 we refocused the safety KPI to measure and reduce Total Injury Frequency Rate (TIFR) rather than LTIFR. TIFR is a more holistic measure for safety culture capturing a wider view of incidents (the number of lost time, restricted work and medical treatment cases x 1,000,000 then divided by the total hours worked) which helps support risk identification and reduction. LTIFR remains an important subset of this data. In 2024 we reduced TIFR by 13% compared to 2023 and have set a further 10% year on year reduction target for 2025. A longer term safety target will be developed this year.

Committee effectiveness

During 2024, the Committee was deemed to be operating effectively with strong Committee leadership. The Committee continues to focus on ensuring the right proportion of Committee time is given to training, progress updates, horizon scanning and discussion to really consider and debate issues. This will continue to be a focus throughout 2025.

Priorities for 2025

- Continue to drive the implementation of the ESG 2030 Strategy and integration of ESG performance across the Group.
- Maintain focus on climate change and continue to develop and refine the Carbon Transition Plan.
- Progress understanding of the impact of the business on nature and further progress plans for biodiversity enhancement and protection.

Claire Hawkings

Chair of the Sustainability Committee
4 March 2025

Audit Committee Report



Justin Read
Chair of the Audit Committee

Role and responsibilities

- To make recommendations on the reporting, control, risk management and compliance aspects of the Directors' and the Group's responsibilities.
- To provide independent monitoring, guidance and challenge to management in these areas.
- To provide a forum for reporting and discussion with the Group's External Auditor in respect of the Group's half-year and full-year results.
- To review and make recommendations to the Board on the Group's financial reporting, internal control and risk management systems.
- To assess the effectiveness of the External Audit process.
- To assess the effectiveness of the External and Internal Auditor.
- To ensure high standards of corporate and regulatory reporting, risk management and compliance, and the maintenance of an appropriate control environment.

Member	Membership dates	Meeting attendance	% attendance
Justin Read (Chair)	1 January 2017	4/4	100%
Peju Adbejajo	26 November 2021	4/4	100%
Nicola Bruce	29 March 2023	4/4	100%
Louis Eperjesi	1 June 2018	4/4	100%
Claire Hawkings	1 September 2018	4/4	100%

► **Read more** – The Committee's Terms of Reference are available in full at www.ibstock.co.uk

Membership, meetings and attendance

Membership comprises the independent Non-Executive Directors with support from the Group's Company Secretary. Details of meeting attendance can be found on page 69. The Audit Committee (Committee) met on four occasions during the year and the table setting out the main agenda items for each meeting can be found below.

The Chairman, CEO, CFO and other senior members of the Finance team are routinely invited to attend Committee meetings. The External Auditor and the Internal Auditor attended all meetings during the year. Other individuals are invited to attend the Committee's meetings, as and when required.

The Chair has regular meetings with the CFO, external audit partner and internal audit partner to discuss key audit related topics ahead of each Committee meeting. In addition, the Committee also holds private sessions with the CEO, CFO, External Audit partner and RSM LLP (RSM), the Internal Auditor on a rotational basis after each meeting.

Main activities of the Audit Committee during 2024

- Reviewed the full- and half-year results and 2024 Annual Report
- Considered the effectiveness of the risk management and internal control processes.
- Review of Internal Audit activities.
- External Audit planning and reporting.
- Considered the effectiveness of the internal and external audit functions.
- Reviewed significant accounting matters and judgements.
- Reviewed the Group's TCFD reporting.
- Received updates on cyber and information security.
- Reviewed compliance with the requirements of the Audit Committees and the External Audit: Minimum Standard (Minimum Standard).
- Reviewed action plans associated with changes to the UK Corporate Governance Code.
- Risk deep dives into Cyber Security, Restoration obligations and associated provisions.

Introduction

As Chair of the Audit Committee (the Committee), I am pleased to present my report for the year ended 31 December 2024.

The purpose of the Committee is to critically assess and make recommendations on the reporting, control, risk management and compliance aspects of the Directors' and the Group's responsibilities. At the same time the Committee provides independent monitoring, guidance and challenge to management in these areas.

The Committee also provides a forum for reporting and discussion with the Group's External Auditor in respect of the Group's Half-Year and Full-Year results and certain Executive Directors and senior managers have attended meetings during the year, as and when required, by invitation.

Over the year, the Committee continued to deliver on its commitments, retaining a focus on monitoring the integrity of the Group's financial statements. We have continued to oversee the work of the Group's External Auditor and the Internal Audit function, and to ensure that the Company's risk processes, and financial and compliance control environments remain robust.

In addition to the programme of work that forms the basis of our annual calendar, the Committee has spent significant time reviewing the Group's TCFD reporting processes, our principal risks and uncertainties risk matrix, enterprise risk and control systems, the changes arising from the updated UK Corporate Governance Code and monitoring progress to ensure compliance with these changes.

A continued feature of the Committee's annual work programme is to target specific risk areas with 'deep dive' sessions held with appropriate members of the management team. Cyber risk continues to be a significant risk area for the Group, in common with businesses worldwide, and was the focus of our 'deep dive' session held in November. During this review, the Committee was briefed on the progress made over the last 12 months, and gained comfort that appropriate protections were in place to secure the Group's technology estate. In addition restoration obligations and therefore appropriate financial provisions were also the focus of a 'deep dive' session during the year and resulted in the Committee's increased comfort that appropriate processes and controls were in place.

Financial and narrative reporting

During the year, the Committee:

- Reviewed the full- and half-year results and associated announcements and recommended them to the Board for approval.
 - Reviewed the Group's Annual Report to consider whether, taken as a whole, it was fair, balanced and understandable, and whether it provided the necessary information required for shareholders to assess the Company's position, performance, business model and strategy, and recommended it to the Board for approval.
- **Further information** on the format of this review can be found on page 82
- Considered the appropriateness of the Group's accounting policies and practices, focusing on areas of significant management judgement or estimation, and questioned the rationale for decisions taken in application of the policies. Policies and practices were found to be appropriate and correctly applied (see significant accounting and key areas of judgement considered by the Committee during the year below).
 - Received updates on corporate reporting and corporate governance from the External Auditor.
 - Considered the process for preparing the 2024 Annual Report.
 - Received updates on training for Committee members, including changes in financial reporting requirements and company law.
 - Considered the appropriateness of the Group's Viability Statement at the Full Year, including the look-out period and Going Concern Statement assumptions at the Half Year and Full Year, including a review of the sensitivity analysis and scenarios prepared by management. The Viability Statement and the Going Concern Statement are set out on pages 58 and 59.

Significant accounting and key areas of judgement

A key factor in the integrity of financial statements is ensuring that suitable accounting policies are adopted and applied consistently on a year-on-year basis. The Committee specifically uses the Audit Planning meetings in May and November each year to consider the adoption of any relevant new standards, proposed accounting treatments for major transactions, significant reporting judgements and key assumptions related to those judgements. In addition, these matters are reviewed at each Committee meeting throughout the year.

Alternative Performance Measures (APMs) and Exceptional items

Matter considered

The Group presents as exceptional items* on the face of the income statement those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to further understand elements of financial performance in the period, so as to facilitate comparison with future years and to assess trends in financial performance, and in determination of Directors' variable remuneration.

The Committee conducted a robust and detailed review of the items and associated judgements, that were categorised as exceptional in the year, including the items arising from factory closures and restructuring and the cessation of GRC manufacturing operations. Additionally, the Committee sought views from the External Auditor as to the appropriateness of items categorised by management as exceptional. Upon conclusion of this review, the Committee concurred with management's analysis of proposed exceptional items.

Details of exceptional items* are set out in Note 5 to the financial statements

Additionally, the Group financial statements present a number of APMs within its published financial information, including the 2024 Annual Report, with the objective of providing readers with further understanding of financial performance in the period, in order to facilitate comparison between periods and to assess trends in financial performance. Definitions of APMs used are set out in Note 3 to the financial statements.

Committee's response

In light of the guidance issued by the European Securities and Markets Authority and more recently the UK's Financial Reporting Council, the Committee continues to assess management's rationale for including an item as an exceptional item* and the wider use of APMs.

The Committee challenged management's rationale for the use of specific APMs; and the link between APMs reported within the financial statements and incentive measures within the Directors' Remuneration Report. The Committee concluded that the presentation of APMs gave additional clarity on performance and were reconciled appropriately to reported amounts, with sufficient prominence, and is satisfied that the

Committee Reports *continued*

resulting presentation and disclosure is appropriate.

Pension liability accounting and disclosure

Matter considered

The Group has a defined benefit pension scheme, which is closed to future accrual. Management exercise their judgement around the assumptions used by its actuary, including the sensitivities to these assumptions, to calculate the pension scheme liabilities under IAS 19 (R) Employee Benefits.

During the year, the committee received and reviewed the assumptions and results arising from the triennial valuation conducted at 30th November 2023.

Additionally the Committee is considering the implication of the Virgin Media case on the Group's Pension Scheme

As at 31 December 2024, the scheme had an actuarial accounting surplus of £7.8 million (2023: £9.8 million), including liabilities of £323.1 million (2022: £363.9 million), as detailed in Note 21 to the financial statements.

Committee's response

The Committee concurred with management's assessment that the estimates used within the valuation of the Group's pension liability (including future changes in discount rates, inflation, increases in pension payments and life expectancy) represented significant sources of estimation uncertainty, as set out within IAS 1 Presentation of Financial Statements. A review of management's proposed disclosure in relation to this estimation uncertainty was completed.

Additionally, the Committee reviewed the assumptions with management including those arising from the triennial valuation and sought views from the External Auditor before it concluded on the appropriateness of the actuarial balances disclosed.

This review considered the financial assumptions used by management as part of the actuarial valuation and the range of possible assumptions using available market data to assess the reasonableness of the assumptions.

The Committee also specifically reviewed and considered the disclosure with regard to the impact of the Virgin Media pension court case on the Ibstock Pension Scheme and the financial results.

In conclusion, the Committee determined that the actuarial assumptions used in the valuation of the period end pension liabilities were in an acceptable range,

disclosed appropriately, and was satisfied that the resulting presentation and disclosure was appropriate.

Impairment of non-current assets

Matter considered

The Group holds significant asset values in the form of brands, customer relationships, mineral reserves, land and buildings and property, plant and equipment. At the interim and year end balance sheet date, these assets were considered for indications of impairment.

At 31 December 2024 following the announcement of the proposed cessation of GRC production at the West Midlands site in the Clay segment, a total impairment charge of £3.8 million was recognised within cost of sales within the Group's consolidated income statement.

Additionally, the Committee reviewed and considered the critical accounting estimate disclosure relating to the impairment of non-current assets.

At 31 December 2024, detailed impairment tests assessing the value-in-use (VIU) concluded that there was no impairment at a Cash Generating Unit (CGU) level across the Group for any of those sites expected to continue in operation. As at 31 December 2024, the value of these non-current assets was £573million (2023: £572 million).

Committee's response

In approving the interim and full year financial statements of the Group, the Committee considered and appropriately challenged the analysis of impairment proposed by management, in light of the Group's decision to cease GRC manufacturing operations recently approved by the Board. In addition, the Committee carefully considered management's VIU assessments, the related sensitivity analyses and the disclosure included within the Group's financial statements. The Committee sought views from the External Auditor regarding management's process for completion of VIU impairment tests and the conclusions reached.

In conclusion, the Committee assessed the impairment charge as appropriate and concurred with management's view that no further impairment was required. The Committee carefully considered management's VIU tests and the associated sensitivity analysis and assessed the impact on the analysis of changes to the underlying assumptions. This compared the assumed performance of the CGUs to the recently Board-approved budget and strategic plan. Additionally, the Committee sought the

External Auditor's views as to the process adopted by management at the year end date to assess VIU. Following its review, the Committee concurred with management's judgement that no indicators of impairment existed at the balance sheet date for the sites that will continue in operation.

In conclusion, after reviewing the reports from management, the Committee was satisfied that the financial statements appropriately reported the value of the assets and that they were fairly stated. The Committee also reflected on the critical accounting estimate disclosure relating to the impairment of non-current assets and concluded this was appropriate.

Going Concern and Viability Statements

On behalf of the Board, the Committee reviewed the Going Concern and Viability Statements prepared by management, together with the supporting documentation and sensitivity analysis including the consideration of climate change. The Committee noted the publication of the FRC Guidance published on 25 February 2025. Details of the review process and the conclusion reached are set out on pages 58 and 59. Following its review, the Committee recommended the approval of both statements to the Board.

Fair, balanced and understandable

It is the Board's responsibility to determine whether the 2024 Annual Report and Accounts are fair, balanced and understandable. The Committee reviewed the process for preparing the 2024 Annual Report, reviewed management's analysis of the 2024 Annual Report and how this met the objectives of providing fair, balanced and understandable disclosures that provided the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Committee took into account the following when completing this process:

- Input from the CEO and CFO on the overall messages and tone of the Annual Report
- That individual sections of the Annual Report were drafted by appropriate senior management with regular review to ensure consistency across the entire document
- That detailed reviews of appropriate draft sections of the Annual Report were undertaken by the Executive Directors
- That an advanced draft of the Annual Report was reviewed by the Committee and the auditors on a timely basis to allow sufficient consideration and was discussed with the CFO and senior

management prior to consideration by the Board

After consideration, the Committee arrived at the decision to recommend that the 2024 Annual Report be approved by the Board as fair, balanced and understandable. The Board statement on a fair, balanced and understandable Annual Report is set out on page 65.

External Audit relationship

- Considered the requirements of the Minimum Standard.
- Reviewed and concurred with Deloitte's plans for their review of the 2024 half-year statement and audit of the 2024 full-year financial results
- Reviewed and considered the reports presented by Deloitte to the Committee following the half-year review and full-year audit
- Reviewed the performance of the External Auditor and the effectiveness of the External Audit process
- Discussed and approved the fees for audit and non-audit services and obtained assurance on the objectivity and independence of the External Auditor, taking into consideration relevant professional and regulatory standards
- Discussed and approved the Directors' Letter of Representation provided to Deloitte
- Reviewed and approved the policy for the employment of former employees of the External Auditor, without amendment, confirming with management that no such employees had been appointed during 2024
- Held planned meetings with Deloitte, following Committee meetings, without management present, on two occasions.

No material issues were brought to the Committee's attention at those meetings.

- Recommended to the Board that a shareholder resolution should be proposed for the reappointment of Deloitte
- Considered the adequacy of the Group's procedures with regard to the objectivity and independence of the External Auditor

The Committee formed the opinion that Deloitte had demonstrated their independence and objectivity.

Review of Internal Audit activities

- Reviewed reports presented by RSM on Internal Audit assignments that had been completed during the year and discussed the results and agreed actions arising from RSM's recommendations
- The Committee reviewed, and were satisfied with, management's responsiveness to RSM's findings and recommendations
- Agreed a plan of work for the 2025 Internal Audit programme with RSM
- The Committee met with RSM, without management present, on two occasions
- No material issues were brought to the Committee's attention at those meetings
- Oversight of risk and internal control
- Reviewed principal business risks, risk management processes and internal controls. Further information can be found in the principal risks and uncertainties section on pages 28 to 33. Received a report from the CFO on the internal controls operating in the business and any associated action plans
- Concluded that, whilst there remained opportunities to improve in certain areas, overall the systems of internal control and risk management were effective

Oversight of risk and internal control

- Reviewed principal business risks, risk management processes and internal controls. Further information can be found in the Principal Risks and Uncertainties section on page 28.
- Received a report from the CFO on the internal controls operating in the business and any associated action plans.
- Reviewed fraud risks (including the results of a fraud risk assessment), the Code of Business Conduct and Whistleblowing Policy. The review did not identify any material matters of interest.
- Considered the appropriateness of the Group's Viability Statement at the Full-Year, and Going Concern Statement assumptions at the Half-Year and Full-Year, including a review of the sensitivity analysis and scenarios prepared by management. The Viability Statement and the Going Concern Statement are set out on pages 58 and 59.

External and Internal Audit

External Auditor

Following a competitive tender process conducted in 2016, Deloitte LLP (Deloitte) was appointed as auditor for the financial year commencing 1 January 2017. The Committee received formal confirmation from Deloitte itself that the audit engagement team, and others in the firm as appropriate remained independent of the Group. The Committee's policy is that the role of External Auditor will be put out to tender at least every 10 years in line with the applicable rules, or at other times should it be required by specific circumstances.

The Audit Committee expects to conduct an external audit tender during 2025 in line with the applicable rules for appointment for the financial year commencing 1 January 2027.

Lee Highton is the current audit partner, having completed his third year in role for the year ended 31 December 2024.

The Company has complied throughout the year under review with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Effectiveness of the External Auditor

The Committee has the responsibility for overseeing the Group's relationship with the External Auditor and advises the Board on their appointment/reappointment, their effectiveness, independence and objectivity, and discusses the nature and results of the audit with the External Auditor.

The review of this year's External Audit process included consideration of the following:

- The effectiveness of the External Audit firm
- Quality controls
- The audit team
- Audit fee
- Audit communications and effectiveness
- Governance and independence
- Ethical standards
- Potential impairment of independence by non-audit fee income
- Deloitte's ability to make valid improvement suggestions

Committee Reports *continued*

As part of the review of the effectiveness of the External Audit process, the Committee received a report on the External Auditor's quality control procedures and conducted a formal evaluation procedure.

In addition to reviewing the formal report received from the External Auditor, which outlines how points raised by them have been addressed by management, feedback is also sought on the conduct of members of the finance team during the audit process. The Committee Chair also met with the lead audit partner outside the formal Committee process.

The Committee also considers the effectiveness of management in the External Audit process in respect of the timely identification and resolution of areas of accounting judgement with input from the External Auditor as appropriate. They also consider management's timely provision of the draft half-year results announcement, Annual Report and supporting documentation for review by the auditor and the Committee.

Auditor independence and non-audit services

The non-audit services policy (Policy) sets out clearly the non-audit services that may be provided by the External Auditor.

Under the Policy, prior approval is required by the Committee for any non-statutory assignments where the fee would exceed £10,000, or where such an assignment would take the cumulative total of non-audit fees paid to the External Auditor over 70% of that year's statutory audit fees. However, when appropriate, a detailed calculation will be performed to ensure that the Group is compliant with the European Union's Statutory Audit Framework. This Policy is reviewed on an annual basis and was adopted without amendment in November 2024.

The External Auditor is responsible for the annual audit of the main Group subsidiary companies and other services which the Committee believe it is best placed to provide.

Details of the amounts paid to the External Auditor are set out in Note 6 to the Group consolidated financial statements. The ratio of audit fees to non-audit fees was 13:1.

The Committee considers that the External Auditor continues to be independent. Deloitte has indicated its willingness to continue in office and the Committee has recommended Deloitte's reappointment to the Board. A resolution to reappoint Deloitte as the External Auditor will therefore be proposed at the AGM to be held on 15 May 2025.

Auditor appointment

The Audit Committee reviews annually the appointment of the auditor (taking into account the auditor's effectiveness and independence and all appropriate guidelines) and makes a recommendation to the Board accordingly. Any decision to open the external audit to tender is taken on the recommendation of the Audit Committee. There are no contractual obligations that restrict the Company's current choice of external auditor.

Following the last tender process, Deloitte was appointed as auditor of the Company in 2017. Lee Highton became the lead audit partner for the year ended 31 December 2022, following the rotation of the previous partner, and will remain as audit partner for the year ending 31 December 2024 onwards.

The Company is required to have a mandatory audit tender after 10 years and will conduct an audit tender in 2025.

The Company has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (CMA Order) for the year ended 31 December 2024.

Internal Audit

The provision of Internal Audit services is outsourced to RSM and the Internal Audit programme for the subsequent year is approved by the Committee in November each year. This contains a schedule of reviews to audit a range of processes and controls throughout the year covering each component of the Group. Updates on the status of audits against the annual Internal Audit plan are provided to the Committee by RSM on a regular basis. These set out any control weaknesses identified as well as management's actions to address control recommendations.

RSM have provided Istock's Internal Audit services since February 2017.

Effectiveness of Internal Audit

The Committee is responsible for overseeing the effectiveness of the Internal Auditors. The Committee received and considered the feedback provided about the Internal Audit effectiveness that was collated using a questionnaire sent to the Committee members and Management.

The Committee considers that RSM continue to be independent and that the Internal Audit function is effective.

Risk management and internal control

The Committee supports the Board in monitoring Istock's exposure to risk and is responsible for reviewing the effectiveness of its risk management and internal control systems and assisting in the assessment of the Group's principal risks and uncertainties. This review includes all material controls, including financial, operational and compliance controls.

The key elements that comprise the Group's internal control framework include a clear management structure with appropriate authorities, robust financial controls, an appropriate enterprise risk management system, an internal audit function and appropriate policies and procedures. The internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Management structure and authority

There is a clearly defined management responsibility and reporting structure.

The Executive Team (ET), comprising the Executive Directors and key functional heads, meets on a frequent basis in order to consider the assessment and control of risk, including review and challenge of Divisional and head office risk registers, and the consideration of strategic and emerging risks. They also consider the prioritisation and allocation of resources.

The Group has an established and well-understood management structure with documented levels for the authorisation of business transactions and clear bank mandates to control the approval of payments.

Review of Effectiveness

Twice a year the Committee considers in detail the risk management and internal control environment within Istock. During this meeting, the Committee considers the current and proposed regulatory and best practice requirements. It also reviews the internal control framework, including Group's culture and values, risk management evaluation and procedures, financial controls, Internal Audit focus and processes, and ethics and compliance. It also considers the improvement and development areas within these areas.

Compliance with internal controls is monitored throughout the year and reported to the Audit Committee for their consideration. The Committee receives Internal Audit Reports throughout the year from RSM. There is also six-monthly independent testing of our internal controls completed by RSM that is shared with the Audit Committee.

During this process, input is received from Group Finance, the Group Company Secretary and Internal Audit (RSM).

Assessment of principal risks

The Committee considered the principal risks and uncertainties and their associated mitigation prepared by management in advance of their submission to the Board. This formed a key component of the Board's robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Group's principal risks are set out on pages 28 to 32.

Outcomes of the review

No material weaknesses were identified and good progress has been made on the recommendations from last year.

A number of improvement areas were identified as part of this review which are being actioned and tracked on a monthly basis by both management and Internal Audit with progress reporting to the Audit Committee.

These areas included improved evidential support for controls operation and compliance, and continuing to develop and increase the compliance of monthly control reporting.

Compliance and whistleblowing

On behalf of the Board, the Committee reviews the operation of the Group's procedures that are in place for the detection of fraud and the systems and controls in place to prevent a breach of anti-bribery legislation.

The Committee receives regular updates at each meeting and discusses any incidents brought to its attention. It also receives updates on the operation of the Company's confidential whistleblowing arrangements including those material incidents raised through the whistleblowing line. A summary of all incidents raised through the whistleblowing line is presented to the Board twice a year, further details of which can be found on page 57.

A non-material fraud incident was identified via our whistleblowing processes. Following an internal independent investigation, one factory employee was found to have colluded to circumvent business process and controls. Istock have taken immediate steps to put in place additional safeguards to prevent this from occurring again and are pursuing enforcement action against the individual involved (who no longer work in the business).

The Group is committed to a zero tolerance position with regard to bribery. Anti-bribery guidance and training is provided to employees, as appropriate, applying what the Group has determined to be a risk based and proportionate approach.

Committee effectiveness

The Committee effectiveness was considered as part of the internal Board Effectiveness Review. The output from this process was reviewed by both the Board and the Committee itself, in compliance with the Code. Further information regarding the evaluation process can be found in the Corporate Governance Report on page 71. The Committee scored highly overall and was considered to be chaired effectively. The Committee performed their role and undertook their responsibilities in an effective manner. No specific developmental areas were identified in the evaluation.

Priorities for 2025

The Committee will continue to focus on the delivery of its core responsibilities, ensuring robust monitoring of the integrity of the financial statements of the Company and any formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained within them.

Specific focus areas for the Committee will be:

- Continuing to assess the effectiveness of the Group's risk management and internal control systems, and to make recommendations to the Board in this regard
- Re-tender of External Audit
- Oversight of the actions arising from the changes to UK Corporate Governance Code
- Planning implementation of changes to UK Corporate Governance Code
- Performing deep dives into a range of key risk areas to be agreed
- Reviewing management's plans and recommendations for identified areas of improvement in the Group's internal controls
- Progression on climate-related disclosures

Justin Read

Chair of the Audit Committee
4 March 2025

Annual Statement of the Committee Chair



Nicola Bruce
Chair of the Remuneration Committee

Annual Statement

On behalf of the Board, I am pleased to share the Remuneration Committee's report for the year ended 31 December 2024. I would like to thank my fellow Committee members for their support and contribution to the work of the Committee throughout the year.

This report consists of three sections:

- Annual Statement: A summary of the work of the Committee during the year and our approach to remuneration
▶ **Read more** on pages 86 to 90
- Directors' Remuneration Policy: The proposed 2025 Policy which, following a comprehensive consultation with shareholders, provides a revised framework for how Directors will be paid over the next three years
▶ **Read more** on pages 93 to 101
- Annual Report on Remuneration: Sets out the pay and incentive outcomes for the year under review and how the Committee intends to implement the proposed Policy in 2025

Member	Membership dates	Meeting attendance	% attendance
Nicola Bruce (Chair)	29 March 2023	4/4	100%
Peju Adebajo	26 November 2021	4/4	100%
Louis Eperjesi	1 June 2018	4/4	100%
Claire Hawkings	1 September 2018	4/4	100%
Jonathan Nicholls	22 September 2015	4/4	100%
Justin Read	1 January 2017	4/4	100%

“The main focus of the Committee this year has been a comprehensive review of the Remuneration Policy, including a thorough consultation process with shareholders, to ensure that our Policy continues effectively to support Istock's strategy and culture.”

Business performance in FY 2024

A continued focus on active management of capacity and margin ensured that Istock again delivered a resilient performance in 2024, with profits in line with expectations. Against this backdrop, there has been strong progress against all elements of the Group's strategy with lower cost, more efficient and sustainable capacity in place to support market recovery, and continued progress towards the Group's ambitious sustainability objectives.

The investment and organisational improvements that have been delivered in 2024 position Istock well for market recovery, with the fundamental drivers of demand in the Group's markets remaining firmly in place, our medium-term prospects are strong, underpinned by a robust balance sheet.

Remuneration outcomes for FY2024

Annual and Deferred Bonus Plan (ADBP)

Consistent with previous years, the annual bonus for our Executive Directors was based 70% on the Group's financial performance and 30% on non-financial objectives.

Full details of the targets and performance against them are set out on page 103.

- Adjusted EBIT* for FY 2024 accounted for 50% of total bonus. Performance was between threshold and target resulting in a payout of 24.49% out of 50% for this element.
- Adjusted Operating Cashflow for FY 2024 accounted for 20% of total bonus. Performance exceeded the maximum target and a payout of 20% out of 20% for this element was thus achieved.
- Directors each had a set of non-financial objectives that were specific to their roles and the Company's strategic ambitions (accounting for 30% of total bonus). The Committee noted the strong performance in relation to these non-financial targets, and after detailed consideration, determined that a bonus of 22.50% out of 30% for this element was appropriate.
- On balance, and after detailed consideration, the Committee concluded that the overall annual bonus outcome of 66.99% of maximum (equating to 83.73% of salary) is an appropriate reflection of the commitment and financial and operating performance of our Executive Directors in challenging market conditions.

Long Term Incentive Plan (LTIP) vesting

Vesting of the 2022 awards was subject to the achievement of adjusted EPS* and ROCE conditions over the three-year performance period ending 31 December 2024, together with ESG-related measures, and relative TSR (against FTSE 250 construction and building materials companies) measured over the three-year period from the date of grant.

- The adjusted EPS* measure for FY24 accounted for 30% of the award. As a consequence of the challenging trading conditions in our market, which have been widely reported elsewhere, the EPS threshold target was not met and this component of the award lapsed.
- ROCE over the three-year performance period FY22 to FY24 accounted for 20% of the award. The three-year average adjusted ROCE* threshold target was not met and this part of the award also lapsed.

- Relative TSR performance for the three-year period from the date of grant accounted for 30% of the award. The performance period ends on 13 April 2025, and based on an interim review of performance to 14 February 2025, Ibstock ranks above median with a forecast vesting of 21.34% out of 30% for this part of the award. The actual level of vesting will be disclosed in next year's Directors' Remuneration Report.
- The ESG measures of carbon intensity (tonnes of carbon per tonnes of finished product), growth in female representation amongst the senior leadership team, and revenues from new and sustainable product development accounted for 20% of the award. Despite significant progress on carbon reduction with the notable opening of our net zero carbon factory, the carbon intensity target was not met. However, female representation and new and sustainable product development targets achieved on target and maximum levels of vesting respectively. As a result, the ESG component of the awards vested at 8.13% out of 20%.

Based on the performance across these four components, the overall estimated vesting of the 2022 LTIP is estimated at 29.47% of maximum, subject to confirmation of vesting for the TSR component. Full details of these performance targets and vesting are detailed on page 105.

The Committee carefully considered the formulaic outcomes for the ADBP and the LTIP and is satisfied that, taken together, there is no basis for operating discretion (either upwards or downwards) in respect of these outcomes.

Review of the Directors' Remuneration Policy

Our 2022 Directors' Remuneration Policy (Policy) has reached the end of its three-year life and a new Policy is now being presented for approval by our shareholders at the 2025 AGM. A major focus of the Committee over the course of 2024 has been to undertake a detailed review of the Policy to ensure that it continues effectively to support Ibstock's strategy and culture.

Policy Review Context

This Policy review was informed by principles of good governance, current market practice, and included a comprehensive investor consultation exercise (covering shareholders holding over 70%

of issued share capital). The review considered Ibstock's business context, the cyclical nature of our industry, the growth opportunity ahead of us and the complex requirements of balancing capacity and volume growth across our diverse manufacturing footprint.

Our business strategy is well aligned to the UK growth agenda with our market leading positions, streamlined production, appropriate levels of inventory and manufacturing capacity, and strong industry relationships. We are strategically well placed to benefit from the government's growth ambitions, and the sizeable latent demand for homes in the UK. It is therefore essential that our incentive arrangements support the Board's objective to motivate and retain the current leadership team. Whilst some aspects of the Policy continue to work well in this regard, the Committee has concluded that some changes to our incentive arrangements will be important in supporting the Board's strategy.

Changes to remuneration arrangements

Our approach to structuring pay has been one which is commonplace in the market and the framework has been in operation consistently since our Initial Public Offering (IPO) in October 2015. Alongside fixed pay, it comprises the ADBP (where bonus is delivered in cash and deferred shares) and awards of performance shares under our LTIP.

As we have reflected upon the appropriateness of our current incentive arrangements, we have particularly considered two issues: firstly, the quantum of potential reward; and secondly, the structure of our long-term incentive arrangements.

Remuneration quantum

Joe Hudson joined the Ibstock Board as CEO in January 2018 and Chris McLeish joined as CFO in August 2019. Both came to the Company from divisional roles in other companies and their base salaries on joining were set at the lower end of market rates, reflecting these being their first Board roles with a listed public company.

During their time at Ibstock, they have overseen investment of over £300 million (almost half of Ibstock's current market capitalisation) to ensure the operational effectiveness and sustainability of the Group's assets. Included within this amount is the investment of over £60 million in the redevelopment of our Atlas brick factory

in the West Midlands to produce the UK's first carbon neutral clay brick, as well as a project to produce the UK's first large scale investment in brick slips, to support the development of modern construction markets. They have led the Group to deliver strong and consistent leadership for ESG in our sector, with continued action at all levels to deliver our ambitious carbon reduction objectives.

Alongside this programme of investment, over the period from 2015 the Group has returned over £300 million to shareholders in the form of ordinary dividends, supplementary dividends and share buybacks.

Both Joe Hudson and Chris McLeish are now experienced FTSE 250 leaders whose experience and leadership are very important to the delivery of our growth objectives and business strategy, and whose remuneration should be set appropriately at mid-market rates.

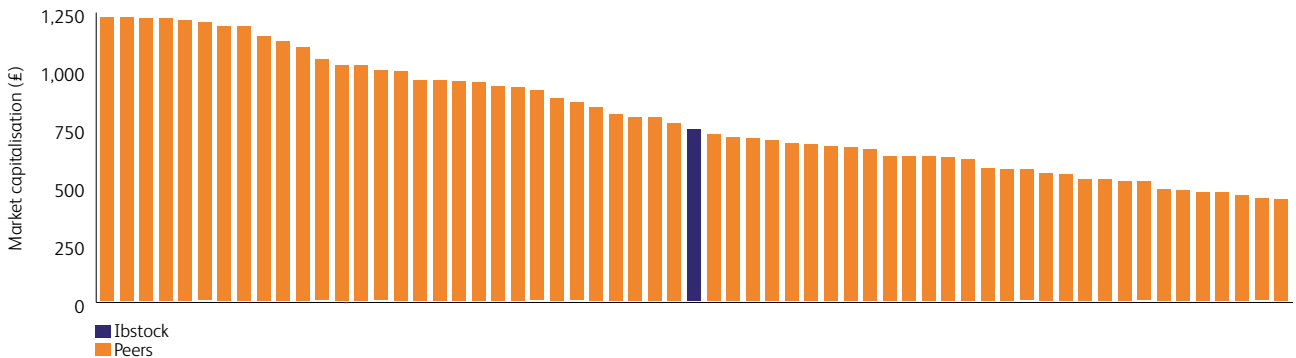
While the Committee considers benchmark data with caution, this provided a useful sense check on reward quantum. To inform our review, the Committee considered pay levels for a group of 60 pan-sector companies of similar market capitalisation to Ibstock as at 1 July 2024. A summary of the market capitalisations of the benchmarking peer group is set out in the chart below.

We observed that both CEO and CFO salaries were at the lower quartile of the data set, broadly in line with the relative positioning of their salaries on arrival over five years prior. The review also highlighted that total target remuneration for both Executive Directors was also at or below the lower quartile, due to their lower than market salaries combined with lower than market aggregate incentive opportunities.

Our review thus highlighted the need for us to increase overall pay levels which we will address by a phased increase to base salaries to the median level by April 2026 coupled with an increase in the annual bonus potential from 125% of salary to 150% of salary, effective from 2025.

The benchmarking outcomes are summarised in the charts on page 88. The charts show the 25th percentile (lower quartile), 50th percentile (median) and 75th percentile (upper quartile) values from the 60-peer benchmarking group

Benchmarking peer group¹ – market capitalisations, 1 July 2024



¹ The peer group comprised the following companies - AG BARR, AO World, Ascential, Assura, Aston Martin Lagonda Global, Auction Technology Group, Bakkavor, Baltic Classifieds, Bloomsbury Publishing, C&C, Chemring, Crest Nicholson, Currys, DiscoverIE, Diversified Energy Company, Dominos Pizza, Dowlais, Dr Martens, Elementis, Empiric Student Property, Essentra, FDM, FirstGroup, Future, Genuit, Genus, Greencore, Harworth, Hilton Food Group, Hochschild Mining, Hollywood Bowl, Hunting, JD Wetherspoon, Keller, Kier Group, Marshalls, ME Group International, Moonpig, Morgan Advanced Materials, Morgan Sindall, NCC, Paypoint, PPHE Hotel, PZ Cussons, Renewi, Senior, Spire Healthcare, Spirent Communications, SSP, Sthree, Synthomer, TI Fluid Systems, Trustpilot, Tullow Oil, Tyman, Vesuvius, Victrex, Volution, Watches of Switzerland, and Workspace.

Directors' Remuneration report continued

as compared to Istock's current and proposed positioning as reflected by the orange and blue markers. The proposed salaries and total target pay levels reflect the position for both Executive Directors following the second phased salary increase in April 2026.

The Committee is aware of the sensitivities around such increases but is of the strong view that now is the right time for a corrective adjustment to be applied, not least to reflect the strong performance of our CEO and CFO, their leadership and stature, as well as to address the below market positioning and to ensure that both executives are paid fairly for their respective roles. We are also aware that maintaining Executive Director salaries at an appropriate level allows us to avoid salary compression below the board level, allowing us to retain and recruit successfully into our leadership team in support of longer-term succession planning.

The Committee considers the approach to setting remuneration potential has been prudent, noting that even after the adjustments proposed, total target remuneration for both Executive Directors will remain below market-median levels.

Remuneration structure

The key structural change will be the replacement of performance shares with restricted shares under the LTIP. The Committee has carefully considered the following factors in arriving at this decision:

- **Strategic alignment** – over the next few years, Istock plans to leverage the investments we have made and deliver long-term, sustainable returns to investors. The award of restricted shares will help discourage any actions which unduly focus on short-term impacts and instead will encourage a mindset which is aligned to the shareholder experience through long-term value creation throughout the industry cycle.
- **Challenges in setting long-term targets** – the wider economic and political situation in recent times has been challenging and includes the fallout from the Brexit vote in 2016, the impact of COVID on our industry, the economic fallout from the Russia/Ukraine conflict and the more recent spike in interest rates following the mini-budget in 2022 and its knock-on repercussions on UK housebuilding. These events have impacted every LTIP grant made to our executive team and the ongoing uncertainty in relation to the speed of recovery continues to impact on our

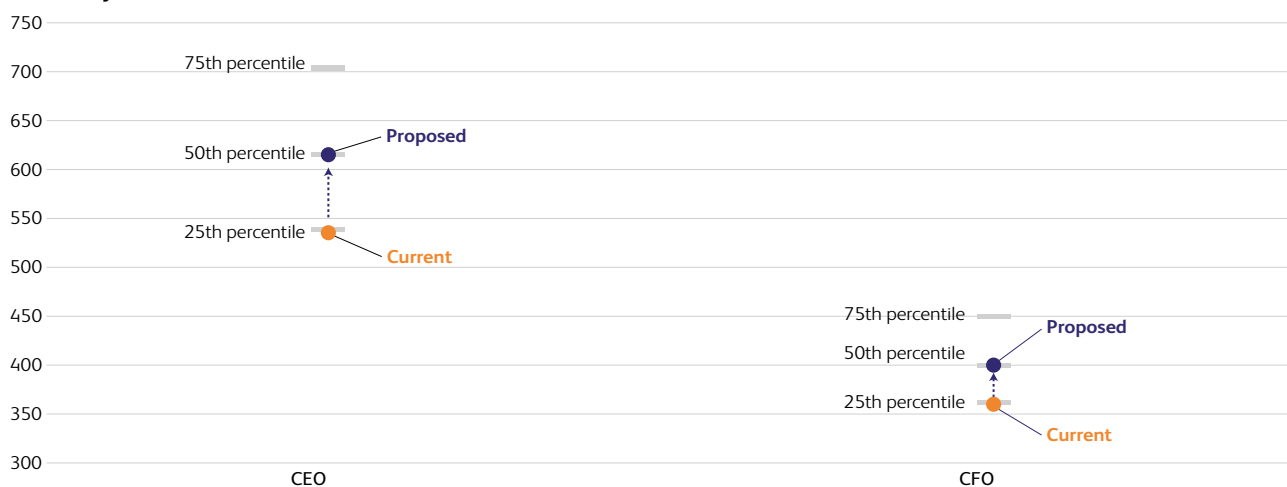
ability to set robust forward-looking three-year targets. On multiple occasions, market shocks have rendered our long-term financial performance targets unrealistically stretching, undermining the purpose of these awards.

- **Stewardship, simplicity and retention** – restricted shares are simple and understandable and provide participants with direct shareholder alignments and long-term stewardship of the share price. The recently volatile market environment has presented us with an even greater challenge of retaining key staff across senior levels. The move to restricted shares will provide both a meaningful retention and incentive tool.

Based on generally accepted best practice, the move to restricted share awards will be on a conversion rate of 1:2, i.e. restricted shares worth 75% of salary will replace performance shares worth 150% of salary. We have applied this 50% reduction even though our 150% LTIP award level has operated since 2019 and is actually below the market LTIP opportunity of between 175%-200% of salary. The existing exceptional LTIP limit of 200% of salary for performance shares will be replaced with an exceptional limit of 100% of salary in restricted shares.

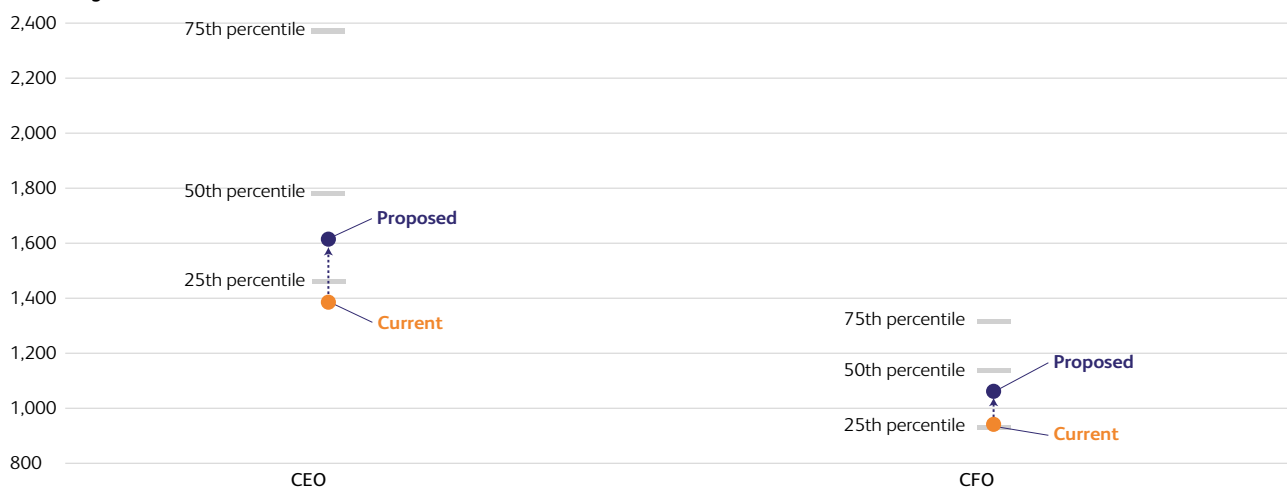
Salary benchmarks, current and proposed positioning

Base salary (£'000)



Total target pay benchmarks, current and proposed positioning

Total target remuneration (£'000)



This will provide us with a simpler, highly retentive structure focused on delivering long-term sustainable growth in support of our business strategy. In line with best practice, restricted share awards for Executive Directors will vest after three years and a two-year post-vesting holding period will apply. Awards will vest contingent on the participant still being employed at the vesting date and the satisfaction of an underpin. This will encourage a mindset aligned to the shareholder experience through long-term value creation throughout the industry cycle.

The Committee considers the approach in terms of setting overall incentive potential has been prudent, taking account of the fact that the combined value of the proposed annual bonus and restricted shares remains somewhat below market levels.

A summary of the key changes to our Policy is set out below alongside the feedback we received from shareholders, and our response to these shareholder suggestions.

Outcome of shareholder consultation and feedback

- **Adjustments to base salaries** – Both the CEO and CFO salary will be increased to current mid-market levels by April 2026. These increases will be phased over two years such that Joe Hudson’s salary will increase to £585,000 with effect from 1 April 2025 and to £615,000 with effect from 1 April 2026 whilst Chris McLeish’s salary will increase to £385,000 from April 2025 and to £400,000 from April 2026. The second increases will be subject to continued strong individual performance. The Committee may also apply a further increase to the April 2026 proposed salary levels to reflect the level of any inflationary workforce salary increase that will apply in FY2026.

The Committee had proposed initially to shareholders that salaries would be adjusted to the desired levels in 2025 and while shareholders were supportive of a corrective adjustment to salary, a few requested that the increases be phased. The Committee reflected on this and has subsequently decided to phase the salary increases over 2025 and 2026. It is expected that future salary increases after the second increase in 2026 will be aligned to the general workforce increase.

- **Increase annual bonus opportunity from 125% to 150% of salary** – The current maximum bonus opportunity of 125% of salary has been in place since IPO in 2015. Partly reflecting the switch from performance-related LTIPs to restricted shares, coupled with the need to put in place a market competitive annual bonus, the maximum bonus opportunity will be increased from 125% to 150% of salary from 2025. This will provide a meaningful incentive to deliver short-term financial, strategic and sustainability goals, alongside longer term alignment, and remains in line with the mid-market position.
- While shareholders were supportive of the increase to annual bonus opportunity, some shareholders have commented on our Executive Director’s current level of shareholding (noting that neither Executive Director has yet achieved their shareholding guideline). To further increase shareholder alignment and accelerate the build to required shareholding levels, we have decided to increase bonus deferral levels for the ADBP. Consequently, in the new Policy, we are proposing to (i) increase the minimum proportion of bonus earned that will be deferred from one-third to one-half (reducing back to one-third once the shareholding guideline has been achieved) and (ii) strengthen the shareholding guideline such that all vested deferred bonus and long term incentive share awards will be required to be held (save for any sold to settle tax) until the guideline has been achieved.
- **Restricted share awards of 75% of salary to replace performance share awards of 150% of salary** – The proposed award level has been set based on the generally accepted conversion rate of 1:2, i.e. restricted share awards set at half the level of performance shares that they are replacing. Restricted shares will vest after three years subject to continued employment and the satisfaction of an underpin and a two-year post-vesting holding period will apply.
- **Restricted shares underpin** shareholders noted the application of market practice with the 50% reduction to the prevailing LTIP award. More detail was sought by shareholders as to the operation of the underpin.

In response to shareholder queries, the Committee developed a thematic underpin framework which will enable the Committee to reduce vesting if there has been material underperformance. The Committee will consider firstly how well the management team has executed the strategic objectives set by the Board over the three-year performance period and will then assess performance against the thematic framework including financial health, the stakeholder experience and progress on sustainability objectives. A summary is set out in the following table.

Factors the Committee will consider:	
Strategic delivery	Delivery of the Board’s strategic objectives over the three-year performance period including operational and individual performance
Financial health	<ul style="list-style-type: none"> • Revenue • Profit • Return on capital • Balance sheet strength
Stakeholder experience	Consideration of key stakeholders including the shareholder experience, employees, health and safety, customers and suppliers
Sustainability	Progress on sustainability objectives including environmental and social impact

The Committee is grateful to shareholders for their input on this matter and believes this framework will result in a structured and robust assessment while also providing clarity to participants and investors.

The Committee also took the opportunity to review the Policy in light of good practice and developments in the expectations of institutional shareholders and other stakeholders (including the publication of the revised UK Corporate Governance Code which formally took effect for Istock from 1 January 2025). The Committee is comfortable that all appropriate good practice features are already contained in the existing Policy and these will be rolled over into the revised Policy, albeit strengthened in some aspects.

The year ahead

The Committee will seek to implement the revised Policy as follows:

- Base salaries – Joe Hudson’s and Chris McLeish’s salaries will be £585,000 and £385,000 respectively, effective 1 April 2025.
- Pension – Workforce aligned contributions at 10% of base salary.
- Annual bonus – Subject to approval of the revised Policy, the maximum opportunity will be 150% of salary and, as in FY24, 50% of the total award will be based on adjusted EBIT*, 20% on adjusted cash flow and 30% on non-financial personal objectives. One-half of any FY25 bonus earned will be deferred into shares (or one-third of bonus earned if the 200% of salary shareholding guideline has been met by that time).
- LTIP – Subject to approval of the revised policy, the Committee intends to grant awards of restricted shares at 75% of salary to the CEO and CFO, which will vest subject to continued employment and an underpin measured over a three-year performance period, 2025-2027. A two-year post-vesting holding period will also apply.

Directors' Remuneration report continued

Looking after our employees

Building on the success of the Listening Post last year, this forum met four times in 2024 with members of the Remuneration Committee in attendance, providing an invaluable opportunity for us to engage with and listen to our employees. These events were well attended including representatives from many of our factory locations. Topics of discussion included positive feedback for our flexible shopping benefits package which was launched in 2023 and for our new Digicare+ offering, which was rolled out to all employees in 2024. This provides all colleagues with access to an annual health check and online GP services alongside nutritional and mental health support.

A topic of concern raised at Listening Posts was the importance of security of employment and we have therefore reinforced our commitment to up-skilling our employees to enhance their access to opportunities across the business. We are very proud to have become a Gold member of The 5% Club this year, which provides an important focus on the number and quality of 'earn and learn' training positions offered, raising the employable skills of our employees. In 2024 we increased the number of apprenticeships to 54 across our factory estate and support functions, with a particular focus on hiring diverse candidates from the communities within which we operate.

We also received continued feedback on the cost of living: we are pleased that our Concrete Division is a Real Living Wage employer and we continue to offer a popular mix of bonuses and flexible shift patterns across our Clay Division. During the year, our all-employee share grant, which was awarded in 2022 to encourage share ownership amongst our employees, vested in full with all employees below the senior management level receiving Ibstock shares worth c.£900 each. In addition, our peer-to-peer recognition scheme resulted in c.100 employees receiving cash awards of up to £500 each.

Shareholder support

As mentioned, we have undertaken a thorough review of our Policy which included a comprehensive shareholder consultation exercise. This exercise was critical in informing our discussions and our final proposals. I would like to take this opportunity to extend my thanks to all shareholders and proxy voting agencies that participated in this process and for the constructive feedback that has contributed to the design of the new Policy and our plans for its implementation.

The Board regularly engages with our shareholders in order to maintain their support and to ensure we have a transparent executive reward structure aligned to the shareholder experience. Last year, we sought advisory approval for our Directors' Remuneration Report, and we were pleased to achieve support of 97.47%.

As well as the binding vote on the new Policy and the advisory vote on the Directors' Remuneration Report, there will be a vote to renew the ADBP as it approaches the end of its ten-year life. The terms of the new plan are broadly the same as the 2015 ADBP but has been updated in certain areas to reflect good and emerging practice. This includes a single dilution limit of 10% as set out in the latest Investment Association Principles of Remuneration.

I hope we will again receive your support for the resolutions relating to remuneration at the forthcoming AGM, where I will be available to respond to any questions shareholders may have on this report or in relation to any of the Committee activities. In the meantime, if you would like to discuss any aspect of our Remuneration Policy, please feel free to contact me via the Company Secretary (Company.Secretariat@ibstock.co.uk).

Nicola Bruce

Chair of the Remuneration Committee
4 March 2025

Remuneration at a glance

How our Executives were paid in FY2024

Executive Director total remuneration in FY2024 and FY2023

Joe Hudson (CEO) Total Remuneration

£1,363
000s



£000s	FY24	FY23
Base Salary	532	514
Benefits	61	12
Pension	53	51
Bonus	449	191
LTIP	321	141
Total	1,363	911

Chris McLeish (CFO) Total Remuneration

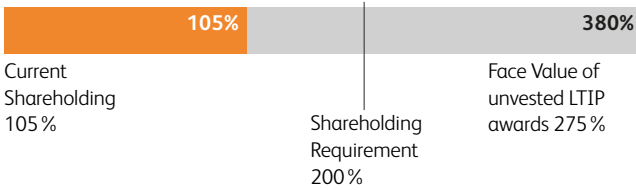
£928
000s



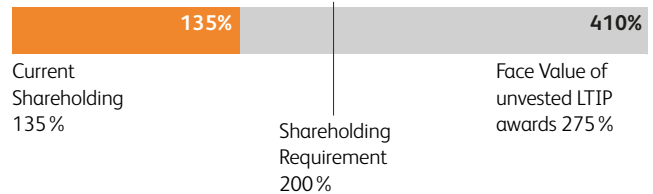
£000s	FY24	FY23
Base Salary	358	346
Benefits	16	16
Pension	36	35
Bonus	302	129
LTIP	216	95
Total	928	621

Share ownership

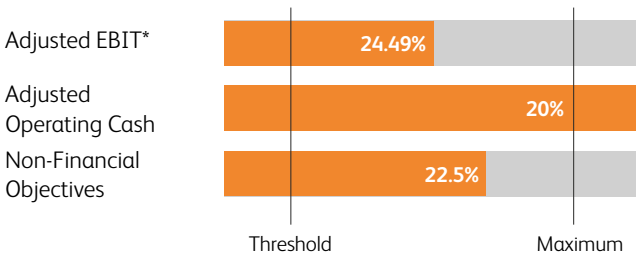
Joe Hudson (CEO) – % of salary



Chris McLeish (CFO) – % of salary

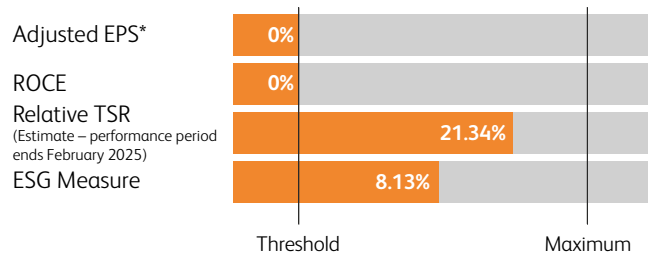


2024 Bonus Performance



Total 2024 Bonus Performance – 66.99%

2024 indicative LTIP Performance



Total 2024 indicative LTIP performance 29.47%

Directors' Remuneration report continued

Remuneration at a glance continued

How Executives will be paid in 2025

An overview of our new Policy and how it is proposed to apply in FY25 is set out below.

Fixed pay: to recruit and reward Executives of a high calibre

Remuneration for the year ending 31 December 2025		
Salary	CEO: £585,000 CFO: £385,000	Joe Hudson's salary will increase from £536,143 to £585,000 effective 1 April 2025 and to £615,000 effective 1 April 2026 and Chris McLeish's salary will increase from £360,724 to £385,000 effective 1 April 2025 and to £400,000 effective 1 April 2026. The second increase is subject to continued strong individual performance. The Committee may also apply a further increase to the April 2026 proposed salary level to reflect the level of workforce salary increase that will apply in FY2026.
Pension	10% of salary	Aligned with the maximum pension opportunity for the wider workforce.
Benefits	Includes private medical cover, a company car or a cash alternative, and death in service cover.	

Annual and Deferred Bonus Plan (ADBP)

To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.

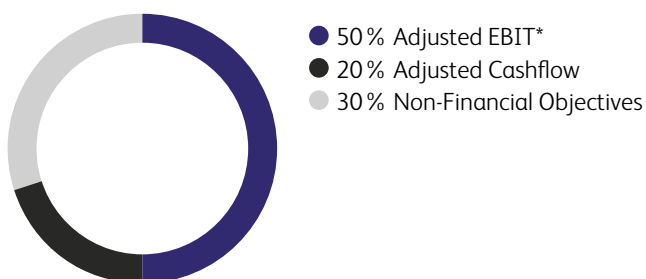
Subject to approval of the revised policy, the maximum opportunity will be 150% of salary and, one-half of any FY25 bonus earned will be deferred into shares (or one-third of bonus earned if the 200% of salary shareholding guideline has been met by that time).



Maximum opportunity: 150%

Malus and clawback provisions apply

FY25 Bonus Metrics



LTIP: Restricted Shares

Subject to approval of the revised policy, the Committee intends to grant awards of restricted shares at 75% of salary to the CEO and CFO, which will vest subject to continued employment and the achievement of an underpin measured over a three-year performance period, 2025-2027. A two-year post-vesting holding period will also apply

Shareholding Guidelines

200%

in employment

Executive Directors are expected to build a shareholding equivalent to 200% of base salary over five years. All vested share awards are required to be held (net of tax) until the guideline has been achieved.

200%

post-cessation

Executive Directors have a post-cessation minimum shareholding requirement of 200% of their base salary (or actual holding if lower) for two years from leaving.

2025 Directors' Remuneration Policy

Introduction

The Directors' Remuneration Policy has been prepared in accordance with Schedule 8: the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Listing Authority's Listing Rules. This Policy will be put to a binding shareholder vote at the AGM on 15 May 2025 and, subject to its approval, will be effective until the 2028 AGM (or until another Remuneration Policy is approved, if sooner).

Key considerations when determining the Policy

The Remuneration Committee designed the Policy with the following aims in mind. The Policy should:

- Attract, retain and motivate high-calibre senior executives and focus them on the delivery of the Group's strategic and business objectives;
- Be competitive against appropriate market benchmarks with pay levels reflecting the experience of the individual and criticality of the role;
- Be simple and understandable, both internally and externally;
- Promote equity ownership and retention of shares; and
- Take due account of good governance and promote the long-term success of Istock

Key changes to the Policy

The Remuneration Committee undertook a comprehensive review of the Policy and, following feedback received from shareholders, has made the following changes to the 2025 Policy:

- The annual bonus opportunity has been increased from 125% to 150% of salary;
- The minimum bonus that will be deferred has been increased from one-third to one-half of the bonus earned and this will reduce back to one-third once the shareholding guideline has been achieved;
- The shareholding guideline has also been strengthened and requires all vested share awards to be held (save for any sold to settle tax) until the shareholding guideline has been achieved;
- The Long Term Incentives Policy has been amended to reflect the proposal to grant restricted shares instead of performance shares. The new restricted share maximum grant level is 75% of salary in normal circumstances and 100% of salary in exceptional circumstances;
- Fees payable to the Chairman and NEDs, in exceptional circumstances, may include additional amounts to reflect un-envisaged additional workload;
- The maximum pension contribution has been amended to workforce alignment for all Executive Directors and not just new joiners; and
- There is enhanced disclosure on the circumstances in which Remuneration Committee discretion and judgement may be used.

Remuneration Policy Table

The following table sets out, for each element of pay, a summary of how remuneration is structured and how it supports the Company's strategy.

Directors' Remuneration report continued

2025 Directors' Remuneration Policy continued

Link to strategic objectives	Operation	Maximum opportunity	Performance metrics
<p>Base salary Provides a base level of remuneration to support recruitment and retention of Executive Directors with the necessary experience and expertise to deliver the Group's strategy.</p>	<p>Salaries are normally reviewed annually, and changes are normally effective from 1 April.</p> <p>The annual salary review of Executive Directors takes a range of factors into consideration, including:</p> <ul style="list-style-type: none"> • Business performance. • Salary increases awarded to the overall colleague population. • Skills and experience of the individual over time. • Scope of the individual's responsibilities. • Changes in the size and complexity of the Group. • Market competitiveness assessed by periodic benchmarking. • The underlying rate of inflation. 	<p>Base salary increases are awarded at the discretion of the Remuneration Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms.</p> <p>Percentage increases beyond those granted to the wider workforce may be awarded in certain circumstances, such as when there is a change in the individual's role or responsibility or where there has been a fundamental change in the scale or nature of the Company or to address salaries that have fallen behind market rates.</p> <p>In addition, a higher increase may be made where an individual had been appointed to a new role at below-market salary whilst gaining experience.</p>	<p>Executive Directors' performance is a factor considered when determining salaries. No recovery or withholding provisions apply.</p>
<p>Benefits Benefits in kind offered to Executive Directors are provided to enable the Company to recruit and retain Executive Directors with the experience and expertise to deliver the Group's strategy.</p>	<p>The Executive Directors receive a company car or car allowance, private health cover and death in service cover.</p> <p>Executive Directors may become eligible for other benefits which are introduced for the wider workforce on broadly similar terms.</p> <p>Additional benefits may be offered such as relocation allowances on recruitment.</p>	<p>There is no maximum cap on the value of benefits. The value will depend on the cost of providing the relevant benefits. The Company has monitoring practices in place to ensure spend on benefits is efficient.</p>	<p>Not performance-related.</p> <p>No recovery or withholding provisions apply.</p>
<p>Pension To provide a contribution towards retirement</p>	<p>Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a salary supplement in lieu of pension benefits, or a mixture of both.</p>	<p>The maximum contribution into the defined contribution plan or salary supplement in lieu of pension is aligned with the workforce contribution rate which is currently 10% of gross basic salary</p>	<p>Not performance-related.</p> <p>No recovery or withholding provisions apply.</p>

Link to strategic objectives	Operation	Maximum opportunity	Performance metrics
<p>Annual and deferred bonus (ADBP)</p> <p>The ADBP rewards the achievement of achieving stretching objectives that are closely aligned with the Company's strategy and the creation of value for shareholders. Delivery of a proportion of the bonus in deferred share awards enhances alignment between executives and shareholders.</p>	<p>ADBP awards are determined based on measures and targets that are agreed by the Remuneration Committee. Annual bonus measures are typically based on performance over the relevant financial year.</p> <p>One-half of the bonus earned will be deferred in shares for three years with the remainder paid in cash. The deferred amount will reduce to one-third once the shareholding guideline has been achieved (as measured at the end of the financial year directly prior to the payment of a bonus).</p> <p>At the discretion of the Remuneration Committee, participants may also be entitled to receive the value of dividends paid between grant and vesting on vested shares. The payment may assume dividend reinvestment.</p> <p>Bonus payments, including deferred awards, are subject to recovery and withholding provisions (see 'Recovery and withholding' in the Notes to the Policy table for further detail).</p>	<p>The maximum bonus deliverable under the ADBP is 150% of a participant's annual base salary. Typically, half of the maximum opportunity will be payable for delivering target performance.</p>	<p>Performance measures are determined by the Remuneration Committee each year and may vary to ensure that they promote the Company's long-term business strategy and shareholder value. The majority of the bonus will be based on financial measures. This may be a single measure, such as profit, or a mix of measures as determined by the Remuneration Committee. Personal objectives and/or strategic KPIs may also be chosen.</p> <p>Where a sliding scale of targets applies to financial measures, up to 20% of that element may be payable for threshold performance.</p> <p>The ADBP measures are reviewed annually, and the Remuneration Committee has the discretion to vary the mix of measures or to introduce new measures taking into account the strategic focus of the Company at the time.</p> <p>The Committee has discretion to make downward or upward adjustments to the amount of bonus earned resulting from the application of the performance measures, if the Committee believe that the bonus outcomes are not a fair and accurate reflection of overall business performance. Any examples of such discretion will be communicated to shareholders in the annual Directors Report on Remuneration.</p> <p>Malus & clawback provisions apply.</p>
<p>Long term incentives</p> <p>Restricted shares incentivise long term decision making for sustainable growth, they align executives' interests with the business strategy, and help recruit and retain executives</p>	<p>Restricted share awards are granted annually to Executive Directors in the form of a conditional share award, nil (or nominal) cost option under the Istock Long Term Incentive Plan.</p> <p>Awards will vest at the end of a three-year vesting period subject to: – the Executive Director's continued employment at the date of vesting; and – satisfaction of the restricted share underpin.</p> <p>A post-vesting holding period of two years will apply for restricted awards.</p> <p>Dividends may accrue on vested restricted share awards during the vesting and holding periods.</p> <p>Restricted share awards are subject to recovery and withholding provisions (see 'Recovery and withholding' in the Notes to the Policy table for further detail).</p>	<p>The normal maximum grant level is 75% of salary p.a. based on the market value at the date of grant set in accordance with the rules of the LTIP. In exceptional circumstances, such as recruitment, the Committee may grant an award with a maximum of 100% of salary.</p>	<p>Restricted share awards are not subject to performance measures but vesting is subject to the achievement of an underpin normally reviewed over the three financial years commencing with the financial year in which awards are granted.</p> <p>The Committee will apply an underpin to restricted share awards which will enable it to reduce vesting if there has been material underperformance. In this regard, the Committee will consider firstly how well the management team has executed the strategic objectives set by the Board over the three-year period. The Committee will then assess performance against a thematic framework based on:</p> <ul style="list-style-type: none"> • Financial health including consideration of revenue, profit, return on capital and balance sheet strength; • Stakeholder experience including consideration of the shareholder experience, employees, health and safety, customers and suppliers; and • Sustainability objectives including progress on emissions reduction and social impact.

Directors' Remuneration report continued

2025 Directors' Remuneration Policy continued

Link to strategic objectives	Operation	Maximum opportunity	Performance metrics
<p>All employee share plans Encourage employees, including the executive directors, to build a shareholding through the operation of all employee share plans such as the Share Incentive Plan (SIP) and Sharesave. Such plans increase alignment between employees and shareholders</p>	<p>The Company operates a SIP and a Sharesave scheme in which the Executive Directors are eligible to participate (both schemes are in line with HMRC legislation and are open to all eligible staff).</p> <p>The Executive Directors shall be entitled to participate in any other all employee arrangement implemented by the Company.</p>	<p>Maximum opportunity for awards and purchases are kept in line with HMRC limits.</p>	<p>The Company in accordance with the legislation may impose objective conditions on participation in the SIP for employees.</p>
<p>Shareholding guidelines Encourages Executive Directors to build a meaningful shareholding in the Group so as to further align their interests with those of shareholders.</p>	<p>Executive Directors will normally be required to retain shares from all share awards vesting (after the sale of any shares to settle tax due) until they have reached the required level of holding.</p> <p>Shares owned outright by the Executive Director or a connected person are included.</p> <p>Shares or share options which remain subject to a performance condition are not included.</p> <p>Unvested deferred bonus awards and vested LTIP or restricted share awards which remain unexercised count towards the in-employment guideline on a net of tax basis.</p>	<p>During employment: Executive Directors are required to build and retain a shareholding equivalent to at least 200% of their base salary.</p> <p>Post-employment: Executive Directors are normally required to hold shares at a level equal to the lower of their shareholding at cessation and 200% of salary for two years post cessation.</p>	<p>No performance metrics apply.</p>
<p>Non-Executive Director and Chairman fees Provides a level of fees to support recruitment and retention of Non-Executive Directors and a Chairman with the necessary experience to advise and assist with establishing and monitoring the Group's strategic objectives.</p>	<p>The Board is responsible for setting the remuneration of the Non-Executive Directors. The Remuneration Committee is responsible for setting the Chairman's fees. Non-Executive Directors are paid an annual fee and additional fees may be paid for chairmanship and membership of Committees. The Chairman does not receive any additional fees for Chairing or membership of Committees.</p> <p>Non-Executive Directors and the Chairman do not participate in any variable remuneration or benefits arrangements other than reimbursed expenses.</p>	<p>Fees are reviewed annually in the context of fees in place for equivalent roles in comparable companies and to reflect time commitment and responsibility.</p> <p>The Company will pay reasonable expenses incurred by the Non-Executive Directors and Chairman and may settle any tax incurred in relation to these.</p> <p>In exceptional circumstances if there is a temporary, yet material, increase in the time commitments for Non-executive Directors, the Group Board may pay extra fees to recognise that additional workload.</p>	<p>Not performance related.</p>

Performance conditions and targets

Performance measures for the Annual Bonus are carefully selected to ensure alignment with strategic priorities and delivery against key financial and operational objectives. Targets are set by reference to the approved budget, market practice and analysts' expectations. Restricted share awards are subject to an underpin and a framework (as set out in the Policy table) will be used as a basis for assessment.

Malus and clawback

The ADBP and the LTIP include best practice malus and clawback provisions. Malus is the adjustment of unpaid bonus and deferred share awards under the ADBP and outstanding LTIP awards as a result of the occurrence of one or more circumstances listed below. The adjustment may result in the value being reduced to nil. Clawback is the recovery of payments or vested awards under the ADBP and vested LTIP awards as a result of the occurrence of one or more circumstances listed below. Clawback may apply to all or part of a participant's award and may be effected, among other means, by requiring the transfer of shares, payment of cash or reduction of awards or bonuses. The circumstances in which malus and clawback could apply are as follows:

- discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company;
- the assessment of any performance condition or condition in respect of an ADBP and LTIP Award was based on error, or inaccurate or misleading information;
- the discovery that any information used to determine the cash payment under the ADBP or the number of shares subject to an ADBP or LTIP Award was based on error, or inaccurate or misleading information;
- action or conduct of a participant which amounts to fraud, gross misconduct or serious misconduct;
- events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to the participant (including on account of management oversight as relevant); or
- The Company or a material proportion of the Group becoming insolvent or otherwise suffering a significant corporate failure.

	Annual Bonus	Deferred Bonus	Long Term Incentive Plan
Malus	Up to the date of payment of a cash bonus	To the end of the three-year deferral period (i.e. three years post the bonus determination)	To the end of the three-year vesting period
Clawback	Five years post the bonus determination	N/A	Until two years post-vesting

Discretion

The Committee operates under the powers it has been delegated by the Board. In addition, it complies with rules that are either subject to shareholder approval (LTIP or the ADBP) or subject to approval by the Board. These rules provide the Committee with certain discretions which serve to ensure that the implementation of the Policy is fair, both to the individual Director and to shareholders. The Committee also has discretion to set components of remuneration within a range, from time to time. The extent of such discretion is set out in the relevant rules, the maximum opportunity or the performance metrics section of the Policy table above.

To ensure the efficient administration of the variable incentive plans outlined above the Committee will apply certain operational discretions. These include the following:

- Selecting the participants in the plans on an annual basis.
- Determining the timing of grants of awards and/or payments.
- Determining the quantum of awards and/or payments (within the limits set out in the Directors' Remuneration Policy table).
- Determining the choice and adjustment of performance measures and targets for each incentive plan in accordance with the Policy set out above and the rules of each plan.
- Determining the extent of vesting based on the assessment of performance, and judgement relating to measurement of performance in certain circumstances such as a change of control or reconstruction or other corporate events.
- Whether recovery and withholding shall be applied to any award in the relevant circumstances and, if so, the extent to which it shall be applied.
- Making appropriate adjustments as required in certain circumstances, for instance changes in capital structure.
- Determining 'good leaver' status for incentive plan purposes and applying the appropriate treatment.
- Undertaking the annual review of performance measures including their weightings and setting targets for the ADBP and other incentive schemes, where applicable, from year to year.

If an event occurs which results in the ADBP or LTIP performance conditions/targets or restricted share underpin being deemed no longer appropriate (e.g. material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and/or underpin and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. Any use of the above discretion would, where relevant, be explained in the Annual Report on Remuneration and may, if appropriate, be the subject of consultation with the Company's major shareholders.

Legacy arrangements

For the avoidance of doubt, the Committee may approve payments to satisfy commitments agreed prior to the approval of this Policy, including LTIP awards granted under previous Directors' Remuneration Policies. The Committee may also approve payments outside this Policy in order to satisfy legacy arrangements made to an employee prior to (and not in contemplation of) promotion to the Board.

All historic awards that were granted prior to the approval of this Policy but which remain outstanding, remain eligible to vest based on their original award terms.

Directors' Remuneration report continued

2025 Directors' Remuneration Policy continued

Recruitment policy

The Company's principle is that the remuneration of any new recruit will be assessed in line with the same principles as for the Executive Directors, as set out in the Policy table above. The Committee is mindful that it wishes to avoid paying more than it considers necessary to secure a preferred candidate with the appropriate calibre and experience needed for the role. In setting the remuneration for new recruits, the Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short-term or long-term incentive payments as well as giving consideration for the appropriateness of any performance measures associated with an award.

The Company's detailed policy when setting remuneration for the appointment of new Directors is summarised in the table below:

Remuneration element	Recruitment policy
Salary, benefits and pension	Salary and benefit levels will be set in line with the policy for existing Executive Directors. New promotions and recruits to the Board may on occasion have their salaries set below the targeted policy level while they become established in their role. In such cases salary increases may be higher than the increase for the general workforce of the Company until the target market positioning is achieved. Maximum pension contribution for new recruits will be no higher than the general workforce contribution rate.
Benefits	Benefits will normally be consistent with the principles set out in the Policy table. The Company may award certain additional benefits and other allowances including, but not limited to, those to assist with relocation support, temporary living and transportation expenses.
Annual and Deferred Bonus Plan	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 150% of salary. Depending on the timing and responsibilities of the appointment, it may be necessary to set different bonus performance measures and targets from those applicable to other Executive Directors.
Restricted shares	Maximum annual participation will be set in line with the Company's policy for existing Executive Directors and will not exceed 75% of salary in normal circumstances and 100% of salary in exceptional circumstances.
"Buyout" of incentives forfeited on cessation of employment	Where the Committee determines that the individual circumstances of recruitment justify the provision of a buyout, the equivalent value of any incentives that will be forfeited on cessation of an Executive Director's previous employment will be calculated taking into account the following: – the proportion of the vesting period completed on the date of the Executive Director's cessation of employment; – the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; and – any other terms and conditions having a material effect on their value ("lapsed value"). The Committee may then grant up to the same value as the lapsed value, where possible, under the Company's incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used.
Notice periods	The maximum notice period for the executive and the new recruit shall be 12 months.

Where an existing employee is promoted to the Board, the policy set out above would apply from the date of promotion but there would be no retrospective application of the policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the person concerned. These would be disclosed to shareholders in the Remuneration Report for the relevant financial year.

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors.

Service contracts and letters of appointment

The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause share options and awards granted to colleagues under such schemes and plans to vest on a takeover (see page 99). All Executive Directors have rolling service agreements which may be terminated in accordance with the terms of these agreements. The maximum notice period is 12 months from either the executive or the Company. Directors' service agreements are kept for inspection by shareholders at the Company's registered office.

The Chairman and each Non-executive Director are engaged under a market-standard appointment letters, which states that the appointment will continue for a renewable three-year term provided that the appointment must not continue for more than nine years in total, unless exceptional circumstances apply. In any event, each appointment is terminable by either party on one-month's written notice with no other right to compensation for loss of office. All Non-executive Directors are subject to annual re-election at each AGM. The dates of appointment of each of the Non-executive Directors holding office at the FY2024 year end are summarised in the following table.

Name	Date of joining Istock	Date of service contract / letter of engagement
Joe Hudson	2 January 2018	12 October 2017
Christopher McLeish	1 August 2019	5 February 2019
Jonathan Nicholls	22 September 2015	11 September 2015
Nicola Bruce	29 March 2023	14 March 2023
Louis Eperjesi	1 June 2018	19 April 2018
Peju Adebajo	26 November 2021	25 November 2021
Justin Read	1 January 2017	19 December 2016
Claire Hawkings	1 September 2018	19 April 2018

Payment for loss of office

The Committee will honour Executive Directors' contractual entitlements. Service contracts do not contain liquidated damages clauses. If a contract is to be terminated, the Committee will determine such mitigation as it considers fair and reasonable in each case. There is no agreement between the Company and its Executive Directors or employees, providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Remuneration element	Treatment on cessation of employment		
Salary, benefits and pension	These will be paid over the notice period. The Company has discretion to make a lump sum payment in lieu.		
Remuneration element	Good leaver reason	Other reason	Discretion
ADBP cash awards	Performance conditions will be measured at the bonus measurement date. Bonus will normally be pro-rated for the period worked during the financial year.	No bonus payable for year of cessation.	The Committee has the following elements of discretion: – to determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; and – to determine whether to pro-rate the bonus to time. The Remuneration Committee's normal policy is that it will pro-rate bonus for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
ADBP share awards	All subsisting deferred share awards will vest.	Lapse of any unvested deferred share awards.	The Committee has the following elements of discretion: – to determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; – to vest deferred shares at the end of the original deferral period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and – to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will not pro-rate awards for time. The Remuneration Committee will determine whether or not to pro-rate based on the circumstances of the Executive Director's departure
Long Term Incentives	Pro-rated to time and performance in respect of each subsisting long term incentive awards.	Lapse of any unvested long term incentive awards.	The Committee has the following elements of discretion: – to determine that an executive is a good leaver. It is the Committee's intention to only use this discretion in circumstances where there is an appropriate business case which will be explained in full to shareholders; – to measure performance (or underpin) over the original performance period or at the date of cessation. The Committee will make this determination depending on the type of good leaver reason resulting in the cessation; and – to determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders.
Other contractual obligations	There are no other contractual provisions other than those set out above agreed.		

¹ A good leaver reason is defined as cessation in the following circumstances: – death; – ill-health; – injury or disability; – redundancy; – retirement; – employing company ceasing to be a Group company; – transfer of employment to a company which is not a Group company; and – at the discretion of the Committee (as described above). Cessation of employment in circumstances other than those set out above is cessation for other reasons

Directors' Remuneration report continued

2025 Directors' Remuneration Policy continued

Change of control

The Committee's policy on the vesting of incentives on a change of control is summarised below:

Name of incentive plan	Change of control	Discretion
ADBP cash awards	Pro-rated to time and performance to the date of the change of control.	The Committee has discretion regarding whether to pro-rate the bonus to time. The Committee's normal policy is that it will pro-rate the bonus for time. It is the Committee's intention to use its discretion to not pro-rate in circumstances only where there is an appropriate business case which will be explained in full to shareholders.
ADBP share awards	Subsisting deferred share awards will vest on a change of control.	The Committee has discretion regarding whether to pro-rate the award to time. The Committee's normal policy is that it will not pro-rate awards for time. The Committee will make this determination depending on the circumstances of the change of control.
Long term incentives	The number of shares subject to subsisting long term incentive awards will vest on a change of control, pro-rated to time and tested for performance.	The Committee will determine the proportion of the long term incentive award which vests taking into account, among other factors, the period of time the long term incentive award has been held by the participant and the extent to which any applicable performance conditions have been satisfied at that time.

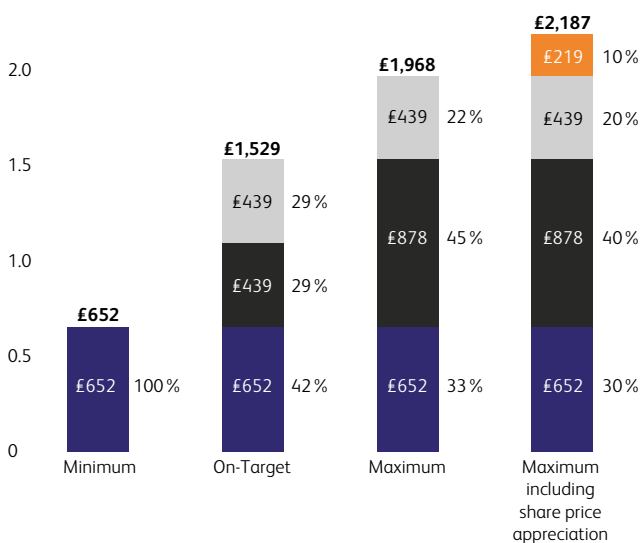
Illustrations of the application of the Remuneration Policy

The charts below illustrate the total remuneration that would be paid to each of the Executive Directors, based on the proposed FY25 salaries, under four different performance scenarios: (i) minimum; (ii) on-target; (iii) maximum; and (iv) maximum including the impact of a 50% increase in share price on the restricted share outcome.

Joe Hudson (CEO)

£m

2.5

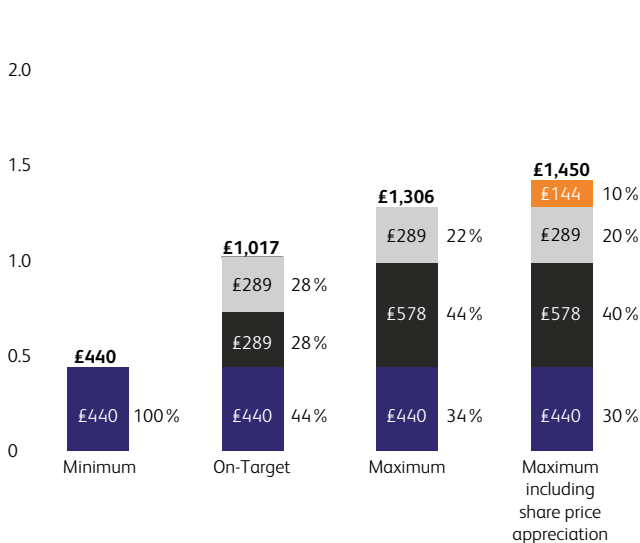


■ Fixed ■ Annual Bonus ■ LTIP ■ Share Price Appreciation

Chris McLeish (CFO)

£m

2.5



■ Fixed ■ Annual Bonus ■ LTIP ■ Share Price Appreciation

Element	Minimum	On-target	Maximum	Maximum including share price appreciation
Fixed (salary ¹ , benefits and pension ²)	Included	Included	Included	Included
Annual bonus (150% of salary)	Not included	50% of maximum	100% of maximum	100% of maximum
Restricted shares (75% of salary in 2025)	Not included	100% of maximum	100% of maximum	100% of maximum
Share price gain (50% over 3 years)	Not included	Not included	Not included	50% of the maximum restricted shares value

¹ FY2025 base salaries of £585,000 for Joe Hudson and £385,000 for Chris McLeish effective 1 April 2025.

² Based on 2024 benefits values and a 10% of salary pension contribution.

Statement of considerations of employment conditions elsewhere in the Company

The Remuneration Policy for all employees is determined in terms of best practice and ensuring that the Company is able to attract and retain the best people. This principle is followed in the development of our Policy.

The remuneration strategy of the Company has been designed to ensure all employees share in its success through performance-related remuneration and share ownership. Awards under both the Annual and Deferred Bonus Plan and the Long-Term Incentive Plan will provide alignment between senior leaders and our shareholders based on overall corporate performance of the business.

For all UK employees, the Company has in place a Sharesave Scheme. Currently, under this Plans all UK employees have the opportunity to purchase shares in the Company subject to certain restrictions. We provide detailed information on the pay arrangements for the wider workforce on page 107.

The Committee's remit extends to Executive and senior management for which it recommends and monitors the level and structure of remuneration. While the Company does not directly consult with employees as part of the process of reviewing executive pay and formulating the Remuneration Policy, when making decisions in relation to the structure and quantum of executive pay, the Committee takes into account conditions elsewhere in the Company.

Statement of consideration of shareholder views

The Committee takes the views of its shareholders very seriously and these views are taken into account in shaping Remuneration Policy and practice. Shareholder views have been carefully considered when evaluating and setting this remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy.

In light of the Company's policy review, we consulted with our largest shareholders in 2024 to seek their views on the proposed changes to the Remuneration Policy and its implementation. The original proposals were amended to take into account the feedback received. We are pleased to report that the majority of shareholders with whom we consulted were supportive of the revised proposed policy and or intended operation.

In addition, we will continue to engage actively with our shareholders to listen to their views, maintain their support and to ensure we have a transparent executive reward structure that is well-aligned to the shareholder experience.

Executive Director service contracts

The Company does not have agreements with any Director that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Company's share schemes and plans may cause options and awards granted to colleagues under such schemes and plans to vest on a takeover. Directors' service agreements are kept for inspection by shareholders at the Company's registered office.

Name	Date of joining Istock	Date of service contract	Notice period
Joe Hudson	2 January 2018	12 October 2017	12 months either party
Chris McLeish	1 August 2019	5 February 2019	12 months either party

Non-Executive Directors' terms of engagement

Each of the Non-Executive Directors are engaged under a market-standard Non-Executive Director appointment letter, which states that the appointment will continue for a renewable three-year term provided that the appointment must not continue for more than nine years in total. In any event, each appointment is terminable by either party on one month's written notice with no other right to compensation for loss of office.

All Non-Executive Directors are subject to annual re-election at each AGM. The dates of appointment of each of the Non-Executive Directors serving at the date of this report are summarised in the table below.

Name	Date of joining Istock	Date of service contract
Jonathan Nicholls (Chair)	22 September 2015	11 September 2015
Peju Adebajo	26 November 2021	25 November 2021
Nicola Bruce	29 March 2023	14 March 2023
Louis Eperjesi	1 June 2018	19 April 2018
Claire Hawkings	1 September 2018	19 April 2018
Justin Read	1 January 2017	19 December 2016

The Chair, in consultation with the Executive Directors, is responsible for proposing changes to the Non-Executive Directors' fees.

The Committee is responsible for proposing changes to the Chair's fees.

In proposing such fees, account is also taken of the time commitments of the Group's Non-Executive Directors. The decision on fee changes is taken by the Board as a whole.

Individual Non-Executive Directors do not take part in discussions in relation to their own remuneration.

Annual Report on Remuneration

This section of the Report has been prepared in accordance with the UK disclosure requirements: the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (Schedule 8 to the Regulations).

The Annual Statement and Annual Report on Remuneration will be put to a single advisory shareholder vote at the AGM on 15 May 2025.

This part of the report comprises five sections:

1. Remuneration for 2024	Page 103
a. Single total figure of Directors' remuneration (audited)	
b. 2024 Annual and Deferred Bonus Plan outcome (audited)	
c. LTIP 2022 update (audited)	
2. Directors' share ownership and share interests	Page 106
a. LTIP and ADBP awards granted in 2024 (audited)	
b. Outstanding LTIP and ADBP awards	
c. Statement of Directors' shareholdings and share interests (audited)	
3. Pay comparison	Page 107
a. Percentage change in Directors' remuneration versus employee pay	
b. Total Shareholder Return	
c. Chief Executive Officer historic remuneration	
d. Relative importance of spend on pay	
4. Remuneration Committee membership, governance and voting	Page 109
a. Remuneration Committee membership	
b. Independent advisers	
c. Statement of voting at the General Meeting	
5. Implementation of Remuneration Policy in 2025	Page 110

1. Remuneration for 2024

Single total figure of Directors' remuneration (audited)

The total remuneration of the individual Directors who served during the financial year is shown below.

		Base Salary/Fee	Benefits ¹	Pension	Total Fixed Remuneration	Annual Bonus	LTIP ^{2,3}	Total Variable Remuneration	Total Remuneration
Executive Directors									
Joe Hudson (CEO)	2024	£532,239	£8,361	£53,224	£593,824	£448,952	£320,810	£769,762	£1,363,586
	2023	£514,330	£11,835	£51,433	£577,599	£191,294	£142,288	£333,582	£911,181
Chris McLeish (CFO)	2024	£358,097	£16,334	£35,810	£410,241	£302,061	£215,845	£517,906	£928,147
	2023	£346,048	£16,286	£34,605	£396,938	£128,705	£95,733	£224,439	£621,377
Non-Executive Directors									
Jonathan Nicholls	2024	£204,301	–	–	£204,301	–	–	–	£204,301
	2023	£197,426	–	–	£197,426	–	–	–	£197,426
Peju Adebajo	2024	£58,380	–	–	£58,380	–	–	–	£58,380
	2023	£56,409	–	–	£56,409	–	–	–	£56,409
Nicola Bruce	2024	£69,826	–	–	£69,826	–	–	–	£69,826
	2023	£50,848	–	–	£50,848	–	–	–	£50,848
Louis Eperjesi	2024	£69,547	–	–	£69,547	–	–	–	£69,547
	2023	£63,809	–	–	£63,809	–	–	–	£63,809
Claire Hawkings	2024	£69,826	–	–	£69,826	–	–	–	£69,826
	2023	£67,469	–	–	£67,469	–	–	–	£67,469
Justin Read	2024	£69,826	–	–	£69,826	–	–	–	£69,826
	2023	£67,469	–	–	£67,469	–	–	–	£67,469

¹ Taxable benefits in the 2024 financial year comprised a company car allowance, private health cover and death in service cover. Joe Hudson and Chris McLeish were entitled to receive car allowances of £18,000 and £15,000 per annum, respectively.

² The LTIP vesting for 2024 is estimated at 29.47% and is based on the three-month average share price to 31 December 2024 of 188.3 pence. No discretion was applied to determine the vesting outcome and none of the 2022 LTIP value shown is attributed to share price growth over the vesting period.

³ The 2021 LTIP figures included in the 2023 values in last year's report were estimated. The provisional TSR outcome was nil and the actual outcome following the end of the performance period was also nil. These figures have been updated to reflect the actual share price on the vesting date (150.9 pence) and the value of dividends accrued between grant and vesting. Last year's values had been based on the average three-month share price to 31 December 2023.

2024 Annual and Deferred Bonus Plan (ADBP) outcome (audited)

In 2024, the Executive Directors were eligible for an annual bonus, subject to meeting performance objectives, established at the beginning of the financial year by reference to suitably challenging corporate goals over the 12-month period.

In 2024, the Annual and Deferred Bonus Plan targets and performance-related outcomes were as follows:

Metrics	Weighting	Threshold (0%)	Target (50%)	Maximum (100%)	Actual Performance	% Outcome
FY Adj EBIT*	50%	£44.7m	£49.7m	£53.2m	£49.6m	24.49%
FY Adj Cashflow	20%	£9.4m	£10.4m	£11.1m	£20.3m	20.00%
Non-Financial Objectives	30%	A summary of the personal objectives and performance is outlined over page				

Directors' Remuneration report continued

Annual Report on Remuneration continued

Non-Financial Objectives

Joe Hudson

Objective area	Assessment	Assessment of completed objective
Health, safety and environment <ul style="list-style-type: none"> Deliver new vision and updated roadmap for H&S 5-year journey. Compliance focus across operations with enhanced KPIs and housekeeping standards. 	13/15	<ul style="list-style-type: none"> Implemented Leadership in Action programme 30% Incident reduction and 17% reduction on 2023.
Growth and Strategic Projects <ul style="list-style-type: none"> Delivery of Atlas, Arion F&C syngas and Project Earth investments. Develop strategic growth catalysts including M&A Pipeline. 	18/25	<ul style="list-style-type: none"> Projects delivered as per plan however some rephasing due to market. M&A pipeline refreshed.
Innovation & sustainability <ul style="list-style-type: none"> Implement centralised Innovation and NPD organisation Deliver key regulatory projects linked to BSA and FHS, NPD and R&D in year delivery. 	16/20	<ul style="list-style-type: none"> Innovation team in place and integrated with strong progress on New and sustainable products. Building Safety Act training and EPDs nearing completion.
People culture and organisation <ul style="list-style-type: none"> Implement new ET ways of working and organisation with One Ibstock in readiness for market recovery. Robust OHR process in place and roll out of improved compliance standards. 	18/25	<ul style="list-style-type: none"> Senior reorganisation complete. Major organisational change to core organisation with one sales / production approach. Production capacity and capability adjusted for market recovery.
Futures Division continued development <ul style="list-style-type: none"> Enhance leadership. Deliver slips project with market development plans. 	10/15	<ul style="list-style-type: none"> New MD recruited. GRC restructured. Brick slips phase one delivered.

Overall the assessment on the CEO's personal objectives was 75% (22.50% out of 30%). As such, Joe Hudson's total ADBP outcome was 66.99% of maximum.

Chris McLeish

Objective area	Assessment	Assessment of completed objective
Operational Excellence <ul style="list-style-type: none"> Implement new Finance operating model to drive efficiency, alignment and improved business support. 	12.5/15	End-to-end processes mapped and new state determined; transition to Group Shared Service Centre.
Operational Excellence – Health & Safety <ul style="list-style-type: none"> Provide strong, visible leadership for improvement in all areas of Health & Safety. 	10/10	New practices embedded across organisation, contributing to 30% incident reduction.
Customer and service excellence <ul style="list-style-type: none"> Implement One Ibstock commercial partnering team. 	5/10	New data platform in roll-out, to be finalised in 2025.
Ibstock Futures <ul style="list-style-type: none"> Enhance Finance support for Futures Division including efficient transactional and controlling processes. 	10/15	<ul style="list-style-type: none"> Futures Finance Controller in place, with new reporting line. Full compliance with Group reporting and controlling deadlines in year. Significant improvement in forecast accuracy.
Core Business <ul style="list-style-type: none"> Provide effective governance and oversight of Atlas project. 	10/15	<ul style="list-style-type: none"> Atlas project on track with output phased according to market demand.
Systems, Processes and Data <ul style="list-style-type: none"> Deliver enhanced risk management and controls across the enterprise. Support technology team to deliver fundamental upgrade of data governance and processes. 	10/15	<ul style="list-style-type: none"> Increased controls compliance to > 85% Technology in-year workplan delivered in full.
Culture and People <ul style="list-style-type: none"> Develop leadership teams to ensure succession for all SLT roles in 1-2 years. 	10/10	Finance leadership roles confirmed with internal successors within 1 move; Group Technology Director filled with internal hire.
Financial Performance <ul style="list-style-type: none"> Enhance performance management processes. 	7.5/10	Robust cadence of performance management cycles executed, which delivered budgeted cash flow and adjusted EBIT outcomes.

Overall the assessment on the CFO's personal objectives was 75% (i.e. 22.50% out of 30%). As such, Chris McLeish's total ADBP outcome was 66.99% of maximum.

	Maximum bonus opportunity (% of salary)	Bonus payout (% of maximum)	Bonus earned (£000s)
Joe Hudson	125%	66.99%	£448,952
Chris McLeish	125%	66.99%	£302,061

Two thirds of the 2024 bonus earned will be paid in cash and the remaining third will be deferred in shares under the ADBP for three years. There are no performance conditions attached to the vesting of deferred shares and these awards vest subject to continued employment.

2022 LTIP update (audited)

The three-year performance period for the awards granted on 14 April 2022 ended on 31 December 2024 in respect of the EPS, ROCE and ESG measures and will end on 13 April 2025 for the relative TSR measure. As the performance period for the TSR element has not concluded, vesting is based on an estimate undertaken to 14 February 2025 which suggests that this measure will vest at 21.34% (out of 30%). The Committee reviewed the performance against the four performance conditions and determined an overall estimated vesting level of 29.47%.

Measure	Weighting (%)	Threshold (25% vesting)	Maximum (100% vesting)	Actual	Vesting (% of total award)
Adjusted EPS*	25%	16.9p	22.1p	7.7p	0%
ROCE (annual average)	25%	17.64%	19.50%	14.6%	0%
Relative TSR (estimated vesting)	30%	Median	Upper Quartile	Between median and Upper Quartile	21.34%
ESG Measure (Carbon Intensity)	10%	0.132	0.124	0.148	0%
ESG Measure (Senior Leader Female Representation)	5%	31%	37%	34%	3.13%
ESG Measure (New and Sustainable Product Development)	5%	16% of sales revenue	20% of sales revenue	22%	5%
Total	100%	–	–	–	29.47%

The Adjusted EPS* outcome for FY24 was 7.7pence. EPS performance was below threshold and consequently this measure will vest at 0%.

ROCE (annual average) for the three-year performance from FY22 to FY24 outcome was 14.60%. This measure also included the adjustment for Atlas and Nostell major growth projects to ensure the outcome and targets are on a like-for-like basis and vested at 0%.

The ESG Measure of Carbon Intensity (tonnes of Carbon per tonnes of finished production) accounted for 10% of the award.

The Carbon Intensity outcome was 0.148 tonnes of carbon per tonne of finished production. This measure will vest at 0%.

The diversity measure will vest at 62.5% and the new and sustainable product measure will vest in full.

The value of vested awards as set out in the single figure table is consequently based on an estimated vesting of 29.47%. It uses the average three-month share price to 31 December 2024 of 188p. The actual vesting outcome and value will be reported in next year's Directors' Remuneration Report.

Confirmation of 2021 LTIP vesting

The LTIP award granted on 25 March 2021 was based on relative TSR, EPS and ROCE. The three-year performance period for the award ended on 31 December 2023 in respect of the EPS measure and on 24 March 2024 for the relative TSR measure.

In last year's report, the estimated TSR vesting was nil based on a calculation conducted prior to signing off the Report. The actual final calculation was performed after the end of the performance period and Istock ranked at below median, resulting in 0% of this part of the award vesting.

Measure	Weighting	Threshold	Maximum	Actual	Vesting (% of total award)
Adjusted EPS*	30%	3%	10%	7.60%	0%
ROCE (annual average)	20%	15.77%	17.43%	19.45%	20.0%
Relative TSR	40%	Median	Upper Quartile	Median	0%
ESG Measure (Carbon Intensity)	10%	0.152	0.142	0.148	5.5%
Total	100%	–	–	–	25.5%

The single figure value for 2023 has been updated to include dividends that accrued over the vesting period and to reflect the share price of 150.9 pence on the vesting date (24 March 2024).

Payments to former Directors and loss of office payments (audited)

There were no payments to former Directors or payments for loss of office during the year.

Directors' Remuneration report continued

Annual Report on Remuneration continued

2. Directors' share ownership and share interests

LTIP and ADBP awards granted in 2024 (audited)

2024 LTIP Award Grant

On 3 April 2024, the following awards, structured as nil cost options, were made under the LTIP to Executive Directors:

Name	Date of grant	Basis of award (% of salary)	Face value of the awards at grant ¹	Number of shares under award	Date of Vesting
Joe Hudson	3 April 2024	150%	£804,215	550,831	3 April 2027
Chris McLeish	3 April 2024	150%	£541,086	370,606	3 April 2027

¹ Share price by reference to which the awards were granted is £1.46 (closing share price on 3 April 2024).

The LTIP awards will normally vest after 3 years based on the satisfaction of performance conditions. These are adjusted Earnings per Share* (EPS) (30%), relative Total Shareholder Return (TSR) (20%), Adjusted ROCE* (30%) and ESG (20%), each assessed over a three-year performance period commencing on 1 January 2024.

Measure	Weighting	Threshold	Maximum
Adjusted EPS*	30%	11.4p	16.5p
ROCE*	30%	8.68%	12.50%
Relative TSR	20%	Median	Upper Quartile
Average Scope 1 grams of CO ₂ per brick	10%	383g	347g
Percentage of employees to be in Earn and Learn positions as defined in the 5% Club	5%	8%	12%
New product development sales revenue coming from new and more sustainable products	5%	20%	24%

2024 ADBP grant

Under the terms of the Policy, part of the bonus earned for 2023 performance was delivered in the form of deferred bonus shares under the ADBP. Details of the awards granted are set out in the table below.

Name	Date of grant	Basis of award (% of 2024 bonus)	Face value of the awards at grant ¹	Number of shares under award	Date of vesting
Joe Hudson	22 March 2024	33.3%	£63,763.61	40,780	22 March 2027
Chris McLeish	22 March 2024	33.3%	£42,900.49	27,437	22 March 2027

¹ The number of Ordinary Shares granted under each ADBP award was calculated using an Ordinary Share price of £1.5636 per share (the average 30 day middle market quotation before date of grant).

The ADBP awards will vest on 22 March 2027, subject to continued employment.

Outstanding LTIP and ADBP awards

Details of all options held by the Directors under the Company's share plans as at 31 December 2024:

Joe Hudson

	Date of Award	Interest at 31 December 2023	Awards granted in year	Awards vested in year	Awards lapsed in year	Awards exercised in year	Interest at 31 December 2024	Market price on award date	Exercise/Option Price	Expiry date
LTIP	2020	126,623				126,623	–	£1.91	Nil Cost	14/04/30
	2021	317,888	13,232 ¹	81,061	236,827	94,293	–	£2.15	Nil Cost	25/03/31
	2022	578,122					578,122	£1.72	Nil Cost	14/04/32
	2023	452,632					452,632	£1.73	Nil Cost	03/04/33
	2024	–	550,831				550,831	£1.46	Nil Cost	03/04/34
ADBP	2022	91,325					91,325	£1.98	Nil Cost	14/04/32
	2023	116,395					116,395	£1.75	Nil Cost	16/03/33
	2024	–	40,780				40,780	£1.56	Nil Cost	22/03/34
Sharesave	2021	10,227				10,227	-	N/A	£1.76	N/A

Chris McLeish

	Date of Award	Interest at 31 December 2023	Awards granted in year	Awards vested in year	Awards lapsed in year	Awards exercised in year	Interest at 31 December 2024	Market price on award date	Exercise/Option Price	Expiry date
LTIP	2021	213,886	8,902 ¹	54,540	159,346	63,442	–	£2.15	Nil Cost	25/03/31
	2022	388,967					388,967	£1.72	Nil Cost	14/04/32
	2023	304,536					304,536	£1.73	Nil Cost	03/04/33
	2024	–	370,606				370,606	£1.46	Nil Cost	03/04/34
ADBP	2022	61,447					61,447	£1.98	Nil Cost	14/04/32
	2023	78,312					78,312	£1.75	Nil Cost	16/03/33
	2024	–	27,437				27,437	£1.56	Nil Cost	22/03/34
Sharesave	2021	10,227				10,227	-	N/A	£1.76	N/A

¹ In line with prior years, upon awards vesting the participant receives dividend equivalents in share options. These are shown in the table above as awards granted in the year for the 2021 LTIP.

Statement of Directors' shareholdings and share interests (audited)

The share interests of each Director as at 31 December 2024 (together with interests held by connected persons) and, where applicable, achievement of shareholding requirements are set out below.

To align executives with the interests of shareholders, the Remuneration Committee has implemented shareholding guidelines for Executive Directors. The guidelines require that Executive Directors build up and maintain an interest in the Ordinary Shares of the Company that is 200% of their annual base salary. The CEO and CFO, having joined the Company in 2018 and 2019 respectively, are expected to build up their shareholding over a five-year period. The Committee recognises that neither Joe Hudson nor Chris McLeish have yet met their shareholding requirements, with Joe's five-year deadline ending January 2023 and Chris' deadline to end August 2024.

As previously discussed on page 89, as part of the recent consultation, some shareholders had fed back to the Committee that they were keen for executives to build more meaningful shareholdings in the business. As a result and as a part of the broader proposals in relation to the new Directors' Remuneration Policy, the Committee was looking to (i) increase the minimum proportion of bonus earned that will be deferred from one-third to one-half (reducing back to one-third once the shareholding guideline has been achieved) and (ii) strengthen the shareholding guideline such that all vested share awards will be required to be held (save for any sold to settle tax) until the guideline has been achieved. It is hoped that this would prove to be a positive step in both Executive Directors achieving the guidelines.

	Shareholding requirement % salary	Current shareholding % salary ¹	Beneficially owned	Unvested interests subject to performance conditions ²	Unvested interests not subject to performance conditions ²	Vested but unexercised interests ²	Outstanding Sharesave awards	Shareholding requirement met
Joe Hudson	200%	105%	188,461	1,581,585	131,705	0	–	No
Chris McLeish	200%	135%	188,810	1,064,109	88,614	0	–	No
Jonathan Nicholls	N/A	–	10,000	–	–	–	–	–
Peju Adebajo	N/A	–	10,000	–	–	–	–	–
Nicola Bruce	N/A	–	5,939	–	–	–	–	–
Louis Eperjesi	N/A	–	20,000	–	–	–	–	–
Claire Hawkings	N/A	–	10,000	–	–	–	–	–
Justin Read	N/A	–	17,500	–	–	–	–	–

¹ Current shareholdings includes all shares owned directly, owned by a beneficiary or held through nominees.

² Unvested interests not subject to performance conditions and vested but unexercised interests are shown post-tax in this table.

3. Pay Comparison

Percentage change in Directors' remuneration versus employee pay

The table below shows the percentage change in salary, benefits and annual bonus earned between the 2024 financial year and the prior year for the Board compared to the average earnings of all of the Group's other colleagues. The change in remuneration is also shown for the previous two years.

The Committee monitors the changes year-on-year between our Director pay and the average employee increase.

	2024			2023			2022			2021			2020		
	Salary/ Fees	Benefits	Annual Bonus	Salary/ Fees	Benefits	Annual Bonus	Salary/ Fees	Benefits	Annual Bonus	Salary/ Fees	Benefits	Annual Bonus	Salary/ Fees	Benefits	Annual Bonus
Joe Hudson	3.5%	(29.4)%	134.7%	5.9%	(40.8)%	(68.7)%	6.8%	27.8%	12.4%	5.3%	(5.4)%	100%	(3.1)%	(5.5)%	(100)%
Chris McLeish	3.5%	0.3%	134.7%	5.9%	0.7%	(68.7)%	6.8%	2.3%	12.4%	5.3%	2.0%	100%	–	–	–
Jonathan Nicholls	3.5%	–	–	4.8%	–	–	3.0%	–	–	5.3%	–	–	(3.1)%	–	–
Peju Adebajo ¹	3.5%	–	–	4.8%	–	–	100%	–	–	–	–	–	–	–	–
Nicola Bruce ²	37.3%	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Louis Eperjesi ³	9.0%	–	–	18.5%	–	–	3.0%	–	–	6.5%	–	–	(3.3)%	–	–
Claire Hawkings ⁴	3.5%	–	–	4.8%	–	–	8.4%	–	–	19.7%	–	–	(3.1)%	–	–
Justin Read	3.5%	–	–	4.8%	–	–	2.7%	–	–	5.3%	–	–	(3.1)%	–	–
All employees ⁵	2.0%	1.0%	(28)%	2.3% ⁶	(16.7)%	(78.2)%	10.3%	(14.3)%	(31.8)%	3.9%	3.8%	100%	(8.7)%	0%	(100)%

¹ Peju Adebajo was appointed to the Board in November 2021 and received a pro-rated amount of her annual fee in 2021, hence the large % increase in 2022.

² Nicola Bruce was appointed to the Board in March 2023.

³ Louis Eperjesi was appointed as SID in 2023 and so received an additional fee to reflect this additional responsibility.

⁴ Claire Hawkings was appointed Chair of the Sustainability Committee in 2021 and so received an additional fee to reflect this additional responsibility.

⁵ Istock Plc as the Parent Company has no employees, therefore employees of the Group employed as full time equivalent for the three years have been used.

⁶ The 2022 All Employee salary includes a one-off £1,000 or £2,000 cost of living payment to all employees earning less than £30,000 or £50,000 respectively. Without this, the salary increase from 2022 to 2023 would be 6.3%

Directors' Remuneration report continued

Annual Report on Remuneration continued

CEO pay ratio

In line with the reporting regulations, set out below is the ratio of CEO pay compared to the pay of UK full-time equivalent employee of the Group for the financial year ended 31 December 2024. In line with previous years, we have calculated the ratios set out above using Option A, as described in the Directors' Remuneration Reporting Regulations, as we believe that this reflects the most comprehensive approach.

We expect the pay ratio to vary from year to year, driven largely by variability in incentive outcomes for the CEO, which will significantly outweigh any other general employee pay changes at Istock.

The CEO single total figure remuneration of £1,363k is used in the table below.

Year	Method	25th Percentile	50th Percentile	75th Percentile
2019	Option A	43:1	35:1	23:1
2020	Option A	21:1	16:1	13:1
2021	Option A	41:1	30:1	25:1
2022	Option A	44:1	35:1	27:1
2023	Option A	26:1	21:1	16:1
2024	Option A	42:1	33:1	25:1

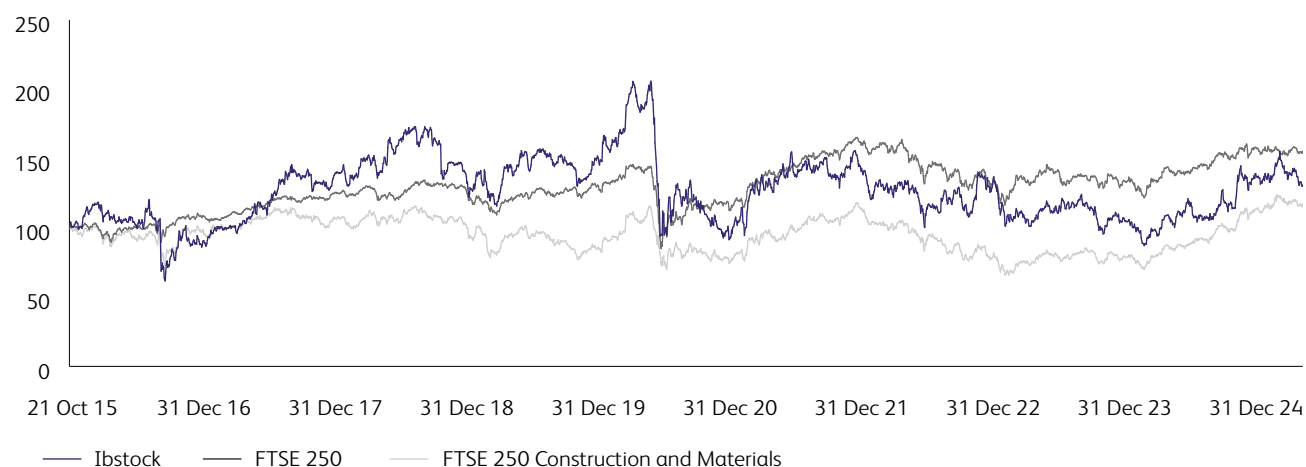
The ratios above were determined as at 31 December 2024. The higher ratio this year reflects the higher bonus outcome for 2024 compared with 2023. The Remuneration Committee is satisfied that the pay ratio is reasonable and consistent with the Company's wider policies on colleague pay, reward and progression.

Set out in the table below is the base salary and total pay and benefits for the CEO and each of the percentiles for the year ended 31 December 2024.

	CEO	25th Percentile	50th Percentile	75th Percentile
Total remuneration	£1,363,586	£32,486	£41,781	£56,561
Base salary	£532,239	£26,780	£31,961	£43,308

Total Shareholder Return (TSR)

The chart below shows £100 invested in the Company's shares since listing compared with the FTSE 250 index and the FTSE 250 Construction and Materials index.



The Committee considers that the FTSE 250 is an appropriate index because the Company has been a member of this index since listing. It should be noted that the Company listed on 27 October 2015 and therefore only has a listed share price for the period of 27 October 2015 to 31 December 2024. Additionally, the FTSE 250 Construction and Building materials index is shown as it reflects the sector in which the Company operates.

Chief Executive Officer historic remuneration

The table below sets out the single total figure of remuneration and incentive outcomes for the Director holding the post of CEO in each year since Istock listed on the London Stock Exchange in 2015.

Year	CEO	Single figure remuneration	% maximum annual bonus earned	% maximum LTIP award vesting
2015	Wayne Sheppard ¹	773	100 %	N/A
2016	Wayne Sheppard	789	33 %	N/A
2017	Wayne Sheppard	906	58 %	N/A
2018	Wayne Sheppard ²	184	32.5 %	38.5 %
	Joe Hudson ³	592	32.5 %	N/A
2019	Joe Hudson	737	33.1 %	N/A
2020	Joe Hudson	540	0 %	0 %
2021	Joe Hudson	1,104	95.5 %	0 %
2022	Joe Hudson	1,353	98.5 %	33.1 %
2023	Joe Hudson	911	29.4 %	25.5 %
2024	Joe Hudson	1,363	67.0 %	29.5 %

¹ Following the IPO in 2015, no award under the LTIP vested in the period 2016 to 2018.

² Wayne Sheppard stepped down as CEO and Board Director on 4 April 2018 and his 2018 remuneration has been pro-rated to reflect this.

³ Joe Hudson became CEO on 4 April 2018. His 2018 single figure only includes compensation paid to him in 2018 in his capacity as the CEO from 4 April to 31 December 2018 and does not include compensation paid to him as CEO designate before 4 April 2018.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay for all Group colleagues relative to dividends:

	2024 (£m)	2023 (£m)	% Change
Staff costs ¹	106	117	(9.4) %
Dividends paid	20	34.9	(42.7) %

¹ This is the overall spend on employee pay including Executive Directors (continuing operations). For more information, please see Notes 7 and 32 of the Financial Statements.

In addition, the Company completed a share buyback during 2022 totalling £30 million.

4. Remuneration Committee membership, governance and voting

Remuneration Committee membership

The Remuneration Committee in 2024 comprised Nicola Bruce, who was appointed as Chair of the Committee on 27 April 2023, Jonathan Nicholls, Peju Adebajo, Louis Eperjesi, Claire Hawkings and Justin Read. The Committee is supported by the Group's Company Secretary and met four times during the year and all Committee members were present.

The Committee also receives assistance from Joanne Hodge, the Group People, Sustainability and Social Impact Director, who attends meetings by invitation, except when issues relating to her own remuneration are being discussed.

The Sustainability (formerly ESG) Committee (comprising of Claire Hawkings, Peju Adebajo, Louis Eperjesi and Joe Hudson) advise the Committee on the setting and outcome of ESG performance measures in the LTIP awards. The CEO is absent from any part of the Sustainability Committee meeting pertaining to decisions on ESG targets or outcomes. The CEO and CFO attend the Committee by invitation on occasions but are absent from discussions regarding setting of their own pay arrangements.

The independent adviser to the Committee attends by invitation.

Independent advisers

The Remuneration Committee takes account of information from both internal and independent sources, including FIT Remuneration Consultants LLP (FIT) who act as the Remuneration Committee's independent adviser. FIT was appointed by the Remuneration Committee in September 2022 as a result of a tender process and advised the Remuneration Committee on all aspects of Senior Executive and Board remuneration, including remuneration trends and corporate governance best practice. FIT also assisted the Committee with the Policy review.

FIT is a founder member of the Remuneration Consultants' Group and complies with its Code of Conduct, which sets out guidelines to ensure that its advice is independent and free of undue influence. The Remuneration Committee reviews the performance and independence of its advisers on an annual basis. The Remuneration Committee was satisfied that FIT's advice was independent and objective and has no other connection with the Company or individual directors.

Istock incurred fees of £60,000 excluding VAT during 2024 relating to Remuneration Committee advice. FIT billed on a fixed fee basis and in addition provided other ad hoc services to management including share plan advice and TSR performance calculations which were billed on a time spent basis.

Statement of voting at the General Meeting

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company seeks to understand the reasons for any such vote and will report any actions in response to it. The following table sets out actual voting at the AGM on 16 May 2024 in respect of the

Directors' Remuneration report continued

Annual Report on Remuneration continued

Directors' remuneration report for the year ended 31 December 2023 and for the Directors' Remuneration Policy at the AGM on 21 April 2022

AGM Resolution	Votes for		Votes against		Total votes cast (excluding withheld)	Votes withheld
	Number of shares	% votes cast	Number of shares	% votes cast		
Annual Report on Remuneration (2024)	288,947,606	97.47%	7,491,127	2.53%	296,438,733	3,339,827
Directors' Remuneration Policy (2022)	317,532,159	99.42%	1,851,842	0.58%	319,384,001	58,111

5. Implementation of Remuneration Policy in 2025

Base salaries

Joe Hudson's salary will increase by 14.7% from £536,143 to £615,000 and Chris McLeish's by 10.8% from £360,724 to £400,000. These increases will be phased over two years such that Joe's salary will increase to £585,000 effective 1 April 2025 and to £615,000 effective 1 April 2026 and Chris's will increase to £385,000 effective 1 April 2025 and to £400,000 effective 1 April 2026. The second increase is subject to continued strong individual performance. The Committee may also apply a further increase to the April 2026 proposed salary level to reflect the level of workforce salary increase that will apply in FY2026.

Salary increases are effective from 1 April 2025 to align with the approach for the wider workforce.

	2025	2024
Joe Hudson	£585,000	£536,143
Chris McLeish	£385,000	£360,724

Benefits and pension

Pension contribution remains aligned to the wider workforce at 10% of gross base salary.

Benefits are provided in line with the approved Remuneration Policy. Standard benefits will be provided, including a company car and/or a cash alternative. Both Directors also receive private health cover and death in service cover.

Annual and Deferred Bonus Plan (ADBP)

Subject to approval of the revised policy, the maximum opportunity will be 150% of salary and, as stated on page 89, it is intended that, to increase the Executive Directors individual shareholdings so that they are closer to the existing guidelines, one half of any bonus earned will be deferred in shares which will vest after three years.

The performance conditions and their weightings for the 2025 annual bonus are as follows:

- Adjusted EBIT* based on full-year performance (50%).
- Adjusted operating cash flow bonus measure (20%).
- Non-financial objectives: defined operational/strategic objectives (30%).

The Committee has set appropriately stretching financial targets and in doing so has considered the internal plan (budget), current market consensus and the prevailing macroeconomic environment. Maximum payments under these measures will require significant outperformance of internal and external expectations.

The Committee is of the opinion that, given the commercial sensitivity arising in relation to the detailed financial targets used for the annual bonus, disclosing precise targets for the ADBP in advance would not be in shareholders' interests. Actual targets, performance achieved and awards made will be published at the end of the relevant performance period so shareholders can fully assess the basis for any payouts under the annual bonus.

Long Term Incentive Plan (LTIP)

Subject to approval of the revised policy, the Committee intends to grant awards of restricted shares at 75% of salary to the CEO and CFO, subject to continued employment and an underpin measured over a three-year vesting period. A two-year post-vesting holding period will also apply

Non-Executive Directors' fees

The 2025 fee levels will increase by 2.5% (2024: 3%) in line with the Group pay award (with effect from 1 April 2025):

Board Fees	2025	2024
Chair	£210,945	£205,800
Board fee (including Committee membership)	£60,280	£58,810
Committee Chair (per Committee)	£11,818	£11,530
Senior Independent Director	£11,531	£11,250

I hope that you find this report to be clear about our remuneration practices and that you will be supportive at the coming AGM.

Nicola Bruce

Chair of the Remuneration Committee
4 March 2025

Directors' Report

The Directors' Report for the year ended 31 December 2024 comprises pages 111 to 113 together with the sections of the Annual Report incorporated by reference. The Corporate Governance Statement on pages 65 to 73 is incorporated into the Directors' Report by reference. As permitted by legislation, some of the matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 2 to 59. The Strategic Report includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategy.

The Strategic Report and the Directors' Report together form the Management Report for the purposes of the Disclosure Guidance and Transparency Rules (DTR) 4.1.8R.

Principal activity

The principal activity of the Group is the manufacture and supply of clay and concrete building products and solutions primarily to customers in the UK residential construction sector. Details of the Group's principal subsidiaries can be found in Note 30 to the financial statements.

Results and dividend

The results for the year can be found in the Group Financial Review on pages 36 to 40 and these are incorporated by reference into this report.

Going Concern and Viability Statement

Information relating to the Going Concern and Viability Statement is set out on pages 58 to 59 of the Strategic Report and is incorporated by reference into this report.

Research and development

Information relating to research and development is set out on page 20 of the Strategic Report and is incorporated by reference into this report.

Greenhouse gas emissions

Information relating to the greenhouse gas emissions of the Company is set out on page 179 of the Strategic Report and is incorporated by reference into this report.

Board of Directors and their interests

The names and biographies of the Directors as at the date of this report are shown on pages 62 to 63. The interests of the Directors holding office at the end of the year in the issued Ordinary Share capital of the Company and any interests in Istock's share incentive plans are given in the Directors' Remuneration Report on page 107.

Powers of the Directors

The powers given to the Directors are contained in the Company's Articles of Association and are subject to relevant legislation and, in certain circumstances, including in relation to the issuing or buying back by the Company of its shares, subject to authority being given to the Directors by shareholders in general meeting. The Articles of Association also govern the appointment and replacement of Directors.

Re-election of Directors

All Directors, with the exception of the Chair, will retire and submit themselves for election or re-election, annually, by shareholders at the AGM. Specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success are set out in the Notice.

Amendment of the Articles of Association

The Articles of Association may be amended in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders.

Share capital and control

Details of the Company's share capital are contained in Note 24 to the Group consolidated financial statements. The rights attaching to the shares are set out in the Articles of Association.

The Company has established a trust in connection with the Group's Share Incentive Plan (the SIP), which holds Ordinary Shares on trust for the benefit of employees of the Group. The Trustees of the SIP trust may vote in respect of Istock shares held in the SIP trust, but only as instructed by participants in the SIP in accordance with the SIP trust deed and rules. The Trustees will not otherwise vote in respect of shares held in the SIP trust.

The Trustee of the Employee Benefit Trust (the Trust), which is used to purchase shares on behalf of the Company as described in Note 25, has the power to vote or not vote, at its absolute discretion, in respect of any shares in the Company held unallocated in the Trust. However, in accordance with good practice, the Trustee adopts a policy of not voting in respect of such shares. In accordance with Listing Rule 9.8.4(c), the Company notes that the Trustee has a dividend waiver in place in respect of shares which are the beneficial property of the Trust.

Purchase of own shares

At the AGM held on 16 May 2024, shareholders passed a special resolution in accordance with the Companies Act 2006 to authorise the Company to purchase in the market a maximum of 39,284,012 Ordinary Shares, representing 10% of the Company's issued Ordinary Share capital as at the latest practicable date prior to publication of the AGM circular.

As announced on 10 May 2022, the Company entered into a Share Buyback Programme of an aggregated value of £30 million in order to return value to shareholders, in line with the Group's capital allocation policy. The Buyback Programme concluded on 21 October 2022, with a total of 16,791,470 shares purchased, representing a nominal value of £167,914.70 equivalent to 4.1% of the issued capital of the Company. As at 31 December 2024, 15,695,925 shares purchased are held in treasury, exclusive of voting and dividend rights. A total

Directors' Report continued

of 1,095,545 shares have been used to satisfy share awards during the year.

The Directors are seeking renewal of the authority at the forthcoming AGM, in accordance with relevant institutional guidelines.

Post balance sheet events

On 5 March 2025, a final dividend of 2.5pence per Istock Plc Ordinary Share was proposed to be paid on 30 May 2025 to shareholders of record as at 9 May 2025. There were no further post balance sheet events. See Note 33 on page 169.

Reappointment of auditor

It will be proposed that Deloitte LLP be reappointed as the Company's auditor at the Annual General Meeting to be held on 15 May 2025.

Substantial shareholdings

As at 31 December 2024, the Company had been notified, in accordance with the Disclosure Guidance and Transparency Rules, of the following interests (set out in the table below) in its Ordinary Share capital.

In the period from 31 December 2024 to the date of this report, there has been one notification that has been made to the Company pursuant to DTR 5. Information provided to the Company under the Disclosure Guidance and Transparency Rules is publicly available via the regulatory information service and on the Company's website.

Significant agreements (change of control)

The Company is required to disclose any significant agreements that take effect, alter or terminate on a change of control of the Company following a takeover bid.

The Company has committed debt facilities all of which are directly or indirectly subject to change of control provisions, albeit the

facilities do not necessarily require mandatory prepayment on a change of control.

During 2021 the Company completed the refinancing of its £215 million Revolving Credit Facility (RCF), diversifying its credit sources at attractive rates, whilst simultaneously achieving a significant extension of the Group's debt maturity profile.

The existing facility was replaced with the issuance of £100 million of private placement notes from Pricoa Private Capital, with maturities of between 7 and 12 years at an average total cost of funds of 2.19%, and a £125 million RCF provided by a syndicate of five banks. The RCF is for an initial four-year tenure, with a one-year extension option, at a margin of between 1.60% and 2.60%, and also includes an additional £50 million uncommitted accordion.

The RCF extension option was exercised in 2022 at the same margin range and underlying terms.

In the event of a takeover or other change of control (usually excluding an internal reorganisation), outstanding awards under the Group's incentive plans vest and become exercisable (including Annual and Deferred Bonus Plan (ADBP) awards, SMSP share awards and Long Term Incentive Plan (LTIP) awards), to the extent any performance conditions (if applicable) have been met, and subject to time pro-rating (if applicable) unless determined otherwise by the Board in its discretion, in accordance with the rules of the plans. In certain circumstances, the Board may decide (with the agreement of the acquiring company) that awards will instead be cancelled in exchange for equivalent awards over shares in the acquiring company.

Directors' and Officers' liability insurance and indemnities

The Company has purchased and maintains appropriate insurance cover in respect of Directors' and Officers' liabilities. The Company has also entered into qualifying third party indemnity arrangements for the benefit of all its Directors, in a form and scope which comply with the requirements of the Companies Act 2006. These indemnities came into force on 22 October 2015 and remain in force as at the date of this Annual Report.

Financial instruments

Details of the financial instruments used by the Group are set out in Note 23 to the Group consolidated financial statements, which are incorporated into this Directors' Report by reference. The Group's financial risk management objectives and policies are included in the risk management section on page 28 and in Note 23 of the Group consolidated financial statements.

Political donations

No political donations were made during the year ended 31 December 2024 (2022: £nil).

Annual General Meeting 2025

The AGM will be held on 15 May 2025 at 12:00 p.m. at the I-Studio, 54 Hatton Garden, London. The Notice convening the meeting together with explanatory notes on the resolutions to be proposed and full details of the deadlines for appointing proxies is contained in a circular which will be circulated to all shareholders at least 20 working days before such meeting together with this report.

Employees

The average number of employees within the Group is shown in Note 7 to the Group financial statements.

The Group is an equal opportunities employer and considers applications for employment from disabled persons (having regard to their particular aptitudes and abilities) and encourages and assists, wherever practicable, the recruitment, training, career development and promotion of disabled people and the retention of and appropriate training for those who become disabled during their employment.

Employee engagement

Due to our commitment to transparent and best practice reporting, we have included our section on employee engagement on page 44 of the Strategic Report as the Board considers these disclosures to be of strategic importance and is therefore incorporated into the Directors' Report by cross-reference.

Name of shareholder	Shares disclosed	%	Nature
Lansdowne Partners	39,263,142	9.99	Indirect
Vulcan Value Partners, LLC	39,116,291	9.96	Indirect
Blackrock, Inc.	32,967,580	8.36	Indirect
Janus Henderson Group PLC	20,130,404	5.11	Indirect
Perpetual Limited	19,887,558	5.049	Indirect
J O Hambro Capital Management Limited	20,367,209	4.98	Indirect
Ameriprise Financial, Inc.	20,408,608	4.96	Indirect and Direct
Franklin Templeton Management	17,674,986	4.32	Indirect
Odey Asset Management LLP	12,085,210	2.99	Direct
Norges Bank	12,218,525	2.98	Direct
Aviva PLC	9,665,118	2.46	Direct
GLG Partners	Less than 5%	Less than 5%	

The Stakeholder engagement section on page 42 demonstrates how the Directors have engaged with employees and how they have had regard to employee interests and the effect of that regard including the principal decisions by the Company during the financial year.

The Company is also keen to encourage greater employee involvement in the Group's performance through share ownership. To help align employees' interests with the success of the Company's performance, we operate an HMRC approved all-employee plan, the Ibstock Plc Sharesave Scheme (Sharesave), which is offered to UK employees. To further increase employee ownership, in 2022 each employee of the Company below ET and SLT level received an award of 500 shares under the Senior Manager Share Plan, as the Fire Up Ibstock Share Grant, which vested in September 2024.

Business relationships

The Stakeholder engagement section on pages 42 to 45 and the Section 172(1) Statement demonstrate how the Directors have had regard to its engagement with suppliers, customers and others and how the effect of that regard had influenced the principal decisions taken by the Company during the financial year. The Board considers this disclosure to be of strategic importance. That section is incorporated into the Directors' Report by cross-reference.

Directors' responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group consolidated financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and applicable law. Under company law the Directors must not approve the Annual Report unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year.

In preparing the Parent Company 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, 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.

In preparing the Group consolidated financial statements, International Accounting Standard No.1 requires Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 to 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 comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report, including the Financial Statements, is made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation

in other jurisdictions. The maintenance and integrity of the Company's website (www.ibstock.co.uk) is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Disclosure of information to auditors

Each person who is a Director of the Company as at the date of approval of this Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are not aware; and
- (b) the Director has taken all the steps that he or she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Responsibility Statement

The Directors in office as at 31 December 2024 and whose names and functions are given on pages 62 and 63 confirm that to the best of their knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Group and Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider that this Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business and strategy.

The Strategic Report (pages 2 to 59] and the Directors' report (pages 111 to 113) have been approved and is signed by order of the Board by:

Nick Giles

Group Company Secretary
4 March 2025

Registered Office: Leicester Road, Ibstock, Leicestershire, LE67 6HS

Company registration number 09760850

Independent Auditor's Report to the members of Istock plc

Report on the audit of the financial statements

1. Opinion





In our opinion:

- the financial statements of Istock plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31st December 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement;
- the related notes 1 to 33 to the consolidated financial statements;
- the parent company balance sheet;
- the parent company statement of changes in equity; and
- the related notes 1 to 12 to the parent company financial statements.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • Impairment testing of non-current assets; and • Classification and accuracy of exceptional items 	Within this report, key audit matters are identified as follows: <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £2.85m which was determined using a blended metric (blending between net assets, revenue and profit before tax).	
Scoping	We have performed audit procedures over all financial information for 4 components and have performed specified audit procedures in one component have performed review of procedures on components and balances that we did not deem to be significant, including residual balance analysis, analytical reviews, making inquiries and evaluating and testing the group-wide controls. All work has been performed by the group audit engagement team.	

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, and United Kingdom 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. 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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the group and parent company for the year are disclosed in note 6 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant changes in our approach

Due to there being a high level of standardisation of rebate agreements, including an agreement end date coterminous with the year end, and no history of material misstatement, we no longer deem the impact of customer rebates on revenue recognition to be a Key Audit Matter.

Our approach to determining materiality has changed this year to a blend of profit before tax, net assets and revenue benchmarks. In the prior period, we determined 5% of profit before tax adjusted for restructuring expenses to be the appropriate benchmark.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the reasonableness of assumptions applied by directors in preparing their forecasts, including the impact of the restructuring activities implemented during 2023 and 2024 and the impact of the current macroeconomic environment;
- assessing the historical accuracy of forecasts approved by the directors;
- considering the impact of climate change risks and commitments on the expected cash flows in the outlook period;
- obtaining confirmation for the financing facilities, repayment terms and covenants to test that these facilities remain available and evaluating the additional external funding facilities accessible to the group;
- considering the ability of the group to refinance its facilities when they mature;
- testing the clerical accuracy and appropriateness of the model used to prepare the forecasts;
- challenging the group's 'severe but plausible'-case analysis and whether it is appropriate, and performed sensitivity analysis on key variables, including the appropriateness of the group's identified potential mitigating actions and the inclusion of these in the going concern assessment;
- reading analyst reports, industry data and other external information to determine if it provided corroborative or contradictory evidence in relation to assumptions used;
- reperforming the group's sensitivity analysis;
- consideration of the site closures that have taken place during 2023 and 2024, and the impact that this could have on the group's forecasting;
- ensured consistency between impairment forecasting and going concern modelling;
- obtaining and performing analysis on post year end results and benchmarking this against the group's forecasts; and
- assessing the adequacy of the disclosures made within the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

Independent Auditor's Report to the members of Istock plc

continued

5.1. Impairment of Non-Current Assets

Key audit matter description

As at 31 December 2024, the group had non-current assets (excluding post-employment benefit assets) of £564.8m (FY23: £562.2m).

In light of the lower activity levels across the UK construction industry during FY24, the group identified indicators of potential impairment. In addition, the group took the decision to close the glass reinforced concrete ('GRC') operations and have charged a £3.8m impaired the assets of this operation accordingly (as detailed within note 5).

In line with the requirement of IAS 36 (Impairment of Assets), a full impairment review was performed at a Cash Generating Unit ('CGU') level. The value in use of CGUs was calculated using cashflows reflecting the group's best estimate of the future trading performance of the group. Further details of the cash flows, and the assumptions made to calculate are included within note 17 'Impairment of Non-Current Assets'.

In making their assessment of value in use the group considered the reasonably possible changes in the demand for the group's products, specifically for bricks and roofing tiles.

The key audit matter relates specifically to the Group's Cash Generating units that were not subject to full closure in the prior or current period. The group's impairment review is sensitive to changes in the key assumptions, as set out in note 17. Judgement is required to forecast CGU level cash flows which are derived from the board approved budget and strategic plan covering the years 2025 – 2029, which is underpinned by assumptions on demand for the group's products.

Please refer to the Strategic Report, Note 1 ('Summary of significant accounting policies'), Note 13 ('Property, plant and equipment') and Note 17 ('Impairment') which provide further detail on the impairments made, and the assumptions applied to the value in use models. Further details about the group's consideration of the climate related risks and opportunities relevant to the value in use model are disclosed in the TCFD report at page 182.

How the scope of our audit responded to the key audit matter

To address this key audit matter, we have performed the following procedures:

- Gained an understanding of the relevant controls surrounding the value in use model, including the calculations, assumptions, and the mechanical accuracy;
- Challenged the group's Cash Generating Unit (CGU) determination, including changes made to the CGU determination compared to the prior period, by understanding the products manufactured by each site, and how the entities of the group generate cashflows;
- Challenged the consistency of the group's methodology with the requirements of IAS 36 by engaging our impairment modelling specialists to review the mechanics of the model and to focus on areas such as inclusion of working capital and the impact of IFRS 16;
- Performed a search for contradictory evidence including market analyst reports and housing market demand forecasts to challenge the key assumptions used;
- Reviewed historic CGU trading performance and the correlation with the group's 5 year outlooks;
- Validated market size assumptions to external forecasts, including industry associations and market analyst reports;
- Working with our Environmental, Social and Governance ('ESG') specialists, we challenged the group on their consideration of the climate related risks and opportunities in the value in use model;
- Working with our valuations specialists we performed an independent build-up of the Weighted Average Cost of Capital (WACC) to be included in the model for the purpose of discounting future cash flows;
- Assessed the disclosures included within Notes 1, 13 and 17 for consistency with the requirements of IAS 36.

Key observations

Based on our audit procedures we are satisfied that the assumptions in the impairment models are within an acceptable range and that there are no impairment charges required for those sites that were not subject to closures in the prior or current period.

We also consider the disclosures (referenced above), included within the financial statements to be appropriate.

5.2. Classification and accuracy of exceptional items

Key audit matter description

The group has identified £11.7m (FY23: £30.8) of exceptional items at the foot of the consolidated income statement (page 123). The group use exceptional items to adjust the statutory results to eliminate factors which they consider to distort year-on-year comparisons.

The presentation of certain income and costs as exceptional is not defined by IFRS and therefore significant judgement is required in determining the appropriate classification in line with guidance from the FRC (Financial Reporting Council) and ESMA (European Securities and Markets Authority).

The presentation and accuracy of costs and income presented as exceptional within the adjusted profit metrics (being adjusted EBIT and adjusted EBITDA), which the group believe are a key determinant in assessing the quality of the group's underlying earnings. The adjusting items presented separately as exceptional include items which by virtue of their size and/or nature, do not reflect the group's ongoing trading performance.

We have identified there to be a possible risk of fraud due to inappropriate manipulation of items, which are not exceptional, are labelled as such in the financial statements. Similarly, we consider the accuracy of items classified as exceptional to be a key audit matter as there is a possible risk of inappropriate quantification of items classified as exceptional.

Further information on exceptional items can be found in the Audit Committee Report on page 81, the Group's summary of significant accounting policies in note 1, note 2 ('Critical Accounting Judgements and Key Sources of Estimation Uncertainty'), note 3 ('Alternative Performance Measures') and note 5 ('Exceptional Items').

How the scope of our audit responded to the key audit matter

We have performed the following procedures to address this key audit matter:

- Obtained an understanding of the relevant the group review controls over the classification of items as exceptional and the associated accuracy of these items;
- For all significant adjustments recorded in calculating underlying profits, discussed the appropriateness of these items and disclosure considerations with the Audit Committee;
- Challenged the classification and consistency of items the group proposed to include as exceptional against FRC and ESMA guidance, including an assessment of the completeness of items classified as exceptional;
- Challenged on the appropriateness of including costs relating to sites impaired in the prior period as being exceptional in the current period;
- Challenged on whether costs included as exceptional due to being exceptional were incremental to the restructuring activity that they relate to;
- Agreed a sample of these items to supporting documentation to assess the accuracy of these items; and,
- Assessed the adequacy of the disclosures to explain the nature of the exceptional items.

Key observations

We are satisfied that the items classified as exceptional are appropriate for the year ended 31 December 2024.

Independent Auditor's Report to the members of Istock plc

continued

6. Our application of materiality

6.1 Materiality

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 planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£2.85m (2023: £2.9m)	£1.99m (2023: £2.0m)
Basis for determining materiality	Our determined materiality is based on a blend of profit before tax, net assets and revenue benchmarks. This has changed from the prior period, where we determined 5% of profit before tax adjusted for restructuring expenses to be the appropriate benchmark.	3% of net assets capped at 70% of group materiality consistent with the prior period.
Rationale for the benchmark applied	The revenue and profit of the group have reduced in the current year, following short term reductions in market demand and trading volumes, however, the overall size of the group (including its net assets) remains stable when compared with the year ending 31st December 2023, and therefore, we no longer deem profit before tax adjusted for restructuring expenses to be an appropriate benchmark.	Net assets are considered to be an appropriate benchmark for the Company given its main function is that of a holding Company.

6.2 Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2023: 70%) of group materiality	70% (2023: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> • Our risk assessment, including our assessment of the quality of the group's control environment; • The low volume and immaterial value of misstatements (corrected and uncorrected) in prior periods, and; • The low level of change in the business from the prior year. 	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.14m (2023: £0.15m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

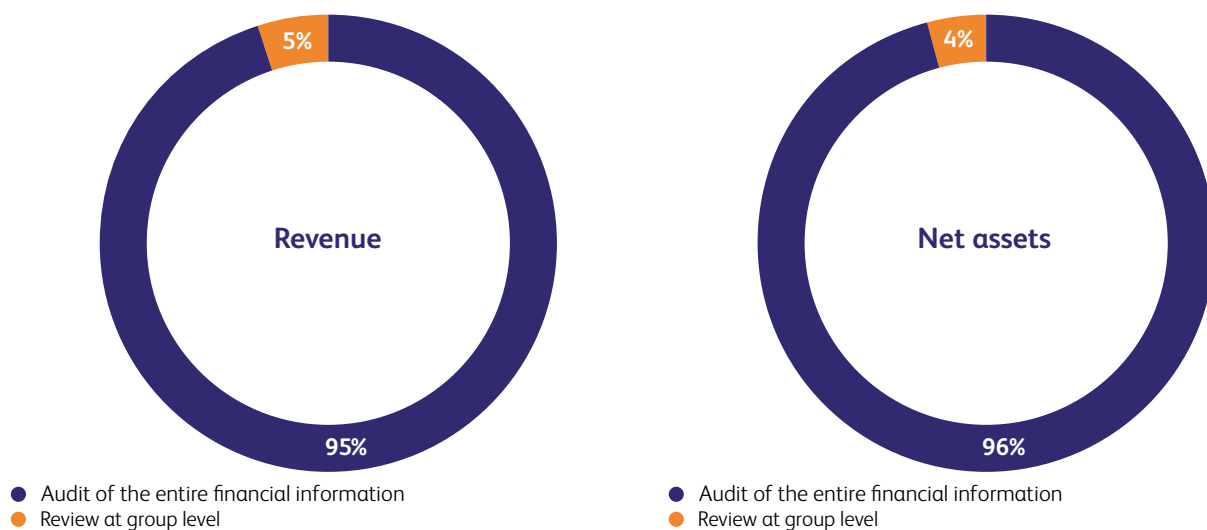
7. An overview of the scope of our audit

7.1. Identification and scoping of components

We have identified the group components to be the legal entities that make up the group. We have performed our scoping exercise by assessing the qualitative and quantitative risk factors associated with the components of the group and the financial statement line items of the group. Our consideration of risk factors has included considering the group structure and the organisation of components within the divisions, including the differences in control environment across the components.

We have scoped in components for audit procedures on the entire financial information that together represent 95% of revenue and 96% of net assets. We have also performed audit procedures over the classification and accuracy of exceptional items across all components, and have performed impairment testing over all non-current assets of the group (excluding the defined benefit asset).

All procedures were performed by the group audit team, no component auditors were involved.



7.2. Our consideration of the control environment

The group uses JD Edwards as the main accounting software in the components that have the more significant classes of transactions, account balances or disclosures within them. The group also uses Resource Link for payroll the group, and Onestream for the consolidation. Together with our IT specialists, we have assessed the IT control environment and gained an understanding of the general IT controls operating in the identified systems. We did not plan to rely on any of these systems due to the manual controls deficiencies identified in previous periods not being remediated (please see below).

We did not plan to test the controls or adopt a controls reliance strategy over any of business processes or account balances due to findings identified in prior periods not being fully remediated for the entirety of the current year. We also reviewed the work of Internal Audit who identified additional control deficiencies.

Throughout our audit we have considered the control deficiencies that were identified in the prior period, and we tailored the timing, nature and extent of our procedures to address the findings identified.

We have gained an understanding of the most relevant control(s) around:

- Impairment of non-current assets;
- Presentation and accuracy of exceptional items;
- The group override of controls
- Dilapidations and restoration provisions
- Going Concern
- Pension scheme liability
- Impact of climate change upon the financial statements
- Revenue recognition: Customer Rebates

From this work, we have identified some further deficiencies in the design of controls, for which entity the group is subsequently taking action to remediate and have communicated all findings and deficiencies on internal controls to the Audit Committee.

Please refer to page 85 which refers to the Audit Committee's response to the deficiencies identified in both our audit and the Internal Audit.

Independent Auditor's Report to the members of Istock plc

continued

7.3. Our consideration of climate-related risks

The group has continued to develop their understanding of the impact that climate change could have on their business and have detailed these within the Sustainability Committee report on page 78. This has included monitoring performance against the 2030 targets outlined in the ESG 2030 strategy.

In the Principal Risks and Uncertainties report on page 28, the group have identified the areas of their business that they think climate change will have the most significant impact on, through both risks and opportunities. We have used this information and our own knowledge of the business and the industry it operates in, including through the assistance of our ESG specialists, to perform an account balance and disclosure level climate change risk assessment.

We have identified risks of material misstatement relating to:

- the inclusion of climate related cashflows in both impairment testing of non-current assets (section 5.1) and Going Concern forecasting (section 4);
- the appropriateness of the assumptions applied in the valuation of the restoration provisions;
- the useful economic lives of property, plant and equipment, particularly the group's gas fuelled kilns, and sites identified as having exposure to climate related physical risks; and
- the impact that changes in consumer behaviour may have on demand for Istock's products, and how this could impact valuation of inventory and going concern status of the group.

In response to the risks identified, we performed the following procedures:

- we have inquired with those charged with governance (TCWG), the group, and others;
- we have reviewed internal and external communications surrounding climate change such as sustainability reports, group's risk assessments, press releases and climate-related disclosures;
- we have gained an understanding of how climate may affect the group's business and operating environment and its financial reporting, including, but not limited to:
 - group-specific climate initiatives and commitments;
 - internal and external risk factors affected by climate-related matters including key performance indicators, regulatory environment, governance structure; and
 - the group's assessment of the implications of climate-related matters on the financial statements and control environment.
- we have assessed the impact of climate related commitments made in the latest sustainability report and the impact on accounting for restoration provisions;
- we have evaluated the directors' going concern and viability assessment as to whether this appropriately considered climate related risks and the impact on cash flows;
- we also challenged the directors as to the impact on the useful economic lives of certain classes of assets in relation to sustainability commitments being made in the public domain;
- together with our ESG specialists we have read the climate related disclosures included within other information of the annual report and assessed the consistency with the financial statements, the disclosure requirements and knowledge obtained during the audit. Specifically, we have reviewed disclosures in the financial statements in notes 13, 17 and 20

to evaluate how climate related risks have been considered in reaching accounting conclusions; and

- Gained an understanding of the relevant controls operating in the business in relation to identification of climate rated risks, and the group's response to those risks.

8. 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.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board;
- results of our enquiries of the group, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations, including the fraud risk register which is maintained by the group;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, data analytics, pensions, IT, valuations and ESG regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: presentation and accuracy of exceptional items.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of the group override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included

employment law, occupational health and safety regulations, the Environment Act, the Water Framework Directive, the Waste Directive, the Environmental Protection Act and the Energy Efficiency Directive.

11.2. Audit response to risks identified

As a result of performing the above, we identified the Presentation and Accuracy of Exceptional Items as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of the group, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports;
- in addressing the risk of fraud through the group override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- assessing the appropriateness and robustness of the group's response to the non-material instance of fraud identified in the period, as described in the Audit Committee report on page 85, and tailoring our audit approach accordingly.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report to the members of Istock plc

continued

Report on other legal and regulatory requirements

12. 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.

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 any material misstatements in the strategic report or the directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 58;
- the directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 58;
- the directors' statement on fair, balanced and understandable set out on page 65;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 65;
- the section of the annual report that describes the review of effectiveness of risk the group and internal control systems set out on page 83; and
- the section describing the work of the audit committee set out on page 80.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

- 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 are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 24 May 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 December 2017 to 31 December 2024.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements will form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R.

This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R.

Lee Highton, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
4 March 2025

Consolidated income statement

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue	4	366,207	405,839
Cost of sales	6	(261,650)	(290,883)
Gross profit		104,557	114,956
Distribution costs	6	(34,139)	(36,797)
Administrative expenses		(45,650)	(47,623)
Profit on disposal of property, plant and equipment		261	1,957
Other income		2,314	3,312
Other expenses		(270)	(774)
Operating profit	6	27,073	35,031
Finance costs	8	(8,287)	(5,932)
Finance income	9	1,894	968
Net finance cost		(6,393)	(4,964)
Profit before taxation		20,680	30,067
Taxation	10	(5,588)	(9,007)
Profit for the financial year		15,092	21,060
Profit attributable to:			
Owners of the Company		15,092	21,060
	Notes	pence per share	pence per share
Earnings per share			
Basic	11	3.8	5.4
Diluted	11	3.8	5.3

Non-GAAP measure

Reconciliation of adjusted EBIT¹ and adjusted EBITDA¹ to operating profit for the financial year:

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating profit		27,073	35,031
Add back exceptional cost impacting operating profit	5	11,720	30,762
Add back incremental depreciation and amortisation following fair value uplift	4	10,779	12,250
Adjusted EBIT¹		49,572	78,043
Add back depreciation and amortisation pre fair value uplift	4	29,778	29,314
Adjusted EBITDA¹		79,350	107,357

All amounts relate to continuing operations.

The notes on pages 128 to 169 form an integral part of these consolidated financial statements.

1 Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Profit for the financial year		15,092	21,060
Other comprehensive (expense)/income:			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges ²	23	(54)	(591)
Related tax movements ²	10	14	148
		(40)	(443)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit assets and obligations ²	21	(1,457)	(5,283)
Related tax movements ²	10	437	1,320
		(1,020)	(3,963)
Other comprehensive expense for the year, net of tax		(1,060)	(4,406)
Total comprehensive income for the year, net of tax		14,032	16,654
Total comprehensive income attributable to:			
Owners of the Company		14,032	16,654

The notes on pages 128 to 169 form an integral part of these consolidated financial statements.

- 1 Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.
- 2 Impacting retained earnings.

Consolidated balance sheet

	Notes	At 31 December 2024 £'000	At 31 December 2023 £'000
Assets			
Non-current assets			
Intangible assets	12	73,950	82,017
Property, plant and equipment	13	462,504	440,400
Right-of-use assets	27	28,363	39,831
Post-employment benefit asset	21	7,839	9,832
		572,656	572,080
Current assets			
Inventories	14	124,819	119,189
Current tax recoverable		1,323	1,171
Trade and other receivables	15	43,815	37,919
Cash and cash equivalents		9,292	23,872
		179,249	182,151
Assets held for sale	16	200	–
Total assets		752,105	754,231
Current liabilities			
Trade and other payables	18	(88,853)	(80,526)
Derivative financial instrument	23	(78)	(24)
Borrowings	19	(31,425)	(25,496)
Lease liabilities	27	(9,471)	(9,292)
Provisions	20	(3,010)	(6,002)
		(132,837)	(121,340)
Net current assets		46,612	60,811
Total assets less current liabilities		619,268	632,891
Non-current liabilities			
Borrowings	19	(99,427)	(98,992)
Lease liabilities	27	(25,611)	(34,541)
Deferred tax liabilities	22	(91,940)	(89,929)
Provisions	20	(7,027)	(9,562)
		(224,005)	(233,024)
Total liabilities		(356,842)	(354,364)
Net assets		395,263	399,867
Equity			
Share capital	24	4,096	4,096
Share premium	25	4,458	4,458
Retained earnings		783,800	790,971
Other reserves	25	(397,091)	(399,658)
Equity attributable to owners of the Company		395,263	399,867
Total Equity		395,263	399,867

The notes on pages 128 to 169 form an integral part of these consolidated financial statements.

These financial statements were approved by the Board and authorised for issue on 4 March 2025. They were signed on its behalf by:

J Hudson
Director

C McLeish
Director

Consolidated statement of changes in equity

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (See Note 25) £'000	Total equity attributable to owners £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2024		4,096	4,458	790,971	(399,658)	399,867	–	399,867
Profit for the year		–	–	15,092	–	15,092	–	15,092
Other comprehensive expense		–	–	(1,020)	(40)	(1,060)	–	(1,060)
Total comprehensive income/ (expense) for the year		–	–	14,072	(40)	14,032	–	14,032
Transactions with owners:								
Share based payments	26	–	–	1,253	–	1,253	–	1,253
Current tax on share based payment	10	–	–	18	–	18	–	18
Deferred tax on share based payment	22	–	–	124	–	124	–	124
Equity dividends paid	32	–	–	(20,031)	–	(20,031)	–	(20,031)
Issue of own shares held on exercise of share options	25	–	–	(2,607)	2,607	–	–	–
At 31 December 2024		4,096	4,458	783,800	(397,091)	395,263	–	395,263

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (See Note 25) £'000	Total equity attributable to owners £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2023		4,096	4,458	807,894	(400,290)	416,158	51	416,209
Profit for the year		–	–	21,060	–	21,060	–	21,060
Other comprehensive expense		–	–	(3,963)	(443)	(4,406)	–	(4,406)
Total comprehensive income/ (expense) for the year		–	–	17,097	(443)	16,654	–	16,654
Transactions with owners:								
Share based payments	26	–	–	2,308	–	2,308	–	2,308
Deferred tax on share based payment	22	–	–	(147)	–	(147)	–	(147)
Equity dividends paid	32	–	–	(34,907)	–	(34,907)	–	(34,907)
Issue of own shares held on exercise of share options	25	–	–	(1,075)	1,075	–	–	–
Acquisition of non-controlling interests		–	–	(199)	–	(199)	(51)	(250)
At 31 December 2023		4,096	4,458	790,971	(399,658)	399,867	–	399,867

The notes on pages 128 to 169 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Cash flow from operating activities		
Cash generated from operations (Note 28)	62,906	63,656
Interest paid	(6,257)	(3,667)
Other interest paid – lease liabilities	(2,494)	(2,368)
Tax (paid)/received	(500)	630
Net cash inflow from operating activities	53,655	58,251
Cash flows from investing activities		
Purchase of property, plant and equipment	(45,235)	(65,653)
Proceeds from sale of property, plant and equipment	379	2,070
Purchase of intangible assets	–	(2,423)
Settlement of deferred consideration	171	(112)
Payment for acquisition of subsidiary undertaking, net of cash acquired (Note 29)	–	(2,642)
Interest received	139	257
Net cash outflow from investing activities	(44,546)	(68,503)
Cash flows from financing activities		
Dividends paid (Note 32)	(20,031)	(34,907)
Drawdown of borrowings	87,000	30,000
Repayment of borrowings	(81,000)	(5,000)
Repayment of lease liabilities	(9,651)	(9,986)
Acquisition of non-controlling interests	–	(250)
Net cash outflow from financing activities	(23,682)	(20,143)
Net decrease in cash and cash equivalents	(14,573)	(30,395)
Cash and cash equivalents at beginning of the year	23,872	54,283
Exchange losses on cash and cash equivalents	(7)	(16)
Cash and cash equivalents at end of the year	9,292	23,872

The notes on pages 128 to 169 form an integral part of these consolidated financial statements.

Reconciliation of changes in cash and cash equivalents to movement in net debt¹

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Net decrease in cash and cash equivalents	(14,573)	(30,395)
Proceeds from borrowings	(87,000)	(30,000)
Repayment of borrowings	81,000	5,000
Non-cash debt movement	(364)	717
Effect of foreign exchange rate changes	(7)	(16)
Movement in net debt¹	(20,944)	(54,694)
Net debt ¹ at start of year	(100,616)	(45,922)
Net debt¹ at end of year (Note 3)	(121,560)	(100,616)
Comprising:		
Cash and cash equivalents	9,292	23,872
Short-term borrowings (Note 19)	(31,425)	(25,496)
Long-term borrowings (Note 19)	(99,427)	(98,992)
	(121,560)	(100,616)

¹ Alternative performance measures are described in Note 3 to the consolidated financial statements.

Notes to the consolidated financial statements

1. Summary of significant accounting policies

Authorisation of financial statements

The consolidated financial statements of Istock Plc, which has a premium listing on the London Stock Exchange, for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 4 March 2025. The balance sheet was signed on behalf of the Board by J Hudson and C McLeish.

Istock Plc is a public company limited by shares, which is incorporated in the United Kingdom and registered in England. The registered office is Leicester Road, Istock, Leicestershire LE67 6HS and the company registration number is 09760850.

The principal activities of the Company and its subsidiaries (the 'Group') and the nature of the Group's operations are set out in the Strategic Report on pages 1 to 59.

Basis of preparation

The consolidated financial statements of Istock Plc for the year ended 31 December 2024 have been prepared in accordance with UK adopted International Accounting Standards (IAS). They are prepared on the basis of all IFRS accounting standards and interpretations that are mandatory for the year ended 31 December 2024 and in accordance with the Companies Act 2006. The comparative financial information has also been prepared on this basis.

These consolidated financial statements are prepared on a going concern basis, under the historical cost convention. The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand, except where otherwise indicated.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Istock Plc and its subsidiaries as at 31 December 2024. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-Group balances, transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full. Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control. Details of all the subsidiaries of the Group are given in Note 30.

The subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Going concern

Despite the macroeconomic downturn, there are initial positive external market indicators with inflation and mortgage rates stabilising, and proposed housing and planning policy changes which could increase both housing construction activity and effective demand for housing looking forward. The directors do not believe that the going concern basis of preparation represents a significant judgement.

The Group's financial planning and forecasting process consists of a budget for the next year followed by a medium-term projection.

The Directors have reviewed and robustly challenged the assumptions about future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts, and stress testing within their going concern assessment.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group, particularly those relating to economic conditions and operational disruption. The strategic report sets out in more detail the Group's approach and risk management framework.

Group forecasts have been prepared which reflect both actual conditions and estimates of the future reflecting macroeconomic and industry-wide projections, as well as matters specific to the Group.

The Group has financing arrangements comprising £100 million of private placement notes with maturities between November 2028 and November 2033, and a £125 million RCF maturing in November 2026. The Group believes it would be able to refinance these arrangements as they fall due or obtain equivalent alternative sources of finance. At 31 December 2024 the RCF was £31.0 million drawn.

Covenants under the Group's RCF and private placement notes require leverage of no more than 3 times net debt to adjusted EBITDA¹, and interest cover of no less than 4 times, tested bi-annually at each reporting date with reference to the previous 12 months. At 31 December 2024 covenant requirements were met with significant headroom.

The key uncertainty faced by the Group is the industry demand for its products. Accordingly, the Group has modelled financial scenarios which see reduction in the industry demand for its products thereby stress testing the Group's resilience. For each scenario, cash flow and covenant compliance forecasts have been prepared. In the most severe but plausible scenario industry demand for Clay and Concrete products is projected to be around 40% lower than 2022 (which is defined as the normalised level of industry demand for the Group's products) in the 2025 year, which is worse than the sales reduction seen in both 2023 and 2024, recovering to around 30% lower than 2022 in 2026.

In the severe but plausible scenario, the Group has sufficient liquidity and headroom against its covenants, with covenant headroom expressed as a percentage of annual adjusted EBITDA¹, being in excess of 20%.

In addition, the Group has prepared a reverse stress test to evaluate the industry demand reduction at which it would be likely to breach the debt covenants, before any further mitigating actions are taken. This test indicates that, at a reduction of 46% in sales volumes versus 2022 levels, in 2025 and a reduction of 48% in the first half of 2026, the Group would be at risk of breaching its covenants.

The Directors consider this to be a highly unlikely scenario, and in the event of an anticipated covenant breach, the Group would seek to take further steps to mitigate, including the disposal of valuable land and building assets and additional restructuring steps to reduce the fixed cost base of the Group.

Having taken account of the various scenarios modelled, and in light of the mitigations available to the Group, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

New or amended standards that are effective for the current year

In the current year, the Group has applied the amendments below to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 – Non-current Liabilities with Covenants;
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements; and
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New and revised standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IAS 21 – Lack of Exchangeability;
- Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments;
- Amendments to IFRS 10 and IAS 28 – Sale of Contribution of Assets between an Investor and its Associate or Joint Venture; and
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures.

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in the current or future reporting periods.

- IFRS 18 – Presentation and Disclosure in Financial Statements

The Group is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The Directors of the company anticipate that the application of this amendment may have an impact on the group's consolidated financial statements in future periods. The Group continues to assess the full impact of IFRS 18, however, the impact will depend on the facts and circumstances at the point of adoption and upon the transition choices adopted.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (CODMs). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer and Chief Financial Officer of the Group.

The CODMs review the key profit measure, Adjusted EBITDA¹, as defined in Note 3, and consider the Group's reportable segments to be Clay and Concrete.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Sterling (£), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within net finance costs. All other foreign exchange gains and losses are presented within the income statement.

Property, plant and equipment

Property, plant and equipment is stated at the cost to the Group less depreciation. The cost of property, plant and equipment includes directly attributable costs. Costs incurred to gain access to mineral reserves (typically stripping costs) are capitalised and depreciated over the life of the quarry, which is based on the estimated tonnes of raw material to be extracted from the reserves. Management assesses the Group's assets separating their cost into (i) the local statutory books' historical cost and (ii) the associated fair value uplift, which arose on the acquisition of the Group in 2015.

Details of cost and accumulated depreciation are included in Note 13.

Depreciation is provided on the cost of all assets (except assets in the course of construction and land), so as to write off the cost, less residual value, on a straight line basis over the expected useful economic life of the assets concerned, as follows:

Asset classification	Useful life
Land	Not depreciated
Freehold buildings	15 – 60 years
Plant, machinery and equipment	2 – 40 years
Mineral reserves	Amortised on a usage basis

Exploration expenditure relates to the initial search for mineral deposits with economic potential and is not capitalised. Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential and in obtaining permissions to extract clay. Capitalisation of evaluation expenditure within 'Mineral reserves' commences when there is a high degree of confidence that the Group will determine that a project is commercially viable, i.e., the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Group.

Notes to the consolidated financial statements **continued**

1. Summary of significant accounting policies **continued**

Mineral reserves may be declared for an undeveloped project before its commercial viability has been fully determined.

Evaluation costs may continue to be capitalised during the period between declaration of reserves and approval to extract clay as further work is undertaken in order to refine the development case to maximise the project's returns.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The carrying values of capitalised evaluation expenditure are reviewed for impairment by management.

Useful lives and residual values are reviewed at each balance sheet date and revised where expectations are significantly different from previous estimates. In such cases, the depreciation charge for current and future periods is adjusted accordingly.

Intangible assets

Separately acquired brands and non-contractual customer relationships are shown at historical cost. Brands and customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of brands and customer relationships over their estimated useful lives as follows:

Asset classification	Useful life
Brands	10 – 50 years
Customer contracts and relationships	10 – 20 years

Licences represent carbon allowances the Group purchased to meet carbon emissions in excess of the Group's granted allowances under the UK Emission Trading Scheme (ETS). The carbon allowances are recognised as intangible assets and classified as non-current assets. The costs to settle the forecast emissions in the year in excess of granted allowances are recognised across the year.

For implementation costs in a cloud service contract which are distinct from the related software, the costs are recognised as an expense as incurred (as the service is received) unless it gives rise to a separate intangible asset. The costs of services provided by the cloud vendor, which are not distinct from access to the software are recognised as an expense over the period of access to the software.

Goodwill is initially recognised and measured as the excess of consideration transferred over the fair value of the net assets acquired in a business combination. Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the asset may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss

on disposal. There has been no impairment of goodwill in the current or prior year.

For further details, see Note 12.

Impairment of non-financial assets

Assets that are subject to amortisation or depreciation, such as brands and non-contractual customer relationships and property, plant and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised immediately within the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date at which point they are immediately recognised within the income statement.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. As the Group has no assets carried at revalued amounts, such reversal is recognised in the consolidated income statement.

The Group, where appropriate, separately applies the requirements of IAS 36 to land and to buildings on sites owned considering the individual recoverable values of each and the reliability in estimating these.

For further details, see Note 17.

Leases

The Group as lessee

The Group leases various offices, warehouses, factories, equipments, mobile plant and cars. Rental contracts are typically made for fixed periods of three to 12 years, but may have extension options, as described below, and contain a range of terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Management also reviews other contracts entered into during the period to assess whether they may contain embedded leases. Such contracts are, or contain, a lease if it conveys the right to control the use of a specified asset (e.g. plant, property and equipment) over a period in exchange for consideration.

Leases are recognised as right-of-use assets and a corresponding liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost.

The finance cost is charged to the income statement over the lease period, so as to produce a constant periodic rate of interest on the

remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any incentives receivable;
- variable lease payments that are based on an index or rate;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense within the income statement. Short-term leases are leases with a term of 12 months or less. Low-value assets generally comprise IT equipment.

(i) Variable lease payments

Some property leases contain variable lease payment terms that are linked to the extraction of raw materials. For individual properties, a percentage of the lease payments are on the basis of the variable payment terms.

Variable lease payments that are dependent upon the level of extraction are recognised within the income statement in the period in which the extraction which triggers that payment occurs.

The value of variable lease payments and the impact of movements in the Group's levels of extraction are insignificant in current and prior periods.

(ii) Extension and termination options

Extension and termination options are included in a small number of property leases across the Group. The majority of such options are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the future cash outflows if the lease is reasonably certain to be extended (or not terminated). This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its surplus properties.

Leases for which the Group is a lessor are classified as either finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised on a straight line basis over the lease term.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Raw materials, consumables and goods for resale are recognised on a weighted average cost basis, while work in progress and finished goods are held at direct cost plus an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Group records provisions for obsolete and slow-moving inventory on the basis of historical sales values and volumes, respectively. These inventory provisions are updated regularly to reflect management's most recent information.

Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised within the income statement.

Notes to the consolidated financial statements *continued*

1. Summary of significant accounting policies *continued*

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset.

Forward energy contracts

The Group has a long-standing practice of locking in prices for gas and electricity used in its production activities and achieves this by committing to take delivery of a certain volume of energy in future months which creates a contractual commitment and secures a certain price.

The Group takes delivery of the energy and so the Directors believe it meets the requirements of the own use scope exemption in IFRS 9 Financial Instruments. As such, these contracts are not held on the balance sheet at fair value but rather treated as executory contracts and energy purchases are accounted for in the period in which the gas and electricity is consumed, at the contracted price.

Derivatives and hedging

The Group enters into derivative transactions to manage its exposure to foreign exchange rate risks on major capital expenditure projects.

Derivatives are recognised initially at fair value on the date the contract is entered into and subsequently remeasured to their fair value at each reporting date.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both the legal right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk.

These derivatives are designated and effective as hedging instruments, in which event the timing of the transfer within the balance sheet or recognition in the income statement depends on the nature of the hedge relationship.

Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group documents whether the hedging instrument is effective in offsetting the hedged risk, by confirming that:

- there is an economic relationship between hedged items and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the planned ratio of hedge: hedge item is the same as the actual ratio of hedge: hedge item.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges is recognised in other comprehensive income and accumulated under the cash flow

hedging reserve. Any gain or loss relating to the ineffective portion of the hedge is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the related capital expenditure project within the balance sheet in the periods when the underlying hedged item affects the balance sheet.

The Group discontinues hedge accounting should the hedge relationship cease to meet the qualifying criteria, or when the hedging instrument expires, is sold, terminated or exercised.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The measurement category into which the Group classifies its debt instruments is amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the income statement.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 23 for further details.

No significant impairment losses were recorded in the current or prior year. Should they arise, impairment losses are presented as a separate line item in the Group consolidated income statement.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. Collection is expected in one year or less and trade receivables are classified as current assets accordingly. Trade receivables are measured at amortised cost using the effective interest method, less provision for impairment. In the current and prior periods, the Group did not engage in material factoring arrangements.

Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents reflects cash in hand at the balance sheet date, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities where payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. In the current and prior periods, the Group did not engage in material reverse factoring arrangements.

Borrowings

The Group's borrowings comprise a revolving credit facility (RCF) and private placement loan notes. Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. All other costs are expensed as incurred. Borrowings are subsequently carried at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Finance cost on borrowings is treated as an expense in the income statement, with the exception of interest costs incurred on the financing of major projects, which are capitalised within property, plant and equipment.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Fees relating to short-term variations in financing conditions and terms are recognised in profit or loss in the period in which they are incurred.

An exchange of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pensions

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group recognises contributions payable to defined contribution plans in exchange for employee services in employee benefit expense.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The amount recognised in the balance sheet in respect of defined benefit pension plans is the fair value of plan assets less the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest

rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Where defined benefit schemes have a surplus, the surplus is recognised if future economic benefits are available to the entity in the form of a reduction in the future contributions or a right to refund.

Past-service costs are recognised immediately in the income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, taking account of any changes in the defined benefit asset/liability during the period as a result of contributions and benefit payments. This cost is included in interest expense in the income statement.

When the benefits of a defined benefit plan are changed or when the plan is curtailed, the change in the present value of the defined benefit obligation arising that relates to the plan amendment or curtailment is recognised immediately within the income statement on its occurrence. Before determining the past service cost (including curtailment gains or losses) or a gain or loss on settlement, the net defined benefit obligation (asset) is remeasured using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices) reflecting the benefits offered under the plan before the plan amendment, curtailment or settlement.

Costs of managing the plan assets, remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the risk-assessed expenditures expected to be required to settle the obligation using a pre-tax risk-free discount rate to reflect current market assessments of the time value of money. The increase in the provision due to passage of time is recognised as interest expense.

The restoration provision is to fund future obligations at a number of sites that the Group is associated with and where the Group has any constructive obligation to restore once it has fully utilised the site. Provisions for dilapidations are recognised on a lease-by-lease basis and are based on the Group's discounted best estimate of the likely committed cash outflows. The restructuring provision is to fund the estimated restructuring costs and only arises when all the criteria in IAS 37 Provisions are met by the Group.

Notes to the consolidated financial statements **continued**

1. Summary of significant accounting policies **continued**

Revenue

Revenue represents the fair value of consideration receivable for goods supplied by the Group, exclusive of local sales tax and trade discounts and after eliminating sales within the Group. All of revenue is attributable to the principal activities of the Group being the manufacture and sale of concrete products, clay facing bricks and associated special shaped and fabricated clay products.

Revenue is recognised when the Group's performance obligation is satisfied, which is usually when the promised goods and services are transferred to the customer. In a bill and hold arrangement, revenue is recognised when a customer has obtained control of a product, which arises when all of the following criteria are met: (a) the reason for the arrangement is substantive, (b) the product has been identified separately as belonging to the customer, (c) the product is ready for delivery in accordance with the terms of the arrangement, and (d) the Company does not have the ability to use the product or sell the product to another customer.

Customer rebates

Provisions for rebates to customers are based upon the terms of individual contracts, with rebates granted based upon a tiered structure dependent upon an individual customer's purchases during the rebate period. Customer rebates are recorded in the same period as the related sales as a deduction from revenue and the vast majority are coterminous with the Group's financial year end.

For those individual contracts that are non-coterminous, the Group estimates the provision for this variable consideration based on the most likely outcome amount determined by the terms of each agreement at the time the revenue is recognised. At the financial year end, due to settlement of rebates with customers, the level of remaining estimation is limited and the risk of a significant reversal of recognised revenue is negligible.

Other income

Other income is attributable to rental income from properties, landfill and gas activity. Other expenses represent associated expenses. This is not deemed to be a principal activity of the Group. Rental income received under operating leases is recognised on a straight line basis over the term of the relevant lease. Assets leased by the Group to third parties are depreciated in line with the Group's normal depreciation policy.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised when relevant criteria under IAS 38 have been met. Any expenditure carried forward is amortised in line with the expected future sales from the related project. No development costs were capitalised in either the current or prior years.

Exceptional items¹

The Group presents as exceptional on the face of the income statement those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to further understand elements of financial performance in the period, so as to facilitate comparison

with future years and to assess trends in financial performance. See Note 5 for further details of exceptional items¹ recognised in the current period.

The Directors believe that the use of alternative performance measures (APMs), such as exceptional items¹, provide useful information for shareholders. The Group uses APMs to aid comparability of its performance and position between periods. The APMs used represent measures used by management and Board to monitor performance and plan. Additionally, certain APMs are used by the Group in setting Director and management remuneration. Detailed descriptions of APMs used throughout these financial statements are included within Note 3.

APMs used by the Group are generally not defined under IFRS and may not be comparable with similarly titled measures reported by other companies.

It is not believed that adjusted measures are a substitute for, or superior to, statutory measurements.

Government grants

Government grants are recognised within the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants are presented as part of the income statement and are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised within the income statement in the period in which they become receivable. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except for tax relating to items recognised in other comprehensive income or directly in equity.

Current tax is the expected tax payable or recoverable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination may be uncertain. The calculation of the tax charge therefore necessarily involves a degree of estimation and judgement. The tax liabilities are based on estimates of whether additional taxes will be due and tax assets are recognised on the basis of probable future recoverability. This requires management to exercise judgement based on its interpretation of tax laws and the likelihood of settlement of tax liabilities or recoverability of tax assets. To the extent that the final outcome differs from the estimates made, tax adjustments may be required which could have an impact on the tax charge and profit for the year in which such a determination is made.

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts included in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

The amount of deferred tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled. Deferred tax assets and liabilities are not subject to discounting.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available, against which the temporary difference can be utilised.

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities where these have been levied by the same tax authority on either the same taxable entity or different taxable entities within the Group where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distributions to Istock Plc shareholders are recognised in the Group's financial statements in the period in which the dividends are approved in a general meeting, or when paid in the case of an interim dividend.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale only if available for immediate sale in their present condition and a sale is highly probable and expected to be completed within one year from the date of classification. Such assets and disposal groups are measured at the lower of carrying amount and fair value less the costs to sell. Non-current assets classified as held for sale (or that form part of a disposal group classified as held for sale) are not depreciated or amortised.

Share based payments

The Group operates a number of equity-settled share based compensation plans, under which the entity receives services from employees as consideration for equity instruments (for example options or shares) of Istock Plc. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the instruments granted:

- including any market performance conditions (for example, the Group's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

At the end of each reporting period, the Group revises its estimates of the number of instruments that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the year between service commencement period and grant date. For the equity-settled share based payment transactions, the fair value of the share instruments granted is derived from established option pricing models. Further details on share based payments are set out in Note 26.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, as described in Note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

Critical judgements in applying the Group's accounting policies

The following critical judgement, that the Directors made in the process of applying the Group's accounting policies, has the most significant effect on the amounts recorded in the financial statements.

Exceptional items¹

Exceptional items¹ are disclosed separately in the financial statements where the Directors believe it is necessary to do so to provide further understanding of the financial performance of the Group. The Group presents as exceptional items¹ in Note 5 those items of income and expense which, because of the materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand elements of financial performance in the financial period, so as to facilitate comparison with future years and further assess underlying trends in financial performance. Judgement is required in relation to significant material transactions as to whether they are exceptional in nature.

Further details on exceptional items¹ are given within Note 5.

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Notes to the consolidated financial statements **continued**

2. Critical accounting judgements and key sources of estimation uncertainty continued

Key sources of estimation uncertainty

Estimates and underlying assumptions are reviewed by management on an ongoing basis, with revisions recognised in the period in which the estimates are revised, and in any future period affected. The areas that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Defined benefit pension schemes – valuation of liabilities

For defined benefit schemes, management is required to make annual estimates and assumptions about future changes in discount rates, inflation, the rate of increase in pensions in payment and life expectancy. The buy-in agreement in place assumed the insured asset and the corresponding liabilities are broadly matched, but the assumptions used would still affect the pension liabilities at the year end.

In making these estimates and assumptions, management considers advice provided by external advisors, such as actuaries. These assumptions are subject to periodic review.

Note 21 describes the assumptions used together with an analysis of the sensitivity of the defined benefit scheme liability (£323.1 million at 31 December 2024) to changes in key assumptions.

Impairment of Non-current assets

Assessing the Group's property, plant and equipment and right of use assets for impairment requires estimation of the present value of future cash flows. The calculations require the Group to estimate the future cash flows expected to arise from Cash Generating Units (CGUs). The key assumption in this regard relates to long-term industry demand for the Group's products.

Note 17 describes the other assumptions used together with an analysis of the sensitivity of the impairment assessment to changes in the key assumption.

3. Alternative performance measures

Alternative Performance Measures (APMs) are disclosed within the consolidated financial statements where management believes it is necessary to do so to provide further understanding of the financial performance of the Group.

Management uses APMs in its own assessment of the Group's performance and in order to plan the allocation of internal capital and resources. Certain APMs are used in the remuneration of management and Executive Directors, as set out in the Directors' Remuneration Report on pages 86 to 110.

APMs serve as supplementary information for users of the financial statements and it is not intended that they are a substitute for, or superior to, statutory measures. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Within the notes to the consolidated financial statements, all APMs are identified with a superscript.

Exceptional items

The Group presents as exceptional those items of income and expense which, because of their materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to understand further elements of financial performance in the year. This facilitates comparison with future periods and to assess trends in financial performance over time.

Details of all exceptional items are disclosed in Note 5.

Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA margin

In the current year, the Directors have introduced Adjusted EBIT as a new APM as it represents a more comprehensive measure of profit than adjusted EBITDA and given its use as a key remuneration measure for senior management. Adjusted EBIT represents earnings before interest and taxation and is adjusted to exclude exceptional items and the incremental depreciation and amortisation arising from historic fair value uplifts. Adjusted EBITDA is Adjusted EBIT adjusted for depreciation and amortisation pre fair value uplift and Adjusted EBITDA margin is Adjusted EBITDA shown as a proportion of revenue.

The Directors regularly use Adjusted EBIT, Adjusted EBITDA and Adjusted EBITDA margin as key performance measures in assessing the Group's profitability. The measures are considered useful to users of the financial statements as they represent common APMs used by investors in assessing a company's operating performance, when comparing its performance across periods as well as being used in the determination of Directors' variable remuneration.

A full reconciliation of Adjusted EBIT and Adjusted EBITDA is included at the foot of the Group's Consolidated income statement within the consolidated financial statements. Adjusted EBITDA margin is included within Note 4.

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets and non-cash interest, net of associated taxation on the adjusted items.

The Directors have presented Adjusted EPS as they believe the APM represents useful information to the user of the financial statements in assessing the performance of the Group, when comparing its performance across periods, as well as being used within the determination of Directors' variable remuneration. Additionally, the APM is considered by the Board when determining the proposed level of ordinary dividend.

A full reconciliation is provided in Note 11.

Net debt and Net debt to Adjusted EBITDA (“leverage”) ratio

Net debt is defined as the sum of cash and cash equivalents less total borrowings at the balance sheet date. This does not include lease liabilities arising upon application of IFRS 16 in order to align with the Group’s banking facility covenant definition.

The Net debt to Adjusted EBITDA ratio definition removes the operating lease expense benefit generated from IFRS16 compared to IAS 17 within Adjusted EBITDA.

The Directors disclose these APMs to provide information as a useful measure for assessing the Group’s overall level of financial indebtedness and when comparing its performance and position across periods.

Net debt is shown at the foot of the Group consolidated cash flow statement on page 127.

A full reconciliation of the net debt to Adjusted EBITDA ratio (also referred to as ‘leverage’) is set out below:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Net debt	(121,560)	(100,616)
Adjusted EBITDA	79,350	107,357
Impact of IFRS 16 (Note 27)	(12,134)	(12,134)
Adjusted EBITDA prior to IFRS 16	67,216	95,223
Ratio of net debt to Adjusted EBITDA	1.8x	1.1x

Adjusted return on capital employed

Adjusted return on capital employed (Adjusted ROCE) is defined as earnings before interest and taxation adjusted for exceptional items as a proportion of the average capital employed (defined as net debt plus equity excluding the pension surplus). The average is calculated using the period end balance and corresponding preceding reported period end balance (year end or interim).

The Directors disclose the Adjusted ROCE APM in order to provide users of the financial statements with an indication of the relative efficiency of capital use by the Group over the period, assessing performance between periods as well as being used within the determination of executives’ variable remuneration.

The calculation of Adjusted ROCE is set out below:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Adjusted EBITDA	79,350	107,357
Less: depreciation	(33,619)	(34,626)
Less: amortisation	(6,938)	(6,938)
<i>Adjusted earnings before interest and taxation</i>	38,793	65,793
Average net debt	129,699	94,863
Average equity	394,836	407,061
Average pension	(8,305)	(10,160)
<i>Average capital employed</i>	516,230	491,764
Adjusted Return on Capital Employed	7.5%	13.4%

Average capital employed figures comprise:

	31 December 2024 £'000	30 June 2024 £'000	31 December 2023 £'000	30 June 2023 £'000
Net debt	121,560	137,838	100,616	89,110
Equity	395,263	394,409	399,867	414,254
Less: pension assets	(7,839)	(8,771)	(9,832)	(10,488)
Capital employed	508,984	523,476	490,651	492,876

Notes to the consolidated financial statements *continued*

3. Alternative performance measures *continued*

Adjusted effective tax rate (ETR)

The Group presents an adjusted effective tax rate (Adjusted ETR) within its Financial Review. This is disclosed in order to provide users of the financial statements with a view of the rate of taxation borne by the Group adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets, non-cash interest and changes in taxation rates on deferred taxation. A reconciliation of the adjusted ETR to the statutory UK rate of taxation is included in Note 10.

Cash flow related APMs

The Group presents an adjusted cash flow statement within its Financial Review on page 39. This is disclosed in order to provide users of the financial statements with a view of the Group's operating cash generation before the impact of cash flows associated with exceptional items (as set out in Note 5) and stated after interest, lease payments and non-exceptional property disposal-related cash flows.

The Directors use this APM table to allow shareholders to further understand the Group's cash flow performance in the period, to facilitate comparison with comparative periods and to assess trends in financial performance. This table contains a number of APMs, as described below and reconciled in the following table:

Adjusted change in working capital

Adjusted change in working capital represents the statutory change in working capital adjusted for the changes associated with exceptional items arising in the year of £3.1 million (2023: £5.4 million).

Adjusted operating cash flow

Adjusted operating cash flows are the cash flows arising from operating activities adjusted to exclude cash outflows relating to exceptional items of £11.2 million (2023: cash outflows of £4.6 million) but stated after cash flows associated with interest income, proceeds from the sale of property, plant and equipment and lease payments reclassified from investing or financing activities totalling £9.0 million (2023: £12.8 million).

Cash conversion

Cash conversion is the ratio of Adjusted operating cash flow (defined above) to Adjusted EBITDA (defined above). The Directors believe this APM provides a useful measure of the Group's efficiency of its cash management during the period.

Adjusted free cash flow

Adjusted free cash flow represents Adjusted operating cash flow (defined above) less total capital expenditure. The Directors use the measure of Adjusted free cash flow as a measure of the funds available to the Group for the payment of distributions to shareholders, for use within M&A activity and other investing and financing activities.

Reconciliation of statutory cash flow statement to adjusted cash flow statement

	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Year ended 31 December 2024				
Adjusted EBITDA	67,630	11,720	–	79,350
Change in working capital	(7,627)	3,103	–	(4,524)
Impairment charges	3,832	(3,832)	–	–
Net interest	(8,751)	–	139	(8,612)
Tax	(500)	–	–	(500)
Post-employment benefits	959	–	(959)	–
Other	(1,644)	212	(8,142)	(9,574)
Adjusted operating cash flow	53,899	11,203	(8,962)	56,140
Cash conversion				71%
Total capex	(45,235)	–	–	(45,235)
Adjusted free cash flow	8,664	11,203	(8,962)	10,905
Year ended 31 December 2023				
Adjusted EBITDA	76,595	30,762	–	107,357
Change in working capital	(31,636)	(5,355)	–	(36,991)
Impairment charges	20,599	(20,599)	–	–
Net interest	(6,035)	–	257	(5,778)
Tax	630	–	–	630
Post-employment benefits	790	–	(1,081)	(291)
Other	(2,692)	(177)	(12,012)	(14,881)
Adjusted operating cash flow	58,251	4,631	(12,836)	50,046
Cash conversion				47%
Total capex	(65,653)	–	–	(65,653)
Adjusted free cash flow	(7,402)	4,631	(12,836)	(15,607)

4. Segment reporting

The Directors consider the Group's reportable segments to be Clay and Concrete.

The key Group performance measure is adjusted EBITDA¹, as detailed below, which is defined in Note 3. The tables below present revenue and adjusted EBITDA¹ and profit before taxation for the Group's segments.

Included within the "Unallocated and elimination" columns in the tables below are costs including share based payments and Group employment costs. Unallocated assets and liabilities are pensions, taxation and certain centrally held provisions. Eliminations represent the removal of inter-company balances. Transactions between segments are carried out at arm's length. There is no material inter-segmental revenue and no aggregation of segments has been applied.

For both years presented, the activities of Istock Futures were managed and reported as part of the Clay division. Consequently, the position and performance of Istock Futures for all periods has been classified within the Clay segment.

	Year ended 31 December 2024			
	Clay £'000	Concrete £'000	Unallocated and elimination £'000	Total £'000
Bricks and masonry	238,932	15,874	–	254,806
Roofing	–	18,346	–	18,346
Fencing and landscaping	–	24,168	–	24,168
Flooring and lintels	–	45,762	–	45,762
Facades	9,832	–	–	9,832
Rail and infrastructure	–	12,562	–	12,562
Other	–	731	–	731
Total revenue	248,764	117,443	–	366,207
Adjusted EBITDA¹	72,287	14,646	(7,583)	79,350
Adjusted EBITDA margin¹	29.1%	12.5%		21.7%
Exceptional items ¹ impacting operating profit (see Note 5)	(11,336)	(384)	–	(11,720)
Depreciation and amortisation pre fair value uplift	(24,188)	(5,446)	(144)	(29,778)
Incremental depreciation and amortisation following fair value uplift	(5,926)	(4,853)	–	(10,779)
Net finance costs	(1,303)	(509)	(4,581)	(6,393)
Profit before tax	29,534	3,454	(12,308)	20,680
Taxation				(5,588)
Profit for the year				15,092
Consolidated total assets	611,544	127,371	13,190	752,105
Consolidated total liabilities	(168,917)	(48,023)	(139,902)	(356,842)
Non-current assets				
Consolidated total intangible assets	52,649	21,301	–	73,950
Property, plant and equipment	411,111	51,393	–	462,504
Right-of-use assets	19,300	8,541	522	28,363
Total non-current assets	483,060	81,235	522	564,817
Total non-current asset additions	49,381	4,059	–	53,431

Included within revenue for the year ended 31 December 2024 were £0.1 million of bill and hold transactions in the Concrete Division. At 31 December 2024, £0.1 million of inventory relating to these bill and hold transactions remained on the Concrete Division's premises. Additionally, £0.1 million of inventory related to bill and hold sales in previous years remained on the Concrete Division's premises and £0.4 million on the Clay Division's premises.

1 Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Notes to the consolidated financial statements *continued*

4. Segment reporting *continued*

The unallocated segment balance includes the fair value of the Group's share based payments and associated taxes (£1.5 million), plc Board and other plc employment costs (£5.2 million), pension costs (£1.0 million) and legal/administrative expenses (£3.6 million). These costs have been offset by research and development taxation credits (£2.6 million) and segmental recharges (£1.1 million). During the current period, one customer accounted for greater than 10% of Group revenues with £55.7 million of sales across the Clay and Concrete divisions.

The Group pension surplus was an unallocated asset and amounted to £7.8 million.

	Year ended 31 December 2023			Total £'000
	Clay £'000	Concrete £'000	Unallocated and elimination £'000	
Bricks and masonry	282,260	19,848	–	302,108
Roofing	–	21,323	–	21,323
Fencing and landscaping	–	20,440	–	20,440
Flooring and lintels	–	35,704	–	35,704
Facades	9,960	–	–	9,960
Rail and infrastructure	–	16,218	–	16,218
Other	–	86	–	86
Total revenue	292,220	113,619	–	405,839
Adjusted EBITDA¹	98,847	18,623	(10,113)	107,357
Adjusted EBITDA margin¹	33.8%	16.4%		26.5%
Exceptional items ¹ impacting operating profit (see Note 5)	(28,170)	(2,404)	(188)	(30,762)
Depreciation and amortisation pre fair value uplift	(23,406)	(5,733)	(175)	(29,314)
Incremental depreciation and amortisation following fair value uplift	(7,374)	(4,876)	–	(12,250)
Net finance costs	(2,015)	(569)	(2,380)	(4,964)
Profit before tax	37,882	5,041	(12,856)	30,067
Taxation				(9,007)
Profit for the year				21,060
Consolidated total assets	610,867	133,502	9,862	754,231
Consolidated total liabilities	(174,062)	(46,127)	(134,175)	(354,364)
Non-current assets				
Consolidated total intangible assets	56,178	25,839	–	82,017
Property, plant and equipment	389,165	51,235	–	440,400
Right-of-use assets	29,915	9,310	606	39,831
Total non-current assets	475,258	86,384	606	562,248
Total non-current asset additions	62,837	6,654	–	69,491

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Included within revenue for the year ended 31 December 2023 were £1.1 million of bill and hold transactions in the Clay Division. At 31 December 2023, £1.1 million of inventory relating to these bill and hold transactions remained on the Clay Division's premises. Additionally, £0.1 million of inventory related to bill and hold sales in previous years remained on the Concrete Division's premises. The unallocated segment balance includes the fair value of the Group's share-based payments and associated taxes (£2.5 million), plc Board and other plc employment costs (£5.4 million), pension costs (£1.1 million) and legal/administrative expenses (£3.5 million). These costs have been offset by research and development taxation credits (£2.4 million). During 2023, one customer accounted for greater than 10% of Group revenues with £70.6 million of sales across the Clay and Concrete Divisions.

The Group pension surplus was an unallocated asset and amounted to £9.8 million.

5. Exceptional items¹

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Exceptional cost of sales		
Impairment charge – Property, plant and equipment	(1,126)	(15,397)
Impairment charge – Right-of-use assets	(2,706)	(1,181)
Impairment charge – Working capital	–	(4,022)
Total impairment charge (Note 17)	(3,832)	(20,600)
Redundancy costs	(581)	(7,470)
Other costs associated with closure of sites	(5,358)	(1,196)
Total exceptional cost of sales	(9,771)	(29,266)
Exceptional administrative expenses:		
Redundancy costs	(992)	(1,496)
Other costs associated with closure of site	(957)	–
Total exceptional administrative expenses	(1,949)	(1,496)
Exceptional items¹ impacting operating profit	(11,720)	(30,762)
Total exceptional items¹	(11,720)	(30,762)

During the 2024 year, the total exceptional charge arising from the enterprise restructuring programme initiated in late 2023 was £6.5 million, while the total charge arising from the decision to cease glass reinforced concrete (GRC) operations was £5.2 million.

2024

Included within the current year are the following exceptional items¹:

Exceptional cost of sales

Impairment charges arising in the current year relate to the impairment of non-current assets and working capital items, as set out in Note 17. Due to the materiality and non-recurring nature, these costs have been categorised as exceptional.

Redundancy costs relate to the severance for employees engaged in production activities following the Group's announced restructuring activities. These costs have been categorised as exceptional due to their materiality, and unusual and non-recurring nature of the events giving rise to the costs.

Costs associated with the closure of sites relate to other costs incurred as a result of the Group's restructuring decisions during the year. These incremental costs include closed site security and decommissioning activities.

Exceptional administration expenses

Exceptional redundancy costs arising in the current period relate to costs of redundancy of employees within the Group's selling, general and administrative ("SG&A") functions following the Group's restructuring announced in October 2023 and the GRC closure announced in October 2024.

Other costs associated with closure of site relate to other SG&A costs directly attributable to the Group's cessation of the GRC business announced in October 2024.

The costs have been treated as exceptional due to their materiality, and the unusual and non-recurring nature of the event giving rise to the costs.

2023

Exceptional cost of sales

Impairment charges arose in 2023 related to the impairment of non-current assets and working capital items, due to the materiality and non-recurring nature, these costs have been categorised as exceptional.

Redundancy costs related to the severance for employees engaged in production activities following the Group's announced restructuring activity in response to the deterioration in demand outlook caused by a market downturn. These costs had been categorised as exceptional due to their materiality, and unusual and non-recurring nature of the events giving rise to the costs.

Costs associated with the closure of sites related to other costs incurred as a result of the Group's restructuring decisions during the year. These unavoidable costs include closed site security and decommissioning activities.

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Notes to the consolidated financial statements *continued*

5. Exceptional items continued

Exceptional administration expenses

Exceptional redundancy costs arose in 2023 related to costs of redundancy of employees within the Group's selling, general and administrative ("SG&A") functions following the Group's announced restructuring in October 2023. The costs had been treated as exceptional due to their materiality, and the non-recurring nature of the event giving rise to the costs.

Cash flow on exceptional items¹

Exceptional cash cost of £8.1 million (2023: £10.2 million) arose as a result of the Group's rationalisation and closure of sites as part of its restructuring plans, of which £6.8 million (2023: £4.6 million) was cash settled in the year as detailed in Note 3. The exceptional non-cash charge of £ 3.6 million (2023: £20.6 million) comprised an impairment charge of £3.8 million associated with the Group's closure of GRC as detailed in Note 17 and a £0.2 million credit upon true up of the 2023 restructuring plan.

Total cash outflows of £11.2 million in relation to exceptional items in the 2024 year comprised £6.8 million relating to in-year exceptional charges and the settlement of provisions within the opening balance sheet totalling £4.4 million.

Tax on exceptional items¹

In the current year, impairment charges arising on non-current assets are not tax deductible but give rise to a deferred tax credit in the period. The redundancy and site closure costs are treated as tax deductible in the period. The total tax credit on exceptional items is £2.9 million (2023: £7.0 million).

6. Operating profit

Operating profit includes the effect of crediting/(charging):

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Changes in inventories of finished goods and work in progress	2,605	23,330
Raw material and consumables used	(63,368)	(65,904)
Employee benefit expense (Note 7)	(74,829)	(85,234)
Depreciation – Property, plant and equipment (Note 13)	(23,717)	(22,848)
Depreciation – Right-of-use assets (Note 27)	(9,778)	(11,778)
Amortisation (Note 12)	(7,062)	(6,938)
Exceptional cost of sales (Note 5)	(9,771)	(29,266)
Research and development costs	(13,312)	(11,837)
Other production costs	(62,418)	(80,408)
Total cost of sales	(261,650)	(290,883)
Distribution costs	(34,139)	(36,797)
Other employee benefit expenses (Note 7)	(31,442)	(31,831)
Profit on disposal of property, plant and equipment (Note 13)	261	1,957
Advertising costs	(1,141)	(1,123)
Operating lease income	105	136
Exceptional administrative expenses (Note 5)	(1,949)	(1,496)

Auditor's remuneration

During the year the Group obtained the following services from the Company's auditor.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Fees payable to the Company's auditor and its associates for the audit of Parent Company and consolidated financial statements:	374	306
Fees payable to Company's auditor and its associates for other services to the Group:		
– Audit of the Company's subsidiaries	676	582
Total audit fees	1,050	888
– Audit related assurance services	84	80
Total non-audit fees	84	80

7. Employees and Directors

Employee benefit expenses for the Group during the period:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Wages and salaries – gross	91,352	98,954
Social security costs	8,014	9,503
Pensions costs – defined benefit plans (Note 21)	959	1,082
Pensions costs – defined contribution plans (Note 21)	4,693	5,218
Share based payments (Note 26)	1,253	2,308
	106,271	117,065

Average monthly number of people (including Executive Directors) employed:

	Year ended 31 December 2024	Year ended 31 December 2023
Sales staff	187	241
Administrative staff	170	176
Production staff	1,492	1,772
	1,849	2,189

Key management compensation:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Short-term employee benefits	3,674	2,156
Post-employment benefits	248	154
Termination benefits	132	–
Share-based payment	617	464
	4,671	2,774

Key management personnel has been defined as the Board of Istock Plc, together with the Group's Executive Team (ET). Members of the ET are set out on page 64 of the Annual Report and Accounts 2024. Details of remuneration for Istock Plc Directors, including the highest paid director, are presented in the Remuneration Report on pages 86 to 110. The aggregate remuneration of the Directors for the purposes of the financial statements is £2.7 million (year ended 31 December 2023: £2.2 million).

Notes to the consolidated financial statements *continued*

8. Finance costs

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<i>Interest costs:</i>		
Interest payable on Revolving Credit Facility	(4,231)	(1,891)
Interest payable on Private Placement	(2,226)	(2,220)
Total interest payable on bank borrowings	(6,457)	(4,111)
Capitalised interest	828	1,082
Other interest payable	(164)	(65)
<i>Interest expense on financial liabilities at amortised cost</i>	<i>(5,793)</i>	<i>(3,094)</i>
Interest on lease liabilities (Note 27)	(2,494)	(2,368)
Net unwinding of discount on provisions/change in discount rate (Note 20)	–	(470)
<i>Other interest payable</i>	<i>(2,494)</i>	<i>(2,838)</i>
Total finance costs	(8,287)	(5,932)

2024

In the current year, individual tranches totalling £87.0 million of Revolving Credit Facility (“RCF”) were drawn, with £81.0 million subsequently repaid. Interest expense comprised £3.3 million interest on funds drawn down, £0.4 million of facility commitment fees, £0.1 million of other arrangement costs and £0.4 million of deal fee amortisation.

In the current year, £0.8 million of borrowing costs are directly attributable to the construction or production of qualifying assets, and therefore, have been capitalised in the relevant assets. The average capitalisation rate was 3.66%.

2023

In prior year, £30.0 million of Revolving Credit Facility (“RCF”) was drawn, with £5.0 million subsequently repaid. Interest expense comprised £0.7 million interest on funds drawn down, £0.6 million of facility commitment fees, £0.2 million of other arrangement costs and £0.4 million of deal fee amortisation.

£1.1 million of borrowing costs are directly attributable to the construction or production of qualifying assets, therefore, are capitalised in the relevant assets. The average capitalisation rate was 2.6%.

9. Finance income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
<i>Interest income:</i>		
Net interest income arising on the UK pension scheme (Note 21)	423	711
Net unwinding of discount on provisions/change in discount rate (Note 20)	1,332	–
Other interest receivable	139	257
Total finance income relating to continuing operations	1,894	968

10. Taxation

Analysis of income tax charge

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Current tax on profit for the year	1,306	2,120
Adjustments in respect of prior period	1,696	85
Total current tax	3,002	2,205
Deferred tax on profit for the year	4,831	5,830
Impact of change in tax rate	–	862
Adjustments in respect of prior period	(2,245)	110
Total deferred tax	2,586	6,802
	5,588	9,007

Income tax recognised within the consolidated statement of other comprehensive income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Tax adjustments arising on the UK pension scheme assets and liabilities:		
Deferred tax credit	(437)	(1,320)
Tax adjustments arising on gains and losses relating to cash flow hedges:		
Deferred tax credit	(14)	(148)

Income tax recognised within the consolidated statement of changes in equity

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Current tax credit on share-based payments	(18)	–
Deferred tax (credit)/charge on share-based payments	(124)	147

The tax expense for the period differs from the applicable standard rate of corporation tax in the UK of 25% for the year ended 31 December 2024 (2023: 23.5%). The differences are explained below:

Year ended 31 December 2024	Statutory		Exceptional and other adjusting items		Adjusted	
	£'000	Percentage	£'000	Percentage	£'000	Percentage
Profit before tax	20,680	100%	20,280	100%	40,960	100%
Profit before tax multiplied by the rate of corporation tax in the UK	5,170	25.00%	5,070	25.00%	10,240	25.00%
Effects of:						
Expenses not deductible	967	4.68%	–	–	967	2.36%
Changes in estimates relating to prior periods	(549)	(2.65%)	–	–	(549)	(1.34%)
Total taxation expense from continuing operations	5,588	27.03%	5,070	25.00%	10,658	26.02%

Year ended 31 December 2023	Statutory		Exceptional and other adjusting items		Adjusted	
	£'000	Percentage	£'000	Percentage	£'000	Percentage
Profit before tax	30,067	100%	42,186	100%	72,253	100%
Profit before tax multiplied by the rate of corporation tax in the UK	7,067	23.50%	9,913	23.50%	16,980	23.50%
Effects of:						
Expenses not deductible	1,175	3.91%	(278)	(0.66%)	897	1.24%
Permanent benefit of super deduction on capital expenditure	(292)	(0.97%)	–	–	(292)	(0.40%)
Changes in estimates relating to prior periods	195	0.65%	–	–	195	0.27%
Rate change on deferred tax provision	862	2.87%	(862)	(2.04%)	–	–
Total taxation expense from continuing operations	9,007	29.95%	8,773	20.80%	17,780	24.61%

There are no income tax consequences for the Company in respect of dividends declared prior to the date of authorisation of these financial statements and for which a liability has not been recognised.

The Group expects its effective tax rate in the future to be affected by the outcome of any future tax audits as well as the impact of changes in tax law.

The Finance Act 2024 received Royal Assent on 22 February 2024, which amended certain aspects of the multinational top-up tax and domestic top-up tax rules contained in Finance (No 2) Act 2023. The amendments will have retrospective effect for accounting periods beginning on or after 31 December 2023. The Group is below the €750 million income threshold and therefore the rules will not impact the tax liabilities reported by the Group.

Notes to the consolidated financial statements continued

11. Earnings per share

The basic earnings per share figures are calculated by dividing profit for the year attributable to the Parent shareholders by the weighted average number of Ordinary Shares in issue during the year. The diluted earnings per share figures allow for the dilutive effect of the conversion into Ordinary Shares of the weighted average number of options outstanding during the year. Where the average share price for the year is lower than the option price the options become anti-dilutive and are excluded from the calculation.

The number of shares used for the earnings per share calculation are as follows:

	Year ended 31 December 2024	Year ended 31 December 2023
Basic weighted average number of Ordinary Shares	393,091	392,217
Effect of share incentive awards and options	3,372	3,437
Diluted weighted average number of Ordinary Shares	396,463	395,654

The calculation of adjusted earnings per share¹ is a key measurement used by management that is not defined by IFRS. The adjusted earnings per share¹ measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share¹ figures are calculated as the basic earnings per share adjusted for exceptional items¹, and fair value adjustments (being the amortisation and depreciation on fair value uplifted assets and non-cash interest expenses). Adjustments are made net of the associated taxation on the adjusted items. A reconciliation of the statutory profit to that used in the adjusted earnings per share¹ calculations is as follows:

	Year ended 31 December 2024 Total £'000	Year ended 31 December 2023 Total £'000
Profit for the period attributable to the Parent shareholders	15,092	21,060
Add back exceptional items ¹ (Note 5)	11,720	30,762
Less tax credit on exceptional items ¹	(2,930)	(6,952)
Add back incremental depreciation and amortisation following fair value uplift (Note 4)	10,779	12,250
Less tax on incremental depreciation and amortisation following fair value uplift	(2,695)	(2,878)
Less net non-cash interest	(2,219)	(826)
Add back tax expense on non-cash interest	555	194
Add back impact of deferred taxation rate change	–	844
Adjusted profit for the period attributable to the Parent shareholders	30,302	54,454

	Year ended 31 December 2024 Total pence	Year ended 31 December 2023 Total pence
Basic EPS on profit for the year	3.8	5.4
Diluted EPS on profit for the year	3.8	5.3
Adjusted basic EPS¹ on profit for the year	7.7	13.9
Adjusted diluted EPS¹ on profit for the year	7.6	13.8

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

12. Intangible assets

	Goodwill £'000	Customer contracts and relationships £'000	Brands £'000	Licences £'000	Total £'000
<i>Cost</i>					
At 1 January 2023	3,852	92,868	37,159	8,070	141,949
Additions in the year	209	579	–	1,844	2,632
Utilised in the year	–	–	–	(3,919)	(3,919)
At 31 December 2023	4,061	93,447	37,159	5,995	140,662
Additions in the year	–	–	–	1,260	1,260
Business combination finalisation (Note 29)	(171)	–	–	–	(171)
Utilised in the year	–	–	–	(2,094)	(2,094)
At 31 December 2024	3,890	93,447	37,159	5,161	139,657
<i>Accumulated amortisation and impairment</i>					
At 1 January 2023	–	(44,037)	(7,670)	–	(51,707)
Charge for the year	–	(5,882)	(1,056)	–	(6,938)
At 31 December 2023	–	(49,919)	(8,726)	–	(58,645)
Charge for the year	–	(6,007)	(1,055)	–	(7,062)
At 31 December 2024	–	(55,926)	(9,781)	–	(65,707)
<i>Net book amount</i>					
At 31 December 2023	4,061	43,528	28,433	5,995	82,017
At 31 December 2024	3,890	37,521	27,378	5,161	73,950

Management performed a goodwill impairment test in both the current and prior year, with no goodwill impairment recognised (see Note 17).

The Group has been part of the UK ETS scheme since 01 January 2021. Licences represent carbon allowances purchased by the Group and surrendered, as required, to meet carbon emissions in excess of the Group's granted allowances.

During the current year, the Group received 217,197 (2023: 218,561) free allowances from the Government at no cost.

Amortisation is included within cost of sales in the income statement.

The remaining amortisation period of customer contracts and relationships is two to twelve years. At 31 December 2024, the remaining amortisation period of brands is outlined below:

Brands	Net book value at 31 December 2024 £'000	Remaining amortisation period (years)
Ibstock Brick	25,710	40.2
Forticrete	10	0.2
Supreme	1,033	5.2
Longley	624	4.6
	27,377	

Notes to the consolidated financial statements *continued*

13. Property, plant and equipment

	Land and buildings £'000	Mineral reserves £'000	Plant, machinery and equipment £'000	Assets in the course of construction (AICC) £'000	Total £'000
<i>Cost</i>					
At 1 January 2023	196,862	75,034	207,277	58,541	537,714
Additions	1,751	179	4,721	60,314	66,965
Acquisitions on business combination	2,000	–	707	–	2,707
Transfer from AICC	5,222	2,606	15,698	(23,526)	–
Disposals	(1,520)	(14,626)	(10,720)	–	(26,866)
At 31 December 2023	204,315	63,193	217,683	95,329	580,520
Additions	16,240	–	8,007	22,943	47,190
Transfer to assets held for sale	(200)	–	–	–	(200)
Transfer from AICC	4,021	–	21,565	(25,586)	–
Disposals	(6,640)	(367)	(20,496)	–	(27,503)
At 31 December 2024	217,736	62,826	226,759	92,686	600,007
<i>Accumulated depreciation and impairment</i>					
At 1 January 2023	(50,120)	(29,185)	(49,318)	–	(128,623)
Charge for the year	(2,123)	(3,293)	(17,432)	–	(22,848)
Disposals	1,392	15,007	10,349	–	26,748
Impairment	(1,266)	(2,391)	(11,387)	(353)	(15,397)
At 31 December 2023	(52,117)	(19,862)	(67,788)	(353)	(140,120)
Charge for the year	(2,586)	(952)	(20,179)	–	(23,717)
Disposals	6,636	363	20,461	–	27,460
Impairment	(852)	–	(274)	–	(1,126)
At 31 December 2024	(48,919)	(20,451)	(67,780)	(353)	(137,503)
<i>Net book amount</i>					
At 31 December 2023	152,198	43,331	149,895	94,976	440,400
At 31 December 2024	168,817	42,375	158,979	92,333	462,504

Management reviews business performance based on segments reported in Note 4. In the current year, impairments totalling £1.1 million relating to the GRC business in the Clay division (2023: £15.4 million relating to the Ravenhead, South Holmwood, Hampshire and Gloucester site in Clay division and Masoncrete and Castle Dawson sites in the Concrete division) were recognised as set out in Note 5. Further tangible asset impairment tests were conducted at the end of 2024 with no impairments required for the remainder of the assets (see Note 17).

A net profit on disposal of property, plant and equipment of £0.2 million has been recognised in the year ended 31 December 2024 (year ended 31 December 2023: profit on disposal of £2.0 million). The current year profit on disposal of property, plant and equipment includes no exceptional profit or loss (2023: £nil).

As part of the Group's strategic planning process, the Group has considered the impact of both transitional and physical risks and opportunities with regard to several climate change scenarios. Through its scenario analysis, management has assessed no indicators of impairment for property, plant and equipment as a result of changes in precipitation patterns and variability in weather patterns such as more frequent storms, cyclones and floods. We anticipate that any impacts arising from climate change would be covered by business-as-usual site refurbishments with no material impact to current useful economic lives or carrying values.

The Group has also considered the potential future requirement to switch to alternative fuels in order to reduce its CO₂ emissions. Although this is an evolving area as technology and capability advances, management's current assumption is that existing factories, and in particular kilns, will be able to be retrofitted with no material impact to current useful economic lives or carrying values.

There are no assets which are pledged as security.

14. Inventories

	31 December 2024 £'000	31 December 2023 £'000
Raw materials	41,018	38,607
Work in progress	4,240	2,541
Finished goods	79,561	78,041
	124,819	119,189

The replacement cost of inventories is not considered to be materially different from the values above. At 31 December 2024, a provision of £2.9 million (2023: £3.5 million) was held against the inventory balance.

15. Trade and other receivables

	31 December 2024 £'000	31 December 2023 £'000
Trade receivables	38,866	32,719
Provision for impairment of receivables	(1,296)	(965)
Net trade receivables	37,570	31,754
Prepayments and accrued income	5,145	3,542
Other tax	689	852
Other receivables	411	1,771
Total trade and other receivables	43,815	37,919

The Directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group's assessment of any expected credit losses is included in Note 23.

16. Assets Held for Sale

	31 December 2024 £'000	31 December 2023 £'000
Assets classified as held for sale as of the beginning of the year	–	–
Additions	200	–
Disposals	–	–
Assets classified as held for sale as of the end of the year	200	–

In 2024, the Group's surplus property in Matlock has been categorised as held for sale.

The fair value of the asset less costs to sell was assessed as exceeding the asset's carrying value, and there were no liabilities directly associated with the asset categorised as held for sale.

17. Impairment

In the year, in light of the lower activity levels across the UK construction industry, management identified indicators of potential impairment. Subsequently recoverable amounts across the Group's cash-generating units (CGUs) were calculated and compared with the carrying value of the assets that were allocated to the relevant CGUs. For tangible asset impairment testing purposes, the Group has determined that each factory is a separate Cash Generating Unit (CGU), with the exception of: Leighton Buzzard and Stretton which are considered as one roofing CGU and Bedford and Barnwell which are considered as one Southern fencing and building CGU in the Concrete Segment. Due to the changes made to production and supply arrangements in 2024, Thornley and Northwich are no longer considered as one Rail CGU as in 2023; instead, they are considered as separate CGUs.

For intangible asset impairment testing, the Group has determined that each legal entity is a separate CGU as this is the lowest level at which the intangible assets can be directly attributed.

Following announcement of the cessation of the glass reinforced concrete (GRC) business, in the Clay Segment, management performed detailed impairment testing for the carrying value of the assets associated with the CGU.

The Group determined the recoverable amount of these closed factories based on the fair value less costs to disposal ("FVLCTD"). This assessment falls within level 3 of the fair value hierarchy and was based on management's judgement that the assets could not be sold for any value, this being the assumption the recoverable amount is most sensitive to.

Determination of FVLCTD by management reflected full impairment of all items of plant and machinery, buildings improvements and right-of-use (ROU) assets for which management's assessment was that no alternative use, future salvage value or disposal proceeds are expected for the impacted assets.

This assessment of impairment resulted in the recognition of an exceptional impairment charge of £3.8 million (2023: £20.6 million) within cost of sales within the Group's consolidated income statement.

Notes to the consolidated financial statements *continued*

17. Impairment *continued*

The impairment of assets valued at historical cost impacted the Clay segment of the Group in the current period as follows:

	Clay £'000
<i>Cost</i>	
Building improvements	852
Plant, machinery and equipment	274
Right-of-use assets	2,706
Total	3,832

Additionally, management completed detailed impairment testing based on value-in-use (“VIU”), for the Group’s other operating CGUs as at 31 December 2024.

The key assumptions used within the VIU calculation is noted below:

Management has used the latest Board approved budget and strategic planning forecasts in its estimated future cash flows, covering the period 2025 to 2029, which includes assumptions regarding industry demand for the Group’s products.

Clay CGUs:

For the Clay division, these forecasts assume a return to normalised levels of industry demand for the Division’s products (defined as a level of demand in line with the 2022 year) over the medium term.

Management is of the view that a downside sensitivity, evaluated as an unforeseen material reduction of greater than 10% in the long-term industry demand for the Division’s products (against a level of demand in line with the 2022 year) could lead to a risk of impairment of the Division’s non-current assets of between £15 million and £25 million.

Roofing CGU:

Following the operational challenges experienced in the Roofing category in 2022, there has been on-going recovery, however output remains below what has been experienced. Management is of the view that a downside sensitivity, evaluated as the inability to achieve the planned mid-term output (defined as a level of demand in line with the 2021 year) by 30%, could lead to a risk of impairment of the Group’s non-current assets at its Leighton Buzzard and Stretton CGU of between £7 million to £14 million.

The other assumptions used within the VIU calculation are noted below:

1. A pre-tax weighted average cost of capital (“WACC”) of 11%-15% was used within the VIU calculation based on an externally derived rate and benchmarked against industry peer group companies.
2. Terminal nominal growth rates of 2% were used reflecting long term inflationary expectations and management’s past experience and expectations.

Management is of the view that no reasonable movement in the assumptions of the WACC or terminal growth rate outlined would result in impairment of the Group’s non-current assets.

The cash flows include ongoing capital expenditure required to maintain the productive capacity of the network but exclude any growth capital initiatives not committed.

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our climate resilience plan, are included within the budget and strategic plan, which have been used to support the impairment reviews, with no material impact on cash flows. We also expect any changes required due to physical risks arising from our assessment of climate change would be covered by business-as-usual site refurbishments and phased over multiple years. Therefore, the related cash outflow would not have a material impact in any given year. As a consequence, there has been no material impact on the forecast cash flows used for impairment testing.

As a result of the detailed impairment testing performed as at 31 December 2024, no further impairment charges were recognised.

In the current and prior year, the Directors assessed whether there was any indication that the impairment loss recognised in the prior period may no longer exist or may have decreased.

The Group has not recognised any material impairment reversals in either the current or prior year.

Goodwill

The Group’s goodwill balance of £3.9 million arose on the acquisition of the Longley operations in July 2019 (£2.9 million), acquisition of the Generix operation in July 2022 (£0.9 million) and acquisition of Coltman in November 2023 (£0.1 million). Based upon management’s detailed testing of the recoverable value of the CGUs to which goodwill is allocated, no impairment was indicated. Key assumptions used within the testing of goodwill for impairment are consistent with those set out above.

For the Longley CGU, a pre-tax discount rate of 13.4% has been used, together with a long-term growth rate of 2%. CGU-specific cash flows for the detailed five-year time period used by management contain a revenue compound growth rate of 5.2%.

Based on management’s projections, no reasonably possible change in key assumptions within the VIU calculation supporting the impairment calculation could cause the carrying value of goodwill to exceed its recoverable amount.

18. Trade and other payables

	31 December 2024 £'000	31 December 2023 £'000
Trade payables	53,806	44,201
Other tax and social security payable	5,629	2,875
Energy accruals	3,026	6,834
Customer rebates payable	7,988	7,593
Accruals and other payables	18,404	19,023
	88,853	80,526

There are no material differences between the fair values and book values stated above. As at 31 December 2024 all items were payable within 12 months of the balance sheet date.

19. Borrowings

	31 December 2024 £'000	31 December 2023 £'000
Current		
Private placement	339	333
Revolving credit facility	31,086	25,163
	31,425	25,496
Non-current		
Private placement	99,427	98,992
Total borrowings	130,852	124,488

At current and prior year end, the Group held £100 million of private placement notes from PRICOA Private Capital, with maturities of between 2028 and 2033 and an average total cost of funds of 2.19% (range 2.04% – 2.27%). The agreement contains debt covenant requirements of leverage (net debt to adjusted EBITDA) and interest cover (adjusted EBITDA to net finance charges) of no more than 3 times and at least 4 times, respectively, tested semi-annually on 30 June and 31 December in respect of the preceding 12-month period.

Additionally, a £125 million RCF facility is held with a syndicate of five banks for an initial four year period ending in November 2025, which was extended to November 2026 in 2022. Interest is charged at a margin (depending upon the ratio of net debt to Adjusted EBITDA) of between 160bps and 260bps above SONIA, SOFR or EURIBOR according to the currency of the borrowing. The facility also includes an additional £50 million uncommitted accordion facility. Based on current leverage, the Group will pay interest under the RCF initially at a margin of 210bps which is expected to increase to a margin of 210bps in the second quarter of 2025 as a result of an increase in the Group's leverage. This facility contains debt covenant requirements that align with those of the private placement with the same testing frequency. As at 31 December 2024 the RCF was drawn down by £31.0 million (2023: £25.0 million).

The carrying value of financial liabilities have been assessed as materially in line with their fair values, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £87.8 million (2023: £88.3 million).

No security is provided over the Group's borrowings.

Notes to the consolidated financial statements continued

20. Provisions

	31 December 2024 £'000	31 December 2023 £'000
Restoration (i)	4,405	5,489
Dilapidations (ii)	3,816	4,620
Restructuring (iii)	1,397	5,037
Other (iv)	419	418
	10,037	15,564
Current	3,010	6,002
Non-current	7,027	9,562
	10,037	15,564

	Restoration (i) £'000	Dilapidations (ii) £'000	Restructuring (iii) £'000	Other (iv) £'000	Total £'000
At 1 January 2024	5,489	4,620	5,037	418	15,564
Utilised	(51)	–	(4,384)	(56)	(4,491)
Charged to the income statement	99	–	1,131	–	1,230
Unwind of discount/change in rate	(598)	(734)	–	–	(1,332)
Release of provision	(534)	(70)	(387)	57	(934)
At 31 December 2024	4,405	3,816	1,397	419	10,037

The current expected timeframe of provision requirements is as follows:

	Restoration (i) £'000	Dilapidations (ii) £'000	Restructuring (iii) £'000	Other (iv) £'000	Total £'000
Within one year	944	250	1,397	419	3,010
Between two and five years	875	1,316	–	–	2,191
Between five and ten years	163	1,813	–	–	1,976
Between ten and twenty years	2,373	394	–	–	2,767
Over twenty years	50	43	–	–	93
	4,405	3,816	1,397	419	10,037

- (i) The restoration provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with applicable environmental regulations together with constructive obligations stemming from established practice once the sites have been fully utilised. Provisions are based upon management's best estimate of the ultimate cash outflows. The key estimates associated with calculating the provision relate to the cost per acre to perform the necessary remediation work as at the reporting date together with determining the expected year of retirement. Climate change is specifically considered at the planning stage of developments when restoration provisions are initially estimated. This includes projection of costs associated with future water management requirements and the form of the ultimate expected restoration activity. Other changes to legislation, including in relation to climate change, are factored into the provisions when legislation becomes enacted. Estimates are reviewed and updated annually based on the total estimated available reserves and the expected mineral extraction rates. Whilst an element of the total provision will reverse in the medium-term (one to ten years), the majority of the legal and constructive obligations applicable to mineral-bearing land will unwind within a twenty-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life. Discount rates used are based upon UK Government bond rates with similar maturities.
- (ii) Provisions for dilapidations are recognised on a lease by lease basis and are based on the Group's best estimate of the likely contractual cash outflows, which are estimated to occur over the lease term. Third party valuation experts are used periodically in the determination of the best estimate of the contractual obligation, with expected cash flows discounted based upon UK Government bond rates with similar maturities.
- (iii) The restructuring provision comprised obligations arising from the completion of the Group's review of operations announced in October 2023 and the restructuring of the GRC business announced in October 2024. The restructuring involved site closures and associated redundancy costs. The key estimates associated with the provision relate to redundancy costs per impacted employee. All of the cost is expected to be incurred within one year of the balance sheet date.
- (iv) Other provisions include provisions for legal and warranty claim costs, which are expected to be incurred within one year of the balance sheet date.

21. Post-employment benefit obligations

(a) Defined Benefit plan

Analysis of movements in the net asset during the year:

	31 December 2024 £'000	31 December 2023 £'000
Funded plan at 31 December		
Opening balance	9,832	15,194
Charge within operating profit	(959)	(1,082)
Interest income	423	711
Remeasurement loss recognised in the statement of comprehensive income	(1,457)	(5,283)
Contributions	–	292
Carried forward at 31 December	7,839	9,832

The Group participates in the Istock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. The Scheme closed to future accrual from 1 February 2017. The Scheme has four participating employers – Istock Brick Limited, Forticrete Limited, Anderton Concrete Products Limited and Figgs Bidco Limited – and was funded by payment of contributions to a separate Trustee administered fund. The Scheme is a revalued earnings plan and provides benefits to its members based on their length of membership in the Scheme and their average salary over that period. The Scheme is administered by Trustees who employ independent fund managers for the investment of the pension scheme assets. These assets are kept entirely separate from those of the Group.

The valuation used as at 31 December 2024 has been based on the results of the 30 November 2023 triennial actuarial valuation, as updated for changes in demographic assumptions, as appropriate.

Total annual contributions, if any, to the Scheme are based on independent actuarial advice, and are gauged to fund future pension liabilities in respect of service up to the balance sheet date. The Scheme is subject to an independent actuarial valuation at least every three years using the projected unit method. The next actuarial valuation is expected to be carried out in November 2026.

On 20 December 2022, the Scheme completed a full buy-in transaction with a specialist third-party provider, which represented a significant step in the Group's continuing strategy of de-risking its pensions exposure. This transaction, together with the partial buy-in transaction in 2020 insure the majority of the Group's defined benefit liabilities. As a result, the insured asset and the corresponding liabilities of the Scheme are assumed to be broadly matched without exposure to interest rate, inflation risk or longevity risk. However, there is a residual risk that the insurance premium may change following a data cleanse to reflect a more accurate liability position. If the surplus Scheme assets are insufficient to meet any additional premium, then the company may need to pay an additional contribution into the Scheme.

The defined benefit pension scheme (measured under IAS 19 Employee Benefits) is in a net surplus position as the Trust Deed provides Istock with an unconditional right to a refund of surplus asset. This assumes the full gradual settlement of plan liabilities over time until all members have left the plan in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustees have no right to unilaterally wind up, or otherwise augment the benefits due to the members of the Scheme. In line with IFRIC 14, a net pension asset has been recognised. The corresponding deferred tax liability should be measured by applying the standard rate of corporation tax. A deferred tax liability of £2.0 million (2023: £2.5 million) has been recognised.

Balance sheet assets/(obligations):

	31 December 2024 £'000	31 December 2023 £'000
Insured annuities	320,298	361,436
Cash fund investment	9,593	11,751
Cash	1,045	532
Total market value of assets	330,936	373,719
Present value of Scheme liabilities	(323,097)	(363,887)
Net Scheme asset	7,839	9,832

Cash fund investment was held with M&G Investment Management in order to protect the capital of the pension.

Cash fund investment is valued at Level 1 in the fair value hierarchy and all other assets held by the Scheme are Level 2 in the hierarchy. The cash fund had a quoted market price in an active market, whilst cash and insured annuities are unquoted.

Notes to the consolidated financial statements continued

21. Post-employment benefit obligations continued

The amounts recognised in the income statement are:

	31 December 2024 £'000	31 December 2023 £'000
Administrative expenses	1,079	1,082
Past service income	(120)	–
Defined contribution scheme costs (Note 21b)	4,693	5,218
Charge within labour costs and operating profit	5,652	6,300
Interest income	(423)	(711)
Total charge to the income statement	5,229	5,589

Remeasurements recognised in the statement of comprehensive income:

	31 December 2024 £'000	31 December 2023 £'000
Remeasurement (loss)/gain on defined benefit scheme assets	(37,470)	5,248
Remeasurement gain/(loss) arising from changes in financial assumptions	32,536	(9,272)
Remeasurement gain arising from changes in demographic assumptions	2,134	5,217
Experience gains/(losses)	1,343	(6,476)
Other comprehensive expense	(1,457)	(5,283)

Changes in the present value of the defined benefit obligations are analysed as follows:

	31 December 2024 £'000	31 December 2023 £'000
Present value of defined benefit obligation at beginning of year	(363,887)	(358,425)
Past service income	120	–
Interest cost	(16,090)	(16,688)
Experience gains/(losses)	1,343	(6,476)
Benefits paid	20,747	21,757
Remeasurement gain/(loss) arising from change in financial assumptions	32,536	(9,272)
Remeasurement gain arising from change in demographic assumptions	2,134	5,217
Present value of defined benefit obligations carried forward at 31 December	(323,097)	(363,887)

Changes in the fair value of plan assets are analysed as follows:

	31 December 2024 £'000	31 December 2023 £'000
Fair value of pension scheme assets at beginning of the year	373,719	373,619
Interest income	16,513	17,399
Remeasurement (loss)/gain on pension scheme assets	(37,470)	5,248
Employer contributions	–	292
Benefits paid	(20,747)	(21,757)
Administrative expenses	(1,079)	(1,082)
Fair value of pension scheme assets carried forward	330,936	373,719

Plan assets are comprised as follows:

	31 December 2024			
	Quoted £'000	Unquoted £'000	Total £'000	%
Insured annuities	–	320,298	320,298	97%
Cash and net current assets	9,593	1,045	10,638	3%
Total	9,593	321,343	330,936	100%

	31 December 2023			%
	Quoted £'000	Unquoted £'000	Total £'000	
Insured annuities	–	361,436	361,436	97%
Cash and net current assets	11,751	532	12,283	3%
Total	11,751	361,968	373,719	100%

In light of the fact that the pension scheme was in a net surplus position after the full buy-in, on 27 February 2023 the Trustees and the Group agreed that the Group would suspend paying regular contributions with effect from 1 March 2023. The schedule of contributions was reviewed again as part of the 30 November 2023 actuarial valuation, and as the net surplus position remained unchanged, no further contributions were required.

The weighted average duration of the defined benefit obligation is 12 years (2023: 13 years).

The principal assumptions used by the actuary in their calculations were:

	31 December 2024 Per annum	31 December 2023 Per annum
Discount rate	5.45%	4.55%
RPI inflation	3.25%	3.10%
CPI inflation	2.75%	2.50%
Rate of increase in pensions in payment	3.65%	3.60%
Commutation factors	19.5	21.2
Mortality assumptions: life expectancy from age 65		
For a male currently aged 65	21.4 years	21.4 years
For a female currently aged 65	24.2 years	24.1 years
For a male currently aged 40	23.1 years	23.1 years
For a female currently aged 40	26.0 years	25.9 years

The post-retirement mortality assumptions allow for expected changes to life expectancy. The life expectancies quoted for members currently aged 40 assume that they retire at age 65 (i.e. 25 years after the balance sheet date).

The principal financial assumption is the real discount rate, being the excess of the discount rate over the rate of inflation. The discount rate is based on the market yields on high-quality corporate bonds of appropriate currency and term to the defined benefit obligations. The obligations are primarily in Sterling and have a maturity in line with the duration of Scheme liabilities. If the real discount rate increased/decreased by 0.25%, the defined benefit obligations at 31 December 2024 would decrease/increase by approximately 3%.

The impact on the defined benefit obligation to changes in the financial and demographic assumptions is shown below:

	31 December 2024 £'000	31 December 2023 £'000
Present value of defined benefit obligations at 31 December	(323,097)	(363,887)
0.25% increase in discount rate	9,133	11,939
0.25% decrease in discount rate	(9,589)	(12,573)
0.25% increase in pension growth rate	(6,863)	(8,731)
0.25% decrease in pension growth rate	6,610	8,390
0.25% increase in inflation rate	(5,432)	(6,447)
0.25% decrease in inflation rate	5,040	7,433
1 year increase in life expectancy	(12,390)	(15,568)
1 year decrease in life expectancy	12,477	15,601

Notes to the consolidated financial statements *continued*

21. Post-employment benefit obligations *continued*

In July 2024, the Court of Appeal confirmed an earlier ruling by the High Court in the Virgin Media Limited vs NTL Pension Trustees II Limited case that considered the implications of section 37 of the Pension Schemes Act 1993. The ruling determined that certain pension plan amendments were invalid unless accompanied by the correct actuarial confirmation.

The Group has begun an assessment of the potential impact of the ruling working with the Trustees of its sponsored scheme who have engaged their legal advisers to review the deeds executed between 6 April 1997 and 5 April 2016 - this includes deeds relating to the Istock Pension Scheme itself as well as deeds relating to the various other schemes that transferred into it over time. Of the 52 deeds identified, 10 did not have appended actuarial confirmations and it is not yet clear if amendments were made without "Section 37" confirmation from the scheme actuary which introduces uncertainty over the potential impact of these deeds to the valuation of the pension obligations. At this stage, the Group is unable to quantify any potential impact on its pension scheme until it concludes its assessment against the Virgin media ruling. The Group understands that the Trustees have in place policies and procedures to ensure compliance with laws and regulations, including regular trustee meetings with attendance by professional advisers including the Scheme Actuary, regular involvement of legal advisers, annual scheme audits and triennial valuations.

(b) Defined contribution plan

The Group operates defined contribution schemes under the Istock Pension Scheme, the Supreme Concrete Limited Pension Scheme, the Anderton Concrete Pension Scheme, the Supreme Concrete Group Personal Plan and the Longley Concrete Pension scheme. Contributions by both employees and Group companies are held in externally invested, externally administered funds.

The Group contributes a specified percentage of earnings for members of the above defined contribution schemes, and thereafter has no further obligations in relation to the Scheme. The total cost charged to the income statement in relation to the defined contribution scheme in the year was £4.7 million (2023: £5.2 million).

22. Deferred tax assets/liabilities

The movement on the deferred tax account is shown below:

	31 December 2024 £'000	31 December 2023 £'000
Net deferred tax liability at beginning of period	(89,929)	(84,349)
Arising on business combination	–	(99)
Tax charged to the consolidated income statement	(2,586)	(6,802)
Tax credited within other comprehensive income	451	1,468
Tax credit/(charged) directly to equity	124	(147)
Net deferred tax liability at period end	(91,940)	(89,929)
Presented in the consolidated balance sheet after offset as:		
Deferred tax liabilities	(91,940)	(89,929)
	(91,940)	(89,929)
Deferred tax assets and liabilities before offsetting of balances within the same tax jurisdiction are as follows:		
Deferred tax assets	5,427	5,621
Deferred tax liabilities	(97,367)	(95,550)
Net deferred tax liability at period end	(91,940)	(89,929)
Deferred tax assets expected to unwind within one year	3,005	1,202
Deferred tax assets expected to unwind after one year	2,422	4,419
	5,427	5,621
Deferred tax liabilities expected to unwind within one year	(5,975)	(3,169)
Deferred tax liabilities expected to unwind after one year	(91,392)	(92,381)
	(97,367)	(95,550)

The movement in the net deferred tax liability analysed by each type of temporary difference is as follows:

Deferred tax assets/(liabilities)	Year ended 31 December 2024					As at 31 December 2024		
	Net balance at 1 January 2024 £'000	Arising on business combination £'000	Recognised in income statement £'000	Recognised in OCI £'000	Recognised directly in equity £'000	Net £'000	Deferred tax assets £'000	Deferred tax liabilities £'000
Intangible fixed assets	(17,846)	–	1,735	–	–	(16,111)	–	(16,111)
Tangible fixed assets	(72,547)	–	(4,051)	–	–	(76,598)	–	(76,598)
Right-of-use assets	1,025	–	654	–	–	1,679	1,679	–
Rolled-over and held-over capital gains	(2,699)	–	–	–	–	(2,699)	–	(2,699)
Employee pension liabilities	(2,458)	–	62	437	–	(1,959)	–	(1,959)
Provisions	3,771	–	(849)	–	–	2,922	2,922	–
Share incentive plans	796	–	(137)	–	124	783	783	–
Derivative financial instrument	6	–	–	14	–	20	20	–
Tax losses	23	–	–	–	–	23	23	–
Deferred tax (liabilities)/ assets before offsetting	(89,929)	–	(2,586)	451	124	(91,940)	5,427	(97,367)
Offset of balances within the same tax jurisdiction							(5,427)	5,427
Net deferred tax liabilities								(91,940)

Deferred tax assets/(liabilities)	Year ended 31 December 2023					As at 31 December 2023		
	Net balance at 1 January 2023 £'000	Arising on business combination £'000	Recognised in income statement £'000	Recognised in OCI £'000	Recognised directly in equity £'000	Net £'000	Deferred tax assets £'000	Deferred tax liabilities £'000
Intangible fixed assets	(19,475)	–	1,629	–	–	(17,846)	–	(17,846)
Tangible fixed assets	(62,348)	(99)	(10,100)	–	–	(72,547)	–	(72,547)
Right-of-use assets	416	–	609	–	–	1,025	1,025	–
Rolled-over and held-over capital gains	(2,699)	–	–	–	–	(2,699)	–	(2,699)
Employee pension liabilities	(3,799)	–	21	1,320	–	(2,458)	–	(2,458)
Provisions	2,860	–	911	–	–	3,771	3,771	–
Share incentive plans	804	–	139	–	(147)	796	796	–
Derivative financial instrument	(135)	–	(7)	148	–	6	6	–
Tax losses	27	–	(4)	–	–	23	23	–
Deferred tax (liabilities)/ assets before offsetting	(84,349)	(99)	(6,802)	1,468	(147)	(89,929)	5,621	(95,550)
Offset of balances within the same tax jurisdiction							(5,621)	5,621
Net deferred tax liabilities								(89,929)

There are no unrecognised deferred tax assets or liabilities as at 31 December 2024 or the prior year end.

Notes to the consolidated financial statements continued

23. Financial instruments – risk management

Financial assets

	31 December 2024 £'000	31 December 2023 £'000
Trade and other receivables (Note 15)	37,981	33,525
Cash and cash equivalents	9,292	23,872
Total	47,273	57,397

Financial liabilities

	31 December 2024 £'000	31 December 2023 £'000
Trade and other payables (Note 18)	83,224	77,651
Derivative financial instruments	78	24
Lease liabilities (Note 27)	35,082	43,833
Borrowings (Note 19)	130,852	124,488
Total	249,236	245,996

With the exception of the Group's derivative financial instruments, detailed below, all financial assets and liabilities are held at amortised cost.

Credit risk

Credit risk arises from cash and cash equivalents, trade receivables and deposits with banks and is managed on a Group basis. This risk arises from transactions with banks, such as those involving cash and cash equivalents and deposits. To reduce the credit risk, the Group has concentrated its main activities with a Group of banks that have strong, independently verified credit ratings. For each bank, individual risk limits are set based on its financial position, credit ratings, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group has significant sales contracts with a number of blue-chip companies and accordingly the Directors believe there is a limited exposure to credit risk, although this is actively monitored at the operational Company level. The Group's policy on credit risk requires appropriate credit checks on potential customers before sales commence. The Group also maintains credit insurance.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The ageing analysis of the trade receivables (from date of past due) assessed for impairment, but concluded as no impairment is required, is as follows:

	31 December 2024 £'000	31 December 2023 £'000
Not past due	25,573	22,655
Less than one month past due	8,833	8,390
One to six months past due	1,762	2,302
Six to twelve months past due	596	23
More than 12 months past due	1,217	155
	37,981	33,525

The ageing analysis of the trade receivables (from date of past due) determined to be impaired is as follows:

	31 December 2024 £'000	31 December 2023 £'000
Less than one month past due	295	478
One to six months past due	103	279
Six to twelve months past due	377	–
More than 12 months past due	521	208
	1,296	965

Movements in the provision for impairment of trade receivables are as follows:

	31 December 2024 £'000	31 December 2023 £'000
Opening balance	(965)	(676)
Charged to the income statement	(748)	(347)
Utilised	75	–
Released	342	58
Closing impairment provision	(1,296)	(965)

The gross carrying amount of trade receivables, reflecting the maximum exposure to credit risk, is £38.9 million (2023: £32.7 million).

Other financial assets at amortised cost are insignificant and the associated credit risk is considered immaterial.

Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, being currency risk, interest rate risk and other price risk. The Group's interest rate risk arises principally from the Revolving Credit Facility, which attracts floating rate interest, see Note 19. The Group manages its interest rate risk through the use of the fixed rate Private Placement in addition to using this floating rate RCF debt with varying repayment terms. The Group does not trade in derivative financial instruments and is not considered to be significantly exposed to this and other price risks. The exposure to currency risk is considered low.

Interest rate sensitivity analysis:

For the Group's borrowings, sensitivity analysis is considered assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 0.25 percentage points increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25 percentage points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2024 would decrease/increase by £0.1 million (2023: £0.2 million), which is attributable to the Group's exposure to interest rates on its variable rate borrowings.

The exposure in different currencies of financial assets and liabilities is as follows:

At 31 December 2024	Sterling £'000	US Dollar £'000	Euro £'000	Other £'000	Total £'000
Financial assets					
Cash and cash equivalents	7,918	136	1,238	–	9,292
Trade and other receivables (Note 15)	37,741	–	240	–	37,981
	45,659	136	1,478	–	47,273
Financial liabilities					
Borrowings (Note 19)	(130,852)	–	–	–	(130,852)
Lease liabilities (Note 27)	(35,082)	–	–	–	(35,082)
Derivative financial instruments	(78)	–	–	–	(78)
Trade and other payables (Note 18)	(82,591)	(206)	(440)	13	(83,224)
	(248,603)	(206)	(440)	13	(249,236)
At 31 December 2023	Sterling £'000	US Dollar £'000	Euro £'000	Other £'000	Total £'000
Financial assets					
Cash and cash equivalents	22,855	808	209	–	23,872
Trade and other receivables (Note 15)	32,656	–	869	–	33,525
	55,511	808	1,078	–	57,397
Financial liabilities					
Borrowings (Note 19)	(124,488)	–	–	–	(124,488)
Lease liabilities (Note 27)	(43,833)	–	–	–	(43,833)
Derivative financial instruments	(24)	–	–	–	(24)
Trade and other payables (Note 18)	(74,994)	(15)	(2,642)	–	(77,651)
	(243,339)	(15)	(2,642)	–	(245,996)

Notes to the consolidated financial statements *continued*

23. Financial instruments – risk management *continued*

At 31 December 2024, the Group had negligible risk to currency fluctuations as the majority of assets and liabilities are held in the same functional currency.

Derivative financial instruments

The Group entered into forward currency contracts as cash flow hedges to manage its exposure to foreign currency fluctuations associated with the future purchase of plant and equipment required for the construction of the major capital expenditure projects. These instruments are measured at fair value using Level 2 valuation techniques subsequent to initial recognition.

At 31 December 2024, a liability value of £0.1 million (2023: asset of £0.1 million) was recognised for these derivative financial instruments. No amounts have been reclassified to profit or loss as a result of the hedged cash flow during the year. The cash flow hedging reserve within equity includes an accumulated amount of £0.1 million deficit (2023: £0.1 million deficit) relating to these derivative financial instruments.

Liquidity risk

The Group has generated sufficient cash from operations to meet its working capital requirements. The Group manages liquidity risk by entering into committed bank borrowing facilities to ensure the Group has sufficient funds available, and monitors cash flow forecasts to ensure the Group has adequate borrowing facilities. Excess cash is placed on interest-bearing deposits with maturity fixed at no more than three months.

The maturity of the Group's borrowings is as follows:

	Less than six months £'000	Six months to one year £'000	One to two years £'000	Two to five years £'000	Greater than five years £'000	Total £'000
At 31 December 2024						
<i>Borrowings</i>						
Borrowings	425	–	31,000	30,404	69,023	130,852
Total	425	–	31,000	30,404	69,023	130,852
	Less than six months £'000	Six months to one year £'000	One to two years £'000	Two to five years £'000	Greater than five years £'000	Total £'000
At 31 December 2023						
<i>Borrowings</i>						
Borrowings	496	–	–	54,192	69,800	124,488
Total	496	–	–	54,192	69,800	124,488

At 31 December 2024, the Group had a £125 million Revolving Credit Facility (31 December 2023: £125 million). £87.0 million (2023: £30.0 million) of these facilities were utilised during the year with a repayment of £81.0 million (2023: £5.0 million). The RCF was drawn down by £31 million as at 31 December 2024 (2023: £25 million). This resulted in an interest charge of £3.8 million (2023: £1.5 million).

For details of the maturity of other financial liabilities, see Notes 19 and 27.

The contractual non-discounted minimum future cash flows in respect of these borrowings are:

	Less than one year £'000	One to two years £'000	Two to five years £'000	Greater than five years £'000	Total £'000
At 31 December 2024					
<i>Borrowings</i>					
Borrowings	2,897	2,897	35,955	74,068	115,817
Total	2,897	2,897	35,955	74,068	115,817
	Less than one year £'000	One to two years £'000	Two to five years £'000	Greater than five years £'000	Total £'000
At 31 December 2023					
<i>Borrowings</i>					
Borrowings	2,899	2,897	37,275	75,197	118,268
Total	2,899	2,897	37,275	75,197	118,268

Fair value hierarchy

IFRS 13 Financial Instruments: Disclosures requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At 31 December 2024 and 31 December 2023 all of the Group's fair value measurements have been categorised as Level 2 with the exception of (i) certain equities within the Group's pension scheme, which were categorised as Level 1 valuations and (ii) the insured pensioner and deferred pensioner asset, which was categorised as a Level 3 valuation and uses assumptions set out in Note 21 to align its valuation to the related liability.

Capital risk management

The capital structure of the Group consists of net debt¹ (borrowings disclosed in Note 19 after deducting cash and bank balances) and equity of the Parent Company, comprising issued capital, reserves and retained earnings, as disclosed in Note 24 and Note 25.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or borrow additional debt.

The Group must comply with two covenants each half year, as set out in Note 19. The covenants are certain ratios of interest cover and leverage, which are monitored on a regular basis by the Board. At the year end date, significant headroom existed on both covenant conditions.

Dividend policy

In line with our capital allocation framework, we will look to pay an ordinary dividend. We are committed to paying dividends which are sustainable and progressive, with a targeted cover of approximately two times adjusted profit after tax. This adjusted profit measure can be seen in Note 11 to the Group financial statements. After investing to maintain, enhance and grow our assets, we will return surplus capital to shareholders.

The Board is recommending a final ordinary dividend of 2.5 pence per share for the 2024 (2023: 3.6 pence per share). See Note 32 for further detail. At 31 December 2024, the Parent maintains significant distributable reserves of around £267 million (2023: around £300 million).

24. Share capital

	Number of shares	Share Capital £'000
At 1 January 2023		
Issued, called-up and fully paid:		
Ordinary Shares of £0.01 each	409,631,594	4,096
At 31 December 2023 and 31 December 2024	409,631,594	4,096
Comprising:		
Issued, called-up and fully paid:		
Ordinary Shares of £0.01 each	409,631,594	4,096

In the years ended 31 December 2024 and 31 December 2023, there were no changes to the Group's issued share capital. The Company does not have a limited amount of authorised capital.

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

Notes to the consolidated financial statements **continued**

25. Reserves

Share premium

The share premium account is used to record the aggregate amount or value of premia paid when the Company's shares are issued/redeemed at a premium.

Other reserves

The movement in other reserves during the period is set out in the table below:

	Cash flow hedging reserve £'000	Merger reserve £'000	Own shares held £'000	Treasury shares £'000	Total other reserves £'000
Balance at 1 January 2024	(25)	(369,119)	(514)	(30,000)	(399,658)
Other comprehensive expense	(40)	–	–	–	(40)
Issue of own shares held on exercise of share options	–	–	514	2,093	2,607
At 31 December 2024	(65)	(369,119)	–	(27,907)	(397,091)
Balance at 1 January 2023	418	(369,119)	(1,589)	(30,000)	(400,290)
Other comprehensive expense	(443)	–	–	–	(443)
Issue of own shares held on exercise of share options	–	–	1,075	–	1,075
At 31 December 2023	(25)	(369,119)	(514)	(30,000)	(399,658)

Cash flow hedging reserve

The cash flow hedging reserve records movements for effective cash flow hedges measured at fair value as set out in Note 23. The accumulated balance in the cash flow hedging reserve will be reclassified to the cost of the designated hedged item in a future period.

Merger reserve

The merger reserve of £369.1 million arose on the acquisition of Figgs Topco Limited by Istock Plc in the period ended 31 December 2015 and is the difference between the share capital and share premium of Figgs Topco Limited and the nominal value of the investment and preference shares in Figgs Topco Limited acquired by the Company.

Own shares held

The Group's holding in its own equity instruments is shown as a deduction from shareholders' equity at cost. These shares represented shares held in the Employee Benefit Trust (EBT) to meet the future requirements of the employee share-based payment plans. Consideration, if any, received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to the profit and loss reserve. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares. All remaining shares held in EBT were issued to meet share option requirements in the current year.

Treasury share reserve

The Treasury share reserve represents shares acquired by the Group as part of its share buyback programme in 2022.

In 2022, the Group engaged its brokers to purchase up to £30.0 million of shares on the open market on its behalf. These shares are held by the Group to meet future requirements of employee share based payment plans. At 31 December 2024, the Treasury shares reserve contained 15,619,610 shares (2023: 16,791,470 shares).

26. Share incentive plans

Share based payment charges:

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Long Term Incentive Plan (26(a))	534	499
Senior Manager Share Plan (26(b))	232	246
Annual and Deferred Bonus Plan (26(c))	268	118
Save As You Earn/Share Incentive Plan (26(d))/(e)/(f))	219	1,445
	1,253	2,308

Executive share option plans

The Group operates a number of share based payment awards for certain employees.

(a) Long-Term Incentive Plan (LTIP)

The Group granted LTIPs during the year for Executive Directors and other key management at the discretion of the Board and this has been approved by the shareholders at the Annual General Meeting. Awards under the scheme are granted in the form of nil-priced share options. The LTIP awards contain performance conditions dependent upon the Group's Total Shareholder Return (TSR), adjusted earnings per share¹ (EPS), adjusted return on capital employed¹ (Adjusted ROCE) and certain environmental, social and governance (ESG) targets. Please refer to the information given in the Directors' Remuneration Report on pages 86 to 110 for details in relation to the vesting conditions in relation to the LTIP.

During the year, 1,392,639 options (2023: 1,120,861) over Ordinary Shares of one pence each were granted to management under the LTIP and 298,403 were exercised at a weighted average share price at the date of exercise of 156p (2023: 258,144 were exercised at weighted average share price at the date of exercise of 157p). During the year ended 31 December 2024, 611,465 options (2023: 849,075) lapsed and at 31 December 2024, the weighted average contractual life remaining was 1.3 years (2023: 1.4 years).

(b) Senior Manager Share Plan (SMSP)

During the 2021, the Group introduced the SMSP for certain members of management. Awards under the scheme are granted in the form of nil-priced share options. The SMSP awards contain performance conditions dependent upon the growth of the Group's adjusted EBITDA. The SMSP has an employment condition of two years. In the year ended 31 December 2024, 245,999 options over Ordinary Shares of 1p each were granted to management under the SMSP (2023: 201,832). During the year 98,655 awards were exercised (2023: 46,871), and 107,440 options (2023: 13,682 options) lapsed. At 31 December 2024, the weighted average contractual life remaining was 0.6 years (2023: 0.7 years).

(c) Annual and Deferred Bonus Plan (ADBP)

The ADBP incorporates the Company's executive bonus scheme as well as a mechanism for the deferral of bonus into awards over Ordinary Shares. The ADBP operates in respect of the annual bonus earned for the financial year. The Board can determine that part of the bonus earned under the ADBP is provided as an award of deferred shares, which take the form of a £nil cost option. The maximum value of deferred shares is 1/3 of the bonus earned. In the year ended 31 December 2024, 113,109 options (2023: 296,822) were awarded over Ordinary Shares under the ADBP in relation to the prior year end bonus. The main terms of these awards are a minimum deferral period of three years, during which no performance conditions will apply; and the participants' employment at the end of the deferral period. In the year ended 31 December 2024, no options (2023: 118,779 options) were exercised under the ADBP at a weighted average share price at the date of exercise of 167p (2023: 167p). At 31 December 2024, the weighted average contractual life remaining was 1.5 years (2023: 0.8 years). In the current year and prior year, no awards lapsed or forfeited, at 31 December 2024. An amount of £0.1 million (2023: £0.1 million) had been recorded in accruals for the award relating to the bonus earned for the year ended 31 December 2024. In the current year, £01 million (2023: nil) prior period accruals for the ADBP were reclassified to the share based payment reserve.

All-employee share schemes

In addition to the Executive share option plans, the Group has three all-employee share-based payment arrangements - the Save As You Earn (SAYE), Share Incentive Plan (SIP) and Fire Up Grant:

(d) Save As You Earn (SAYE)

In order to participate in the Group's Sharesave Plan, an employee must enter into a linked savings contract with a bank or building society to make contributions from salary on a monthly basis over a three year period. A participant who enters into a savings agreement is granted an option to acquire Ordinary Shares of 1p each under the Sharesave Plan at a specified exercise price.

In the year ended 31 December 2024 and 31 December 2023, no awards were issued under this scheme. In the current year, 308,180 shares were exercised (2023: nil) with a weighted average share price of 176p (2023: 176p) and 1,370,889 options lapsed (2023: 1,149,251). As at 31 December 2024, the weighted average exercise price of outstanding options was 176p (2023: 176p) and there was no remaining option life (2023: 0.4 years).

Notes to the consolidated financial statements *continued*

26. Share incentive plans *continued*

(e) Share Incentive Plan (SIP)

Following the Group's Initial Public Offering, the Company announced a SIP. Subject to qualifying employment conditions, all employees were entitled to apply for free shares up to a value of £800 depending on their period of service. The number of shares issued under the SIP in the year ended 31 December 2016 was 553,150. The free shares had a three-year employment condition and no further vesting conditions. In the year ended 31 December 2024, no shares lapsed (2023: nil) and no shares were exercised (2023: 25,050).

(f) Fire Up Grant

In 2022 the Company announced a SIP, referred to as a "Fire Up Share Grant". Subject to qualifying employment conditions, all employees below senior management were entitled to 500 share options at a Nil exercise price. The number of shares issued under the SIP in 2022 was 1,070,000. The free shares have a two-year employment condition and no further vesting conditions. In the year ended 31 December 2024, 55,125 shares lapsed or forfeited (2023: 136,875). 738,000 shares were exercised (2023: 139,500) at a weighted average share price at date of exercise of 178p (2023: 149p).

Share Option Plan (SOP)

In addition to the above discretionary share plans, the Group maintains a Share Option Plan at the discretion of the Board and this has been approved by shareholders at the Annual General Meeting. During the years ended 31 December 2024 and 31 December 2023, no options were granted to management under the SOP. In the year ended 31 December 2024, no options (2023: no options) were exercised under the historical SOP awards. In the year ended 31 December 2024, 50,081 options (2023: 243,868 options) lapsed. The weighted average exercise price of options outstanding is 241p (2023: 242p). At 31 December 2024 and 2023 there was no contractual life remaining. The SOP has an employment condition of two years and no other performance conditions.

The assumptions used to calculate the fair value of the LTIP, SOP and ADBP awards granted during the year ended 31 December 2024 are detailed below:

	ADBP	LTIP	SMSP
Grant date	22-Mar-24	03-Apr-24	03-Apr-24
Share price at grant date	£1.51	£1.47	£1.47
Exercise price	Nil	Nil	Nil
Number of shares issued	113,109	1,366,325	230,841
Vesting period	3 years	3 years	2 years
Pricing model	Share price	Monte Carlo	Share Price
% expected to vest	100%	90%	90%
Expected share price volatility	n/a	28.52%	n/a
Expected dividend yield	n/a	n/a	n/a
Expected option life	3 years	3 years	2 years
Fair value per share	£1.51	£1.35	£1.47
Risk-free rate	n/a	4.08%	n/a

Awards under the executive share option plans and all-employee share schemes are as follows:

	Executive share options	All-employee schemes
Outstanding at 1 January 2024	4,332,507	2,621,379
Awards granted	1,710,275	–
Awards granted as dividend equivalent	41,472	–
Awards exercised	(397,058)	(1,046,180)
Awards lapsed/forfeited	(768,986)	(1,427,764)
Awards outstanding at 31 December 2024	4,918,210	147,435

The expected volatility level has been calculated using historical daily data over a term commensurate with the expected life of each award.

27. Leases and commitments

Amounts recognised within the consolidated balance sheet

The balance sheet shows the following amounts relating to leases:

	31 December 2024 £'000	31 December 2023 £'000
<i>Right-of-use assets</i>		
Buildings	11,088	20,697
Equipment	13,196	15,163
Vehicles	4,079	3,971
Total right-of-use assets	28,363	39,831
<i>Lease liabilities</i>		
Less than six months	(4,815)	(4,824)
Six months to one year	(4,656)	(4,468)
Current	(9,471)	(9,292)
One to two years	(8,750)	(8,310)
Two to five years	(13,004)	(16,448)
Greater than five years	(3,857)	(9,783)
Non-current	(25,611)	(34,541)
Total lease liabilities	(35,082)	(43,833)

Movement in right-of-use asset:

	Buildings £'000	Equipment £'000	Vehicles £'000	Total £'000
<i>Cost</i>				
At 1 January 2023	25,424	28,531	8,355	62,310
Additions	9,660	6,769	5,001	21,430
Disposals	–	(118)	–	(118)
At 31 December 2023	35,084	35,182	13,356	83,622
Additions	–	2,627	2,354	4,981
Disposals	–	(107)	–	(107)
At 31 December 2024	35,084	37,702	15,710	88,496
<i>Accumulated depreciation and impairment</i>				
At 1 January 2023	(10,580)	(13,859)	(6,393)	(30,832)
Charge for the year	(3,507)	(5,279)	(2,992)	(11,778)
Impairment	(300)	(881)	–	(1,181)
At 31 December 2023	(14,387)	(20,019)	(9,385)	(43,791)
Charge for the year	(3,045)	(4,487)	(2,246)	(9,778)
Lease modification	(3,858)	–	–	(3,858)
Impairment	(2,706)	–	–	(2,706)
At 31 December 2024	(23,996)	(24,506)	(11,631)	(60,133)
<i>Net book amount</i>				
At 31 December 2023	20,697	15,163	3,971	39,831
At 31 December 2024	11,088	13,196	4,079	28,363

Notes to the consolidated financial statements continued

27. Leases and commitments continued

Movement in lease liabilities:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
As at 1 January	(43,833)	(33,104)
Additions	(4,999)	(21,432)
Disposals	252	615
Lease modification	3,858	–
Interest payments	(2,494)	(2,368)
Cash rental payments	12,134	12,456
As at 31 December	(35,082)	(43,833)

Amounts recognised within the consolidated income statement

Depreciation charge of right-of-use assets

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Buildings	3,045	3,507
Equipment	4,487	5,279
Vehicles	2,246	2,992
	9,778	11,778
Impairment	2,706	1,181
Depreciation expense (included within cost of sales)	12,484	12,959
Interest expense (included within finance costs)	2,494	2,368

In the year ended 31 December 2024, the benefit to Adjusted EBITDA¹ as a result of IFRS 16 leases was £12.1 million (2023: £12.1 million). Operating lease charges now expensed via depreciation amount to £9.8 million (2023: £11.6 million) and interest of £2.5 million (2023: £2.4 million) resulting in a net reduction in profit before taxation of £0.2 million (2023: £1.8 million).

The Group is lessee of a number of properties in addition to plant and machinery which it uses in its operations. The operating leases run for a variety of terms and their non-cancellable commitments are set out above. There is no material contingent rent payable, renewal or purchase options, escalation clauses or restrictions imposed by the lease agreements.

The Group as lessor

The Group acts as lessor on a number of properties where it leases surplus land not currently utilised by the business. The operating leases run for a variety of terms and their future minimum lease payments receivable are set out as follows:

	31 December 2024 £'000	31 December 2023 £'000
Within one year	64	68
Between one and five years	–	40
	64	108

Capital commitments

Capital expenditure committed to but not yet incurred at the balance sheet date is as follows:

	31 December 2024 £'000	31 December 2023 £'000
Amount contracted for, which has not been provided	16,021	30,844

¹ Alternative performance measures are described in Note 3 and exceptional items are described in Note 5 to the consolidated financial statements.

28. Notes to the Group cash flow statement

	31 December 2024 £'000	31 December 2023 £'000
Cash flows from operating activities		
Profit before taxation	20,680	30,067
Adjustments for:		
Depreciation	33,495	34,626
Asset impairment charge – property, plant and equipment (Note 5)	1,126	15,397
Asset impairment charge – right-of-use assets (Note 5)	2,706	1,181
Asset impairment charge – working capital (Note 5)	–	4,022
Amortisation of intangible assets	7,062	6,938
Net finance costs	6,393	4,964
Gain on disposal of property, plant and equipment	(261)	(1,957)
Research and development expenditure credit	(2,635)	(2,427)
Share based payments	1,253	2,308
Post-employment benefits	959	790
Other	(245)	(617)
	70,533	95,292
Increase in inventory	(5,633)	(28,495)
(Increase)/decrease in debtors	(5,529)	28,298
Increase/(decrease) in creditors	8,355	(36,865)
(Decrease)/increase in provisions	(4,820)	5,426
Cash generated from operations	62,906	63,656

29. Business combinations

On 30 November 2023, the Group acquired 100% of the share capital of Valerie Coltman Holdings Limited and its subsidiary Coltman Precast Concrete Limited for a cash consideration of £5.2 million, net of £2.5 million cash acquired. The values of acquired assets associated with the acquisition were finalised during the current year with updates to provisional values assigned and £0.2 million refund of the consideration. The updated details of the net assets acquired and goodwill are as follows:

	Fair Value £000
Cash	2,532
Trade receivables	1,431
Other receivables	216
Inventories	440
Property, plant and equipment	2,730
Trade payables	(819)
Other payables	(613)
Provisions	(736)
Deferred tax liabilities	(137)
Corporation tax liabilities	(99)
Net identifiable assets acquired	4,945
Goodwill	69
Net assets acquired	5,014

Notes to the consolidated financial statements *continued*

30. Group subsidiaries

Ibstock Plc had the following subsidiaries as at 31 December 2024:

Entity	Principal activity	Registration number	Country of incorporation	Proportion of Ordinary Shares held directly by the parent	Proportion of Ordinary Shares held by the Group
Ibstock Building Products Limited ¹	Holding Company	09329395	UK	100 %	100 %
Figgs Bidco Limited	Holding Company	09332893	UK	100 %	100 %
Ibstock Telling GRC Limited	Manufacturer and supplier of glass reinforced concrete products	09415340	UK	100 %	100 %
Ibstock Group Limited	Dormant	00984268	UK	100 %	100 %
Forticrete Limited	Manufacturer of concrete products	00221210	UK	100 %	100 %
Anderton Concrete Products Limited	Manufacturer and supplier of precast and prestressed concrete products	01900103	UK	100 %	100 %
Supreme Concrete Limited	Manufacturer and supplier of precast and prestressed concrete products	01410463	UK	100 %	100 %
Ibstock Brick Holding Company Limited	Holding Company	00784339	UK	100 %	100 %
Ibstock Brick Limited	Brick manufacturer	00063230	UK	100 %	100 %
Ibstock Manufacturing Services Limited	Brick manufacturer	12292985	UK	100 %	100 %
Kevington Building Products Limited	Dormant	02122467	UK	100 %	100 %
Ibstock Brick Leicester Limited	Dormant	00106667	UK	100 %	100 %
Ibstock Brick Aldridge Limited	Dormant	00614225	UK	100 %	100 %
Ibstock Brick Himley Limited	Dormant	00092769	UK	100 %	100 %
Ibstock Westbrick Limited	Dormant	01606990	UK	100 %	100 %
Ibstock Brick Aldridge Property Limited	Dormant	00251918	UK	100 %	100 %
Moore & Sons Limited	Dormant	00118818	UK	100 %	100 %
Manchester Brick & Precast Limited	Dormant	02888297	UK	100 %	100 %
Ibstock Brick Nostell Limited	Dormant	00531826	UK	100 %	100 %
Ibstock Brick Roughdales Limited	Dormant	00598862	UK	100 %	100 %
Ibstock Brick Cattybrook Limited	Dormant	00011298	UK	100 %	100 %
Ibstock Hathernware Limited	Dormant	00424843	UK	100 %	100 %
Ibstock Bricks (1996) Limited	Holding Company	00246855	UK	100 %	100 %
Loopfire Systems Limited	Dormant	04105160	UK	100 %	100 %
Longley Holdings Limited	Holding Company	02027916	UK	100 %	100 %
Longley Concrete Ltd	Manufacturer and supplier of precast and prestressed concrete products	00440463	UK	100 %	100 %
Generix Facades Ltd	Manufacturer and supplier of facades	08432030	UK	100 %	100 %
Generix Facades International Limited	Dormant	09777110	UK	100 %	100 %
G-Tech Coper Limited	Dormant	00888875	UK	100 %	100 %
Coltman Precast Concrete Limited	Manufacturer and supplier of precast and prestressed concrete products	01032721	UK	100 %	100 %
Valerie Coltman Holdings Limited	Holding Company	06824310	UK	100 %	100 %

All entities have a place of business in the UK. The registered office address for all entities is the same as for the ultimate Parent Company, Leicester Road, Ibstock, Leicestershire, LE67 6HS.

All subsidiary undertakings are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company do not differ from the proportion of Ordinary Shares held. At 31 December 2024, the Parent Company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

¹ Ibstock Building Products Ltd is owned directly by Ibstock Plc. All other companies are indirectly owned.

31. Related party transactions

Balances and transactions between Ibstock Plc (the ultimate Parent) and its subsidiaries (listed in Note 30), which are related parties, are eliminated on consolidation and are not disclosed in this note.

See Note 7 for details of Director and key management personnel remuneration.

There are no further material related party transactions nor any related party balances in either the 2024 or 2023 financial years.

32. Dividends paid and proposed

	31 December 2024 £'000	31 December 2023 £'000
Cash flows from operating activities		
Declared and paid during the year		
Equity dividends on Ordinary Shares:		
Final dividend for 2023: 3.6 pence (2022: 5.5 pence)	14,135	21,566
Interim dividend for 2024: 1.5 pence (2023: 3.4 pence)	5,896	13,341
	20,031	34,907
Proposed (not recognised as a liability as at 31 December)		
Equity dividends on Ordinary Shares:		
Final dividend for 2024: 2.5 pence (2023: 3.6 pence)	9,850	14,123
	9,850	14,123

At the beginning of 2025, the Directors proposed a final dividend in respect of the financial year ended 31 December 2024 of 2.5 pence (2023: 3.6 pence) per Ordinary Share, which will distribute an estimated £9.9 million (2023: £14.1 million) of shareholders' funds. Subject to approval at the Annual General Meeting, this will be paid on 30 May 2025, to shareholders on the register at the close of business on 9 May 2025.

33. Post balance sheet events

Except for the proposed dividend (see Note 32), no further subsequent events requiring disclosure or adjustment to these financial statements have been identified since the balance sheet date.

Company balance sheet

(prepared in accordance with UK GAAP – FRS 102)

Company number: 09760850

As at 31 December 2024	Notes	31 December 2024 £'000	31 December 2023 £'000
Fixed assets			
Investments	4	628,604	628,049
Current assets			
Debtors	5	9,671	8,835
Cash at bank and in hand		1,375	287
		11,046	9,122
Creditors – amounts falling due within one year	6	(294,093)	(262,340)
Net current liabilities		(283,047)	(253,218)
Total assets less current liabilities		345,557	374,831
Creditors – amounts falling due after more than one year	7	(99,427)	(98,992)
Net assets		246,130	275,839
Capital and reserves			
Called-up share capital	9	4,096	4,096
Share premium		4,458	4,458
Own shares held		(27,907)	(30,514)
Profit and loss account		265,483	297,799
Total equity		246,130	275,839

The notes on pages 172 to 175 are an integral part of these financial statements. As permitted by Section 408 of the Companies Act 2006, the Parent Company's profit and loss account has not been presented in these financial statements. The Parent Company's loss after tax for the year was £10.9 million (year ended 31 December 2023: loss of £10.3 million).

These financial statements were approved by the Board and authorised for issue on 4 March 2025. They were signed on its behalf by:

J Hudson
Director

C McLeish
Director

Company statement of changes in equity

At 31 December 2024	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Own shares held £'000	Total equity £'000
Balance as at 1 January 2024		4,096	4,458	297,799	(30,514)	275,839
Loss for the year		–	–	(10,931)	–	(10,931)
Total comprehensive expense for the financial year		–	–	(10,931)	–	(10,931)
<i>Transactions with owners:</i>						
Share based payments		–	–	1,253	–	1,253
Equity dividends paid		–	–	(20,031)	–	(20,031)
Issue of share capital on exercise of share options		–	–	(2,607)	2,607	–
Transactions with owners		–	–	(21,385)	2,607	(18,778)
Balance at 31 December 2024		4,096	4,458	265,483	(27,907)	246,130

At 31 December 2023	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Own shares held £'000	Total equity £'000
Balance as at 1 January 2023		4,096	4,458	341,726	(31,589)	318,691
Loss for the year		–	–	(10,253)	–	(10,253)
Total comprehensive expense for the financial year		–	–	(10,253)	–	(10,253)
<i>Transactions with owners:</i>						
Share based payments		–	–	2,308	–	2,308
Equity dividends paid		–	–	(34,907)	–	(34,907)
Issue of share capital on exercise of share options		–	–	(1,075)	1,075	–
Transactions with owners		–	–	(33,674)	1,075	(32,599)
Balance at 31 December 2023		4,096	4,458	297,799	(30,514)	275,839

The notes on pages 172 to 175 form an integral part of these financial statements.

Notes to the Company financial statements

1. Authorisation of financial statements

The Parent Company financial statements of Ibstock Plc (the 'Company') for the year ended 31 December 2024 were authorised for issue by the Board of Directors on 4 March 2025 and the balance sheet was signed on its behalf by J Hudson and C McLeish.

Ibstock Plc is a public company limited by shares, which is incorporated and domiciled in England whose shares are publicly traded. The Company's Ordinary Shares are traded on the London Stock Exchange. The registered office is Leicester Road, Ibstock, Leicestershire LE67 6HS and the Company registration number is 09760850.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with applicable accounting standards, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006. As a qualifying entity, as defined by FRS 102, the Company has elected to adopt the reduced disclosure exemptions set out with paragraph 1.12 of FRS 102, as described below.

These financial statements are prepared on a going concern basis, under the historical cost convention.

The Company has not disclosed the information required by regulation 5(1)(b) of the Companies (Disclosure of Auditor's Remuneration and Liability Limitation Agreements) Regulations 2008 as the Group accounts of the Company are required to comply with regulation 5(1)(b) as if the undertakings included in the consolidation were a single group.

Going concern

The Directors reviewed detailed cash flows and forecasts of financial performance and stress-tested the projections. The forecasts include estimates of trading performance, operational and capital expenditure and debt requirements within the period to 30 June 2026.

Despite the net current liability position of the company, the Company is forecast to be able to meet its liabilities as they fall due throughout the review period. Therefore, having assessed the principal risks and all other relevant matters, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements of the Parent Company. The Group going concern assessment can be found in Note 1 of the Group financial statements.

Fixed asset investments

Investments in subsidiaries are included at cost stated at the historical value at the time of investment less any provisions for impairment and net of merger and Group reconstruction relief available.

Share based payments

The Company operates a number of equity-settled share based compensation plans on behalf of the Group. The fair value of the employee services received under such plans is capitalised as an investment in the Company's subsidiary until such time as intra-Group recharges are levied by the Company to recover this cost from its subsidiaries. Upon recharge, the amounts recharged are treated as a return of capital contribution and recorded as a credit to equity (up to the value of the initial share based payment

treated as a capital contribution). Any recharge in excess of the capital contribution is recognised within the Company income statement. The amount to be recognised over the vesting period is determined by reference to the fair value of share based payments. For further details of share based payments, see Note 26 of the Group financial statements.

Dividend distribution

Dividend distributions to Ibstock's shareholders are recognised in the Company's financial statements in the periods in which the final dividends are approved in the Annual General Meeting, or when paid in the case of an interim dividend.

Financial instruments

(i) Objectives and policies

The Company, in common with its Group subsidiaries, must comply with the Group's finance guidelines that set out the principles and framework for managing Group-wide finances. Further information on the Group's policies and procedures is available in the Group financial statements. The Company does not enter into speculative treasury arrangements.

(ii) Foreign exchange, credit, liquidity and financial risks

Foreign exchange risk management

The Company primarily transacts in Sterling and therefore exposure to foreign exchange risk is regarded as low.

Credit risk management

For the Company, this risk arises from cash and cash equivalents and deposits with banks. This is managed on a Group basis and there are a number of initiatives underway to mitigate this risk. These include concentrating activities with a group of banks that have strong, independently verified credit ratings. For each bank, individual risk limits are set based on its financial position, credit ratings, past experience and other factors.

Liquidity planning, trends and risks

The Company has sufficient committed borrowing facilities to meet planned liquidity needs with headroom, through facilities provided by the Group.

The Company has adopted IAS 39 for recognition and measurement of financial instruments.

(iii) Financial assets

Financial assets, including trade and other receivables, loans to fellow Group companies and cash and bank balances, are initially recognised at fair value.

Such assets are subsequently carried at amortised cost using the effective interest method.

(iv) Financial liabilities

Financial liabilities, including trade and other payables and loans from fellow Group companies, are initially recognised at fair value.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method in accordance with IAS 39.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination may be uncertain. The calculation of the tax charge therefore necessarily involves a degree of estimation and judgement. The tax liabilities are based on estimates of whether additional taxes will be due and tax assets are recognised on the basis of probable future recoverability. This requires management to exercise judgement based on its interpretation of tax laws and the likelihood of settlement of tax liabilities or recoverability of tax assets. To the extent that the final outcome differs from the estimates made, tax adjustments may be required which could have an impact on the tax charge and profit for the period in which such a determination is made.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing differences.

Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are shown in equity as a deduction, from the proceeds.

Related parties

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Disclosure exemptions

In preparing the Parent Company financial statements, the Company has elected to adopt the reduced disclosure exemptions set out in paragraph 1.12 of FRS 102, because the Company prepares Group consolidated financial statements, as described below:

- (a) Under FRS 102 (Section 1.12(b)), the Parent Company is exempt from the requirements to prepare a cash flow statement on the grounds that its cash flows are included within the Ibstock Plc Group consolidated financial statements.
- (b) The Parent Company is a qualifying entity and has taken advantage of the exemption from disclosing key management compensation (other than Directors' emoluments) under FRS 102 (Section 1.12(e)), as it is a Parent entity whose separate financial statements are presented alongside the consolidated financial statements, which contain the requisite equivalent disclosures.
- (c) The Parent Company is a qualifying entity and has taken advantage of the exemption from disclosing certain financial instrument disclosures under FRS 102 (Section 1.12(c)), as it is a Parent entity whose separate financial statements are presented alongside the consolidated financial statements, which contain the requisite equivalent disclosures.
- (d) The Company has elected to avail itself of the disclosure exemption within FRS 102 (Section 1.12(d)) in relation to certain share based payment disclosure requirements as it is a Parent entity whose separate financial statements are presented alongside the consolidated financial statements, which contain the requisite equivalent disclosures.
- (e) The Company has taken advantage of the reduced disclosure exemption under FRS 102 (Section 1.12(a)) and is not required to follow the requirements of paragraph 4.12(a)(iv) of FRS 102 and as such only discloses a reconciliation of shares outstanding between the beginning and end of the year and not the prior year.

In addition, the Company has taken the exemption within Section 33 of FRS 102 from disclosing intra-Group transactions with wholly owned subsidiaries.

Critical accounting judgements and estimation uncertainty

In applying the Company's accounting policies, as described above, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making these critical judgements and estimates, actual outcomes could be different.

There are no critical accounting judgements or estimates were made in applying the Company's accounting policies in current and prior year.

3. Employee information

The Company has no employees. Non-Executive Directors of the Company are employed under letters of appointment. Full details of Executive and Non-Executive remuneration is disclosed in the Annual Report on Remuneration on pages 86 to 110. For further details of Directors' remuneration, refer to Note 7 of the Group financial statements.

Notes to the Company financial statements continued

4. Fixed asset investments

Cost	Investment in subsidiary undertakings £'000
At 1 January 2023	626,556
Additions – fair value of share incentives issued to Group employees	1,493
At 31 December 2023	628,049
Additions – fair value of share incentives issued to Group employees	555
At 31 December 2024	628,604

The Company holds 100% of the issued share capital of Istock Building Products Limited.

5. Debtors

	31 December 2024 £'000	31 December 2023 £'000
Amounts owed by subsidiary undertakings	7,318	8,164
Corporation tax assets	1,651	–
Deferred tax asset	270	258
Prepayments and other debtors	432	413
	9,671	8,835

Amounts owed by subsidiary undertakings are unsecured, repayable on demand and interest free.

6. Creditors – amounts falling due within one year

	31 December 2024 £'000	31 December 2023 £'000
Trade creditors	537	258
Amounts owed to subsidiary undertakings	258,257	230,651
Borrowings	31,425	25,496
Accruals and other creditors	3,873	3,662
Corporation tax	–	2,273
	294,092	262,340

Amounts owed to subsidiary undertakings are unsecured, repayable on demand and interest free. The Group has a cash pooling arrangement with its transactional bank.

7. Creditors – amounts falling due after more than one year

	31 December 2024 £'000	31 December 2023 £'000
Borrowings	99,427	98,992
	99,427	98,992

In November 2021, the Company issued £100 million of private placement notes to PRICOA Private Capital, with maturities of between seven and twelve years and an average total cost of funds of 2.19% (range 2.04% – 2.27%).

Additionally, at the same time the Company entered into a £125 million Revolving Credit Facility (RCF) provided by a syndicate of five banks for an initial four-year period, with a one-year extension option, which has been enacted. At 31 December 2024, the Group had drawn £ 31.0 million (2023: £25.0 million) under this facility.

Further details of the Private Placement and RCF are provided in Note 19 of the Group financial statements.

The carrying value of financial liabilities have been assessed as materially in line with their fair values, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £87.8 million (2023: £88.3 million).

No security is currently provided over the Company's borrowings.

8. Financial instruments

The Company has the following financial instruments:

	Loans and receivables	
	31 December 2024 £'000	31 December 2023 £'000
Financial assets that are debt instruments measured at amortised cost:		
Amounts owed by subsidiary undertakings	7,318	8,164
Cash and bank balances	1,375	287
	8,693	8,451
	Loans and payables	
	31 December 2024 £'000	31 December 2023 £'000
Financial liabilities measured at amortised cost:		
Trade creditors	537	258
Amounts owed to subsidiary undertakings	258,257	230,651
Borrowings	130,852	124,488
Accruals and other creditors	3,874	3,662
	393,520	359,059

In the current and prior year there are no material differences between the fair values and the book values stated above with the exception of £100 million of private placement notes within borrowing. The fair value of these borrowings is assessed as £87.8 million (2023: £88.3 million), which was determined using discounted cash flows based on observable market data.

9. Called-up share capital

		Number of shares	Share capital £'000
Issued, called-up and fully paid:			
At 1 January 2024 and 31 December 2024	Ordinary Shares of £0.01 each	409,631,594	4,096

There was no share capital movement in the current and prior year.

10. Contingent liabilities

The Company has guaranteed all Group bank borrowings as detailed in Note 19 of the Group financial statements. As part of the Group's joint and several liability, the Company is a party to the guarantee of the Group's VAT liability.

11. Related party transactions

The Company is exempt from disclosing related party transactions with other companies that are wholly owned within the Group. See Note 30 of the Group financial statements.

The ultimate Parent Company and the smallest and largest group to consolidate these financial statements is Ibstock Plc.

Share awards to key management personnel resulted in an amount of £0.6 million in the year ended 31 December 2024 (2023: £0.5 million), which has been taken to the fixed asset investment. See Note 26 of the Group financial statements and the Directors' Remuneration Report on pages 86 to 110 for further details of share based payments.

12. Post balance sheet events

A final dividend of 2.5 pence (2023: 3.6 pence) per Ordinary share is proposed in respect of the financial year ended 31 December 2024. See Note 32 of the Group financial statements.

See Note 33 of the Group financial statements for details of other post balance sheet events.

Group five-year summary

Results summary	Year ended 31 December				
	2020	2021	2022	2023	2024
<i>Continuing operations</i>					
Revenue	316,172	408,656	512,886	405,839	366,207
Adjusted EBITDA¹	52,122	103,053	139,667	107,357	79,350
Exceptional items ¹ impacting EBITDA	(35,257)	5,230	6,278	(30,762)	(11,720)
Depreciation and amortisation pre fair value uplift	(26,646)	(28,217)	(26,392)	(29,314)	(29,778)
Incremental depreciation and amortisation following fair value uplift	(9,831)	(10,132)	(12,126)	(12,250)	(10,779)
Operating (loss)/profit	(19,612)	69,934	107,427	35,031	27,073
Exceptional finance costs	(414)	–	–	–	–
Net finance costs	(3,914)	(4,992)	(2,663)	(4,964)	(6,393)
(Loss)/profit before taxation	(23,940)	64,942	104,764	30,067	20,680
Taxation	(4,081)	(33,129)	(17,884)	(9,007)	(5,588)
(Loss)/profit from continuing operations	(28,021)	31,813	86,880	21,060	15,092
(Loss)/profit	(28,021)	31,813	86,880	21,060	15,092
(Loss)/profit attributable to owners of the Company	(28,021)	31,813	86,908	21,060	15,092
(Loss)/profit attributable to non-controlling interest	–	–	(28)	–	–
<i>Employment of capital</i>					
	2020	2021	2022	2023	2024
Goodwill and intangible assets	95,163	94,625	90,242	82,017	73,950
Property, plant and equipment	371,395	375,800	409,091	440,400	462,504
Right-of-use assets	26,653	25,114	31,478	39,831	28,363
Non-current assets	493,211	495,539	530,811	562,248	564,817
Inventories	63,386	72,821	94,275	119,189	124,819
Receivables	58,906	64,756	65,935	37,919	43,815
Current tax recoverable	–	3,199	1,717	1,171	1,323
Assets held for sale	1,186	875	–	–	200
Current assets	123,478	141,651	161,927	158,279	170,157
Payables	(85,423)	(103,132)	(120,003)	(80,526)	(88,853)
Lease liabilities	(29,076)	(27,184)	(33,104)	(43,833)	(35,082)
Other liabilities excluding debt	(78,711)	(102,527)	(93,261)	(105,493)	(101,977)
Net assets excluding pension and debt	423,479	404,347	446,370	490,675	509,062
Net debt ¹	(69,184)	(38,872)	(45,922)	(100,616)	(121,560)
Pension	43,576	57,754	15,194	9,832	7,839
Derivative financial instruments	–	–	567	(24)	(78)
Total net assets	397,871	423,229	416,209	399,867	395,263
Called-up share capital	4,096	4,096	4,096	4,096	4,096
Reserves	393,775	419,133	412,062	395,771	391,167
Equity attributable to owners of the Company	397,871	423,229	416,158	399,867	395,263
Equity attributable to non-controlling interest	–	–	51	–	–
Total equity	397,871	423,229	416,209	399,867	395,263

1 Alternative performance measures are described in Note 3 to the consolidated financial statements.

Group five-year summary continued

Business ratios	At 31 December				
	2020	2021	2022	2023	2024
Adjusted EBITDA ¹ margin	16.5%	25.2%	27.2%	26.5%	21.7%
Interest cover (times)	10x	21x	51x	29x	6x
Net debt to adjusted EBITDA ¹	1.53x	0.41x	0.35x	1.06x	1.81x
Return on capital employed ¹	3.7%	15.8%	23.5%	13.4%	7.5%
Adjusted operating cash flow ¹ (£m)	50	76	108	50	56
Capital expenditure (£m)	(24)	(25)	(58)	(65.7)	(45.2)
Adjusted free cash flow ^{1,2} (£m)	26	51	49	(16)	11
Statutory basic earnings per share	(6.8p)	7.8p	21.4p	5.4p	3.8p
Adjusted basic earnings per share ¹	4.0p	13.9p	22.7p	13.9p	7.7p
Interim dividend per share	–	2.5p	3.3p	3.4p	1.5p
Final dividend per share	1.6p	5.0p	5.5p	3.6p	2.5p
Total dividend per share	1.6p	7.5p	8.8p	7.0p	4.0p
Closing share price	207p	204p	154p	152p	174p
Closing market capitalisation (£m)	846.2	834.8	630.8	594.0	712.7

¹ Alternative performance measures are described in Note 3 to the consolidated financial statements.

Cautionary Statement

This Annual Report and Accounts has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisors do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report and Accounts involve uncertainty, since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and Accounts and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report and Accounts should be construed as a profit forecast.

Sustainability Governance and Reporting

Our approach to Sustainability Governance and Reporting

The main Governance section that begins on page 60 sets out how the Board and its Committees operate and apply the provisions and principles of the Corporate Governance Code 2018 and other regulation and best practice.



Customers at an I-studio event

This section provides information regarding the management of Sustainability issues specifically and includes key performance data as well as our full TCFD disclosures as required by the FCA Listing Rule 6.6.6R(8) and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

The oversight of Sustainability matters is critical. It not only allows the Board to understand more holistically the impact of its decisions on key stakeholders and the environment, but also ensures it is kept aware of any significant changes in the market. This includes the identification of emerging trends and risks, which in turn can be factored into its strategy discussions. Sustainability is overseen principally by the Board, the Sustainability Committee and the ET.

Claire Hawkings, one of our Non-Executive Directors, is the designated Director with overall accountability for Sustainability matters. Claire oversees the review and performance of our work as Chair of the Sustainability Committee.

A full report of the activities of the Sustainability Committee's activities can be found on page 78.

Further information on Istock's sustainability activities can be found in the separate Sustainability Report which is available on our website.



► Contents

- Sustainability Reporting Data
- Sustainability Performance Data
- TCFD disclosures



Sustainability Reporting Data

In this section we have set out all key Sustainability data required for reporting purposes. In addition to the summaries presented here, we also provide disclosures in our separate Sustainability Report.

Streamlined Energy and Carbon Reporting (SECR) disclosure

		2019	2020	2021	2022	2023	2024
Total Scope 1 CO ₂ emissions	tCO ₂ e	349,200	223,229	299,698	303,173	237,032	190,577
Total Scope 1 CO ₂ emissions from combustion of gas	tCO ₂ e	222,359	145,331	196,622	198,580	153,336	123,546
Total Scope 1 CO ₂ emissions from combustion of other fuels	tCO ₂ e	17,978	7,223	5,736	4,508	7,210	5,303
Total Scope 1 CO ₂ emissions from process materials	tCO ₂ e	108,886	70,676	97,340	100,084	76,485	60,638
Total gas used per annum	MWh	1,230,000	780,000	1,050,000	1,080,000	804,915	636,115
Total Scope 2 CO ₂ emissions (location-based)	tCO ₂ e	28,429	16,429	19,912	17,514	14,799	12,881
Total Scope 2 CO ₂ emissions (market-based)	tCO ₂ e	28,429	16,429	–	–	787	942
Total electricity used per annum	MWh	110,507	70,762.89	93,778.99	87,439.18	71,623	62,379
Total solar-generated electricity used per annum	MWh	N/A	2	2,480	4,160	4,019	4,743¹
Total Scope 1 & 2 CO ₂ emissions (market based)	tCO ₂ e	377,629	239,658	299,698	303,173	237,819	191,518
Intensity Ratio Tonnes of CO ₂ per tonne of production	tCO ₂ e/tonne	0.159	0.16	0.141	0.145	0.151	0.148
% reduction in absolute scope 1 and 2 CO ₂ relative to 2019 baseline	%				20%	37%	49%
Total Scope 3 Tonnes of CO ₂	tCO ₂ e	N/A	N/A	N/A	157,950	107,915	107,010²

1 Measurements for solar generated electricity MWh used per annum started in 2020.

2 Coltman figures are excluded from the intensity ratio because production volume was not included in the baseline figure.

All carbon calculations are in line with Greenhouse Gas Protocols. Market based Scope 2 emissions are used to calculate the carbon intensity ratio. Istock uses a small amount of gas, equating to 858 tonnes CO₂ from landfill gas produced at one of our sites. The rest of our electricity is procured from the grid through a green tariff.

For reporting purposes, Istock defines its organisational boundary on an operational control basis, and our Scope 1 and 2 emissions and other Sustainability metrics are reported on this basis. All emissions and energy are consumed in the UK.

Our Sustainability data and reporting does not include the recent acquisition of Coltman. This data will be captured and included during 2024.

Group Scope 3 emissions categories reported

GHG Protocol Scope 3 emissions category	Carbon emissions (tonnes of CO ₂ e)	Included or excluded
Category 1 – Purchased goods and services	64,906.06	Included (spend-based method)
Category 2 – Capital goods	2,613.53	Included (spend-based method)
Category 3 – Fuel- and energy-related activities	24,667.12	Included (average data method)
Category 4 – Upstream transportation and distribution	11,739.24	Included (spend-based method)
Category 5 – Waste generated in operations	122.69	Included (average data method)
Category 6 – Business travel	1,258.87	Included (hybrid approach)
Category 7 – Employee commuting	366.60	Included (average data method; modelled)
Category 8 – Upstream leased assets	0.00	Excluded: Operation of Istock's leased fleet and buildings are included in Scope 1 and 2
Category 9 – Downstream transport and distribution	0.00	Included (average data method)
Category 10 – Processing of sold products	0.00	Excluded: Istock's products are not processed further before use by end customers.
Category 11 – Use of sold products	0.00	Excluded: Istock's products do not lead to significant direct GHG emissions during their use by end customers. Further, attributing building energy usage to Istock's products presents a significant data challenge and would likely be immaterial.
Category 12 – End-of-life treatment of sold products	1336.22	Included (average data method)
Category 13 – Downstream leased assets	0.00	Excluded: Istock does not lease any assets to third parties.
Category 14 – Franchises	0.00	Excluded: Istock does not have any business franchises.
Category 15 – Investments	0.00	Excluded: Istock does not hold any significant investments in other companies or assets beyond those included in this inventory.

Sustainability Governance and Reporting continued

ESG 2030 Strategy KPIs

Topic	KPI	Measure	Target	2019	2020	2021	2022	2023	2024
Carbon	% Absolute carbon reduction	%	40% by 2030				20%	37%	49%
	Tonnes CO ₂ (relative to 2019 baseline)								
Carbon	Intensity Ratio	Tonnes of CO ₂ tCO ₂ e/tonne per tonne of production		0.159	0.160	0.141	0.145	0.151	0.148
Water	% reduction in mains water use per tonne of production (relative to 2019 baseline)	%	25% by 2030		10%	8%	31%	+8%	+19%
Water	% reduction in mains water use (relative to 2019 baseline)	%			34%	21%	49%	28%	33%
Waste	% general waste to landfill	%	Zero by 2025		64.00%	13.00%	2.40%	5.00%	4.60%
Plastic packaging	% reduction in preventable plastic packaging per tonne of production (relative to 2019 baseline)	%	40% by 2025			13%	16%	25%	64%
New and Sustainable products	% of sales turnover from new and sustainable products	%		11.50%	11.70%	13.00%	13.00%	10.80%	22%
Health and Safety	% year on year reduction in Total injury frequency rate	%						5%	13%
Earn and Learn positions	% of employees in earn and learn positions	%	10% by 2030				7.50%	6.90%	7.40%
Diversity	% of women in senior leadership positions	%	40% by 2027				27%	35%	34%

Sustainability Performance Data

The following table covers our wider sustainability metrics, which are aligned where possible to the SASB disclosure for construction materials. We will continue to review this data suite on an ongoing basis for future reporting periods.

Topic	Metric	2019	2020	2021	2022	2023	2024
Scope 1 CO ₂ emissions	Tonnes of CO ₂ e combustion of fuel	349,200	223,229	299,698	303,173	237,032	190,577
Scope 2 CO ₂ emissions	Tonnes of CO ₂ e electricity	28,429	16,429	-	-	787	942
Scope 2 CO ₂ emissions (location based)	Tonnes of CO ₂ e from electricity consumed if our power was purchased from the grid applying averaged emissions	28,429	16,429	19,912	17,514	14,799	12,881
Scope 2 CO ₂ emissions (market based)	Tonnes of CO ₂ e electricity consumed purchased from renewable sources	28,429	16,429	-	-	787	942
Scope 3 Tonnes of CO ₂	Tonnes of CO ₂ e	N/A	N/A	N/A	157,950	107,915	107,010
Company cars	Hybrid or electric vehicles as % of total fleet	N/A	N/A	45%	55%	74%	87%
Company Mobile Fleet	Electric vehicles as % of total mobile plant fleet	N/A	N/A	N/A	N/A	11%	16%
Water Intensity ratio	M ³ mains water use per tonne of production	0.105	0.110	0.092	0.072	0.113	0.125
Mains water	M ³ mains water use per annum	249,854	165,983	197,883	127,544	179,013	166,187
Non-Mains water	M ³ non-mains water use per annum	-	-	-	-	65,531	50,437
Total water	M ³ total water use per annum	963,387	1,000,815	1,160,443	779,935	244,544	216,624
Waste sent off-site	Tonnes of waste sent off-site	6,570	5,801	3,490	5,945	6,524	4,958
Waste diverted from landfill	Tonnes of waste diverted from landfill	3,565	3,709	3,034	5,605	6,370	4,795
Hazardous waste sent to landfill	Tonnes of hazardous waste sent to landfill	1,126	204	178	48	50	73
Non-hazardous waste sent to landfill	Tonnes of non hazardous waste sent to landfill	1,879	1,888	278	143	105	90
General waste sent to landfill	Tonnes of general waste sent to landfill	1,879	1,888	278	143	57	42
Total waste sent to landfill	Total waste sent to landfill	-	-	-	-	154	163
Total Plastic Packaging	Total tonnes of plastic packaging	1,887	998	1,476	1,447	1,492	814
Preventable plastic packaging intensity ratio	Kg of preventable plastic per tonne of production	0.821	0.69	0.72	0.69	0.61	0.3
New & sustainable products	% of sales turnover from new and sustainable products	-	12%	13%	13%	11%	22%
Net Promoter Score	% of customers likely to recommend Ibstock	34%	39%	33%	45%	32%	-
Lost time incident frequency rate	Number of lost time injuries for every one million hours worked	3.4	2.2	2.1	1.47	1.51	1.76
Total injury frequency rate	Total number of injuries for every one million hours worked	-	-	-	63.2	60.1	52.2
Employee deaths	Number of work-related employee deaths	0	0	0	0	0	0
Contractor deaths	Number of work-related contractor deaths	0	0	0	0	0	0
Employee diversity – Gender	% of all employees that are female	-	15.7%	15.0%	16.0%	16.7%	17.0%
Board diversity – Gender	% of the board that are female	-	28.5%	37.5%	37.5%	37.5%	37.5%
Senior leader diversity – Gender	% of senior leaders that are female	-	18.5%	19.0%	27.0%	35.0%	34.0%
Apprentice diversity - gender	% of apprentice intake that are females	-	-	-	-	-	29%
Employee diversity - ethnicity	% of employees identifying as ethnically diverse	-	-	-	-	-	5%
Board diversity - ethnicity	% of Board identifying as ethnically diverse	-	-	-	-	-	13%
Senior leader diversity - ethnicity	% of senior leaders identifying as ethnically diverse	-	-	-	-	-	7%
Apprentice diversity - ethnicity	% of apprentice intake identifying as ethnically diverse	-	-	-	-	-	11%
Employee population	Number of employees	2,350	2,064	2,119	2,293	1,896	1,947
Earn and Learn positions	% of employees in formal earn and learn training	-	-	-	7.5%	6.9%	7.4%
Apprentices	Number of apprentices	-	35	38	47	51	54
Employee engagement	Best companies score %	-	-	61.2%	-	65.0%	-
Charitable contributions	Bricks donated to colleges/charities	-	-	83,094	140,000	300,000	311,000

Taskforce for Climate Related Financial Disclosures

Ibstock has a long-standing commitment to responsible business delivery and climate impact is a key part of the Board’s strategy discussions.

Building on this commitment, we published our ESG Strategy in 2022. This focuses on three strategic pillars:

- Addressing Climate Change, Improving Lives and Manufacturing Material For Life. The strategy includes an ambitious target to reduce our Scope 1 and 2 carbon emissions by 40% by 2030 against a 2019 baseline.
- The ESG Strategy was reviewed during 2024 and the Board consider that the ambitions set in this document remain our short-term priorities for managing climate-related risk.
- The climate-related financial disclosures made by Ibstock plc comply with the TCFD recommendations as required by the UKLA Listing Rule 9.8.6R (8); and the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

Ibstock disclosures are fully consistent with all 11 of the TCFD disclosure recommendations as set out below:

Governance

Disclose the organisation’s governance around climate-related risks and opportunities.

Pages 183 to 184

- a. Describe the Board’s oversight of climate-related risks and opportunities.
 - b. Describe management’s role in assessing and managing climate-related risks and opportunities.
-

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning where such information is material.

Pages 184 to 188

- a. Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term.
 - b. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.
 - c. Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.
-

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Page 189

- a. Describe the organisation’s processes for identifying and assessing climate-related risks.
 - b. Describe the organisation’s processes for managing climate-related risks.
 - c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.
-

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

Pages 189 to 191

- a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
 - b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.
 - c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.
-

1. Governance

a. Describe the Board's oversight of climate-related risks and opportunities.

Our Board has ultimate oversight of climate-related risks and opportunities. This page shows the full governance structure showing how the consideration of climate-related issues is integrated within governance processes. The Board delegates specific climate-related matters to its Committees and Executive Team (ET).

Board Committees and climate change responsibilities

Responsibilities related to climate change	Examples	Skills and competencies
<p>Board had seven scheduled meetings in 2024</p> <p>The Board has ultimate oversight for the long-term strategy, including oversight of climate change related risks and opportunities and the setting of performance objectives</p> <ul style="list-style-type: none"> Considering climate-related issues as a fundamental part when planning Group strategy, approving annual budgets and business plans, making acquisition and divestiture decisions, and overseeing capital expenditure Considering climate-related issues as part of the discussions on risk management and our principal risks and uncertainties Overseeing progress against our Sustainability ambitions, which align to our risk mitigation plans to address climate-related issues 	<p>Role and responsibilities p70</p> <p>When setting the 2025 budget and strategic plan, the Board considered the requirements and sensitivities for mitigating transitional and physical climate change risks</p> <p>Climate and carbon impact is considered as part of all the Board's decision-making</p>	<p>As per the skills matrix shown on page 76, the Board has sufficient skills and competencies in strategy, Sustainability and financial planning</p>
<p>Sustainability Committee Met four times in 2024</p> <ul style="list-style-type: none"> Overseeing, challenging and monitoring the Sustainability Strategy implementation Reviewing performance against KPIs and targets, including carbon reduction Overseeing and monitoring of risks and opportunities associated with climate change Informing the Board on mechanisms to engage wider stakeholders with regard to Sustainability <p>Members of the Sustainability Committee inform all other Committees about climate-related issues as key topics are identified or discussed.</p>	<p>Role and responsibilities p78</p> <p>At each meeting, the Sustainability Committee considers the horizon scanning report produced by RSM UK Consulting LLP (RSM), including emerging climate transition risks</p> <p>The Committee monitored and scrutinised the development of the carbon reduction plan and improvements in Sustainability data quality</p>	<p>Chaired by Claire Hawkings, who has extensive experience in sustainability and ESG</p> <p>RSM provides expert technical advice to the Committee</p> <p>Training for the Sustainability Committee delivered by RSM, including biodiversity and nature related training</p>
<p>Audit Committee Met four times in 2024</p> <ul style="list-style-type: none"> Reviews and makes recommendations on risk management and controls to the Board Oversees the internal controls including carbon, and financial statement review of disclosures 	<p>Role and responsibilities p80</p> <p>The Audit Committee received a detailed update on the carbon credits process and controls, as well as a carbon market update</p> <p>Consideration of climate impact on accounting judgements and disclosures, e.g. impairment</p>	<p>The Audit Committee has sufficient skills and competencies in audit, controls and strategy. Skills Matrix on page 76</p>
<p>Remuneration Committee Met four times in 2024</p> <ul style="list-style-type: none"> Aligns LTIP performance to ESG key performance indicators (KPIs) 	<p>Role and responsibilities p86</p> <p>In setting the 2024 LTIP performance targets, the Remuneration Committee considers the alignment to the ESG 2030 Strategy</p>	<p>The Remuneration Committee has sufficient skills and competencies in executive remuneration and Sustainability. Skills Matrix on Page 76.</p>
<p>Executive Team (ET) Met eleven times in 2024</p> <ul style="list-style-type: none"> Implements and delivers the Sustainability Strategy 	<p>Role and responsibilities of the ET p70</p> <p>During day to day strategic and operational decisions, the ET considers the alignment to the Sustainability Strategy</p>	<p>The ET has sufficient strategic, operational and management experience to implement and execute the carbon reduction plan</p>

Sustainability Governance and Reporting *continued*

Governance of Carbon Reduction

Our progress on the development of our Carbon Transition Plan is detailed on page 52.

The Sustainability Committee monitors and oversees the progress against the goals and targets for addressing climate-related issues at each meeting by reviewing the Sustainability KPIs which include carbon reduction, and progress against the milestones set out in the ESG Strategy. The Committee considers, challenges and recommends changes to the development of the Carbon Transition Plan to the Board for its approval.

The Board has oversight of the execution of carbon reduction, including approval of climate-related targets, and development of the Carbon Transition Plan.

b) Management assess and manage climate-related risks and opportunities

The CEO is responsible for assessing and managing climate-related risks and opportunities, and is supported by the ET to implement the ESG 2030 Strategy. The ESG pillars have an executive-level sponsor and are supported by a Divisional Director.

The ESG Strategy update is on page 47.

The ET is supported by a dedicated Sustainability function with subject matter experts to support other business units, led by Joanne Hodge, the Group People, Sustainability and Social Impact Director. The Sustainability team supports the upskilling of other roles and departments, recognising that all employees have a part to play in the implementation of the Sustainability Strategy. For example, the Sustainability team supports factory managers with understanding the carbon emissions from the factory and opportunities to improve carbon reduction.

The reporting structure for management is detailed on page 69.

The cross-functional TCFD working group, which includes members from the Sustainability function and finance, defines the approach for identifying and assessing climate-related risks.

The TCFD working group defined the risk gradings, detailed on page 189, to assess the impact of climate-related risks and opportunities.

Please see page 189 for the risk management process.

The ET own material climate-related risks and opportunities to ensure there is clear ownership for mitigations. The Sustainability team provides monthly updates to the ET, and quarterly updates to the Committee.

Site energy monitoring, targets and champions

In 2024, 12 of our concrete sites implemented ISO 50001 for energy management meaning all our clay and concrete factories (with exception of Coltman) are now using the system to continuously monitor and reduce energy consumption improving their operational efficiency.

Our Energy Manager works across the Group to help the teams identify and quantify operational efficiency with the site technical managers to initiate changes to optimise our processes. All sites using the system have access to half hourly electricity data, energy action plans, targets and an energy champion. In 2024 focus continued on air compressors, motors, drives and kiln efficiency with new sub-metering implemented at three sites.

Management working groups and work streams assessing or managing climate-related risks

Working group/work stream	Areas of responsibility	Group Lead	2024 example of progress
Net Zero Working Group leads our decarbonisation work	<ul style="list-style-type: none"> Modelling the effect of carbon reduction initiatives to inform development of our Carbon Transition Plan Monitoring progress of delivering carbon reduction projects against plan and targets 	Group People, Sustainability and Social Impact Director	Carbon reduction model – see page 52
Clay, Concrete and Futures Operations	<ul style="list-style-type: none"> Developing and implementing operational efficiencies to drive carbon reduction (e.g. heat retention and energy usage efficiency) 	Divisional Directors	Clay – Parkhouse investment Concrete – achieved ISO50001 standard for energy management
Clay, Concrete and Futures new and more sustainable product development	<ul style="list-style-type: none"> Developing and implementing programmes to reduce carbon in the materials we source (e.g. raw material reduction and recycled content) 	Divisional Directors	Clay – successful thin brick trials at Chesterton Concrete – Weeford introduced lower carbon cement to the product mix Futures – low carbon slip system research continues.
Alternative Fuel & Power Group	<ul style="list-style-type: none"> Developing and implementing lower carbon sources of fuel and power (e.g. solar, wind, hydrogen, synthetic gas) 	Technical Director	Application submitted to the Government HAR2 funding for on-site Green Hydrogen
TCFD working group	<ul style="list-style-type: none"> Identify, assess and manage climate-related risks and opportunities Inform and update functions of the site climate risks. change risk assessments 	Group Financial Controller	Risks and Opportunities reviewed and updated. Climate resilience risks integrated into training.

2. Strategy

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term

Material risks and opportunities are evaluated by considering their potential impact, financial or reputational, together with their likelihood as part of enterprise risk management process. Please see page 189 for further details of the risk assessment process.

Our time horizon and impact definitions are shown below, detailing how these align to our organisation. The scenario analysis supports our decision making processes on strategy, capital allocation and costs in the short-term horizon. Beyond this time period as would be expected, the scenario analysis has less reliable internal and external data with less certainty around the impact of climate-related risks and opportunities, as this is greatly impacted by external factors such as the pace and effectiveness of the transition to a lower-carbon economy.

Time horizons considered in climate risk assessment

Short term – To 2030	Medium term – 2031 to 2040	Long term – 2041 to 2050
Aligns to Sustainability 2030 Strategy	Aligns to medium-long-term strategy decisions, and achieving net zero scope 1 & 2	Aligns to longer-term climate reduction targets

Impact on Adjusted EBITDA* over time

Low <5%	Medium 5–15%	High >15%
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The thresholds for quantifying risks based against our strategic and long-term financial forecasts and align to the risk management processes.

Our principal climate risks and opportunities

The following material risks have been identified through considering the impact across the business value chain. All product types, business functions, customer segments and suppliers have been included in the assessment. Our two Divisions, Clay and Concrete, experience similar climate risks and opportunities. We have referenced where risks are specific to one Division or sector. Principal risks, if unmitigated, have the potential to impact Group Adjusted EBITDA* by over 5%.

Climate risks

Climate-related financial risk	Description	Impact grading	Scenario with greatest impact	Link to Metrics and Targets	Expected financial impact
CCR1: Increased prices of carbon credits or reductions or removal in the number of 'free' allowances <i>Transition, policy and legal</i>	<ul style="list-style-type: none"> Since our Clay Division is part of the UK Emissions Trading Scheme (UK ETS), the rising costs of carbon credits and the reduction in 'free' allowances are likely to increase costs if internal carbon reduction initiatives are unsuccessful 	HIGH	<2°C Medium and long term horizon	Carbon emissions Internal carbon price	Increased costs of carbon credits if our carbon reduction initiatives are unsuccessful for our Clay Division and the price of carbon credits increases. The allowances for UK ETS are aligned to a net zero consistent cap from 2025
CCR3: Transition to new building technologies and approaches redefining the type and nature of materials required <i>Transition, market</i>	<ul style="list-style-type: none"> Customers switching to alternative products with lower embodied carbon due to regulations or carbon reduction targets Changes in revenue mix from traditional brick and concrete product lines to products used within Modern Methods of Construction (MMC) Changes to supply chain may result in scarcity of certain raw materials e.g body fuels 	HIGH	>4.3°C Short, medium and long term	Climate-related opportunities	Increased R&D costs for new products Demand changes lead to reduced revenue Increased operational costs to use more recycled content or other methods to reduce embodied carbon
CCR8: New or changing legislation and regulation that will directly or indirectly impact our business	<ul style="list-style-type: none"> Increased regulation for reducing energy usage from fossil fuels Customers switching to alternative products with lower embodied carbon due to regulation 	HIGH	>4.3°C Short, medium and long term	Climate-related opportunities	Reduced demand from key customer groups (e.g. house builders or building merchants) due to policy changes Increased costs from suppliers as they comply with regulation to reduce energy usage and carbon emissions
CCR5: Extreme variability in weather patterns such as storms, cyclones, and floods Physical, acute	<ul style="list-style-type: none"> Disruption to own operations through damage to factories, impacting employees working on site Disruption to supply chain as suppliers are impacted by acute physical risks or in transit 	LOW	>4.3°C Long term	Physical climate risks	Reduced revenue from decreased production capacity Increased operating costs (e.g. purchasing required for climate mitigation) Increased repair costs (e.g. damage to infrastructure) Increase in insurance premiums
CCR6: Changes in precipitation patterns and extreme variability in weather patterns <i>Physical, chronic</i>	<ul style="list-style-type: none"> Increased precipitation may disrupt own operations water content of clay requiring more energy during the production process Impact of droughts on water usage in brick manufacturing process and drier clay requiring more energy for extraction Increased risks of flooding may prevent sites operating for several weeks 	LOW	>4.3°C Long term	Physical climate risks Water usage	Increased costs to mitigate impact of extreme weather patterns and mitigate impact on land changes Increased capital or repair costs (e.g. damage to infrastructure) Business disruption leading to loss of revenue

Sustainability Governance and Reporting *continued*

Other risks considered to not be material risks include:

- The availability of, and ability to, transfer to new energy technologies due to lack of, or failed investments
- Increased cost of sustainable energy (e.g green electricity) or reduced availability as demand increases
- Rising mean temperatures
- Rising sea levels
- Water scarcity affecting our operations or those of our supply-chain
- Impact of changing attitudes of investors and financial stakeholders

We will continue to monitor the risks through our TCFD working group and Sustainability Committee.

Climate-related opportunities

Climate-related financial opportunity	Description	Impact grading	Scenario with greatest impact	Expected financial impact
TR1: Production of more sustainable products <i>Transition, market</i>	<ul style="list-style-type: none"> • We are developing lower carbon products. For example, redesigning our concrete fencing range with lower carbon cement and less material whilst providing the same strength attributes 	HIGH	Below 2 Medium term	Increased sales driven from new product development and Istock Futures
TR2: Changes in customers' preferences and building practices resulting in new and emerging products and solutions <i>Transition, market</i>	<ul style="list-style-type: none"> • Changes in the building approaches or preferences of customers could lead to new markets for building products • The opportunity is managed through close industry relationships, for example, membership of the UK Green Building Council 	HIGH	Below 2 Medium and long term	Increased sales driven from new product development and Istock Futures

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

This year, Istock has made progress against the ESG 2030 Strategy, which includes:

- The development of an internal carbon modelling tool to enable informed decisions in our carbon reduction investment
- Evolved our carbon reduction plan as we develop our Net Zero Transition Plan in line with Transition Plan Taskforce guidelines, see page 52
- Short to medium term the investment to achieve our carbon reduction is embedded in our financial forecast to align to our carbon reduction target for 2030
- Successfully rolled out cement reduction initiatives across a wide range of products exceeding our target to hit 20% sales revenue from new and sustainable products by 2030
- Utilised Life Cycle Analysis capability to both inform our new product development (NPD) decision making and to launch EPDs to our customers on key products

Operations were impacted by two localised flooding events that stopped production for less than a week combined. Following the event, additional processes and/or emergency response plans will be adopted to reduce the impact of floods and alert the business to severe weather events by enhancing the climate resilience plans.

We have considered the potential impact of identified climate change risks and opportunities through our indicators of impairment reviews and also in the assessment of useful economic lives of assets. There are a series of sites deemed to be vulnerable to physical risk of variability of precipitation in the medium term (2040-2050). Management expects any changes required due to climate change will be covered through maintenance and refurbishment spend and phased over multiple years. Therefore, the related cash outflow would not be material in any given year. With no mitigations in place, management expects the carbon costs will increase in the future but would impact the whole industry. We would expect any carbon-related costs to increase the sales price and there would be no material impact in the forecast cash flows. See the Metrics and Targets on page 190 for the investment in the low carbon transition made in the year and the impairment and PPE notes for further information.

An internal carbon price was developed in 2023 and has been included in decision-making in 2024, including capex projects and new product development (NPD). The carbon price is a shadow carbon price based on the UK ETS carbon price, as our Clay factories are covered by the regime. However, we will take an average for the year due to short-term variability in the market price. The internal carbon price covers all the business over Scope 1 and 2 emissions.

The internal carbon price was used in the following processes:

- Position management for the valuation of assets to inform replacement and maintenance schedules
- Investment decisions, including new capital expenditure to assess carbon savings
- Impact of new product development for reduced embodied carbon

Capital expenditure and new product development processes currently assess the impact of carbon emissions savings, but this is not quantified using the internal carbon price. This is a planned action for 2025.

The UK ETS carbon price is expected to increase over time and this trend is reflected in our scenario analysis. In 2024, the average carbon price under UK ETS was £64.90.

Carbon transition planning

Istock's carbon transition is now informed by a detailed profile of carbon reduction projects and actions in the short, medium and long term with financially quantified impacts. This enables modelling around investment decisions to incorporate carbon impacts and opportunities.

The carbon transition and targets set by Istock supports a <2 degrees pathway and is aligned to industry transition pathways.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our approach to scenario analysis

Scenario analysis is a process for identifying and assessing the potential impact of a range of climate scenarios. This is not designed to deliver precise outcomes or forecasts but has been used by our teams to assess strategic resilience and support business planning decisions.

Our scenario analysis is integrated into our strategic planning cycle, including financial forecasts, and covers our operational footprint. We have considered two contrasting climate scenarios to provide a contrasting perspective – one below 2 degrees scenario and a failed transition. This is consistent with the scenario analysis approach within our sector.

We have a detailed strategic plan to 2030 that has been used within the scenario analysis. The full scenario analysis extends to 2050, however, the data available for this timeframe is less sophisticated.

The scenario analysis, draws on both internal and external data sources where appropriate, the current year scenario analysis uses the following external data sources, Bank of England Climate Biennial Exploratory Scenario (CBES) data points, Met Office projections for precipitation, temperature and water scarcity along with externally commissioned site flood analysis.

CASE STUDY

Research into alternatives to high carbon additives

Istock partnered with Sheffield Hallam University's Materials and Engineering Research Institute in a Knowledge Transfer Partnership funded by Innovate UK to research replacements for higher-carbon processes, used when manufacturing some multi-coloured bricks, with waste materials from industry. The research identified potential waste material replacements which would lower the carbon content of the process and are now undergoing commercial trials

Approach to scenario analysis

Climate scenario	Below 2 degrees	Above 4.3 degrees
Data sets considered	IPCC RCP 2.6	RPC8.5
Description of scenario	Limits global warming to below 2 degrees	High emission scenario where warming may exceed 4 degrees
	Increased transition risks depending on pathway to meet emission reduction target	Lower transition risks as there is no further action on climate change
	Projected carbon price in 2040: USD650	Projected carbon price in 2040: USD650
Assumptions that apply to all scenarios	<ul style="list-style-type: none"> Current market share is consistent with performance today The location of factories and quarries is consistent with today's footprint Acceleration of the removal of carbon credits within UK ETS for the Clay Division Capital and research and development investments increase in both climate scenarios 	
Data sets used	IPCC 2021 Climate Biennial Exploratory Scenario for transition risks UK CP18 Met Office projection for physical risks	

Scenario analysis results

The tables that follow show the results of our scenario analysis and the strategic response. The financial impact represents the expected impact to adjusted EBITDA* and cost impact. The output is aligned to the risk thresholds on page 185. Overall, the results of the scenario analysis indicate the unmitigated physical and transition risks and opportunities will have an impact on the business strategy, however, as our business strategy includes mitigating factors to these risks, Istock remains resilient to the assessed risks.

The highest-impact risks overall are the risk of increased prices of carbon credits or reductions or removal in the number of 'free' allowances, the transition to new building technologies and approaches to redefining the type and nature of materials required along with New or changing legislation and regulation that will directly or indirectly impact our business. This scenario analysis was refreshed and further developed during 2024.

Sustainability Governance and Reporting *continued*

Below 2 degrees scenario

Risks/opportunities with greatest impact in scenario How the risk is modelled

<ul style="list-style-type: none"> • Increased prices of carbon credits or reduction of free allowances over time • Development of new sustainable products and services to satisfy customer demand • Willingness to pay for low carbon solutions. Change in customer preferences and building practices resulting in new and emerging markets developing 	<p>The carbon price is projected to increase yearly with the accelerated removal of free allowances, principally impacting the Clay Division which operates within UK ETS. We have used data from the Bank of England projected shadow price, and an accelerated removal of free allowances.</p> <p>We have assumed research and development costs will increase, and there is also an increased risk of impairment of assets.</p> <p>We have assumed there will be an increase in sales volume for clay and concrete as a result of increased demand for new and sustainable products, including Futures, to grow sales until 2050.</p> <p>Impact from scenario analysis</p> <p>In the short to medium term, unmitigated transition risks present the greatest risk to financial performance. The highest impact risks are:</p> <p>Increased prices of carbon credits or reduction in free allowances: Our scenario assumes carbon-free allowances reduce by 50% from today's level by 2030 and are reduced in an accelerated basis post 2030 with additional increases of costs in line with climate pathways outlined by the Bank of England early action pathway.</p> <p>Development of new sustainable products and services to satisfy customer demand. The scenario assumes a 20% sales volume increase for Clay and Concrete Divisions from 2023 to 2050, and an increase in sales in our Futures business linked to modern methods of manufacture</p> <p>Strategic response</p> <p>The carbon reduction transition plan is a quantified action plan, including the capital and financial cost along with the expected carbon reduction from planned initiatives. Delivering the carbon reduction transition plan will reduce the risk exposure to carbon prices and the removal of UK ETS allowances.</p> <p>We are exploring commercial terms with strategic suppliers and partners to develop alternative fuels, including synthetic gas and hydrogen, as a lower carbon alternative to natural gas.</p> <p>Developing products to reduce virgin materials and increase recycled content contributes to circularity and reduces carbon emissions.</p>
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Above 4.3 degrees scenario

Risks/opportunities with greatest impact in scenario How the risk is modelled

<ul style="list-style-type: none"> • Increased prices of carbon credits or reduction of free allowances over time • Increased severity of precipitation patterns and extreme variability in weather • Redefining the type and nature of materials required • New or changing legislation and regulation that will directly or indirectly impact our business 	<p>The carbon price is projected to increase yearly with the accelerated removal of free allowances, principally impacting the Clay Division which operates within UK ETS. We have used data from the Bank of England projected shadow price, and an accelerated removal of free allowances.</p> <p>We have assumed a decrease in sales volume and no increased move to low embodied carbon bricks. We have modelled disruption in production at production facilities that we have assessed as having an increased risk identified through UK CP18 projections. We have modelled an increased risk production disruption in the long term period between 2040 and 2050.</p> <p>Impact from scenario analysis</p> <ul style="list-style-type: none"> • Increased prices of carbon credits or reduction in free allowances: Our scenario assumes carbon-free allowances reduce by 50% from today's level by 2030 and are fully removed from 2030 with additional increases of costs in line with climate pathways outlined by the Bank of England early action pathway. <p>In the medium to long term, transitional risks also present a risk to financial performance. The highest impact risks are:</p> <ul style="list-style-type: none"> • Transition to new building technologies and approaches to redefining the type and nature of materials required and also new or changing legislation and regulation directly or indirectly impacting our business These combined scenarios assumes a 30% decrease in sales volume from 2024 to 2030 for the Clay and Concrete Division, with a further 10% declines to 2050. Increased severity of precipitation patterns and extreme variability in weather. Our scenario assumes a one to two month lost production for red and amber surface and river flood risk factories. <p>Strategic response</p> <ul style="list-style-type: none"> • All factories have an emergency response plan. Our business continuity plan considers processes in light of business disruption that can be applied during a climate event. • Hot weather Personal Protective Equipment (PPE) is available to sites during the summer to improve working conditions in periods of extreme heat following successful pilot. • Implementing a feedback process for improvements and mitigation actions following climate impacts. For example, after a factory flooded in 2023 we proactively went out to factories at the end of summer 2024 to promote drainage clearance and maintenance through autumn to help prevent flooding.
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3. Risk Management

1. Identifying and assessing climate risks and opportunities

Climate change is a principal risk to Ibstock and is integrated into the enterprise risk management processes. Climate change is therefore assessed and managed in line with Ibstock's risk management framework, as detailed under the governance pillar and on page 28 to 32.

However, we recognise that climate change risks and opportunities are complex and can crystallise over a longer time period than typically considered in our enterprise risk management processes. Therefore, we have a specialist climate related risk assessment process which provides the framework for identifying material climate-related risks and opportunities, ensuring that climate-risk considerations are reviewed appropriately, and the outputs and considerations are fed into the broader risk management processes of the Group. This involves a working group of subject matter experts, advisers, and representatives from around the business.

The process to identify and assess climate-related risks includes:

1. A long list of climate-related risks and opportunities and consideration of horizon-scanning reports for legislation and policy risk across all revenue streams.
2. Climate-resilience assessments at each factory to support physical climate risk assessment.
3. Impact on stakeholders, including investors and employees, is considered.
4. Expected financial impact and areas of value chain impacted by the risk is documented.
5. Impact from scenario analysis, or qualitative review of potential impact where data is not available (e.g. reputational risks).

The climate-related risks and opportunities are assessed for impact and likelihood and shown on heat maps after considering mitigations. The principal risks are shown on page 28 to 32.

Following the completion of the risk management review, each risk is considered relative to its residual rating having taken into account all existing controls.

2. Managing climate-related risks

The climate change risks are graded as low, medium and high risk. Principal risks have at least one ET member assigned as the risk owner. The working groups on page 185 also have responsibilities to manage climate risk.

With recognition of the nature of our industry, Ibstock has set a low to medium risk tolerance and has a robust process to identify any changes to the risk landscape, agreeing proportionate further mitigating actions where appropriate. As documented on page 28, Ibstock has a three lines of defence structure to the internal controls. This extends to climate change risk. The first line of defence is operated by management and covers the day-to-day risk management activities of implementing and executing internal controls. This extends to a risk register for factories, including carbon reduction and resilience to climate change risk.

The second line (health and safety, quality control and other central functions) works alongside the risk owners to support the design and implementation of the controls framework, whilst the independent third line is operated by our outsourced Internal Audit provider, RSM UK Risk Assurance Services LLP (RSM).

3. Integration into risk management processes

As noted above, the climate change risks are integrated into the enterprise risk management processes, with climate change being a principal risk. In addition, a climate risk assessment takes place to ensure all climate risks and opportunities are captured through the process. Climate change is considered as part of the operational risk registers at the half and full year. The results are reviewed and mapped to the principal risk register. The ET reviews the risk register ahead of review by the Audit Committee and the Board.

Ibstock applies the same risk thresholds and risk appetite for climate change-related risks.

4. Metrics and targets

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The table below shows the metrics used to monitor climate risks and opportunities. The metrics cover both transition and physical risks, as illustrated through the aligned risks. We recognise that our carbon reduction journey may not always be linear and that investments may take some time and effort to fully embed within our manufacturing processes. We consider ourselves to be on track to deliver our Sustainability targets.

In determining the metrics, Ibstock has considered the all sector- and industry-specific guidance. As a business that uses a large amount of energy, carbon reduction is a key metric and KPI of the business.

Sustainability Governance and Reporting *continued*

Category	Metric and target	Linked climate risk or opportunity	Explanation of movement
GHG emissions	40% reduction in Scope 1 and 2 carbon by 2030 based on 2019 benchmark. Net zero carbon emissions by 2040 (Scope 1 and 2). Less than 10% of the target reduction is delivered through offsetting with carbon credits.	Increased prices of carbon credits or reductions in the number of 'free' allowances.	Scope 1 and 2 carbon emissions reduced by 49% during 2024 versus the 2019 baseline. This was driven by the reduction of carbon used during our production processes as well as decreased production volumes during 2024.
GHG emissions	Carbon intensity – Intensity (tCO ₂ e) per tonne of production (Scope 1 and 2)	Increased prices of carbon credits or reductions in the number of 'free' allowances.	The carbon intensity metric for 2024 was 0.148 tonnes of carbon per tonne of production, a year on year improvement but below targeted level due to the estate running at a lower efficiency as the market remains slow. We expect continued incremental improvements in carbon reduction during 2025 and for the full impact of energy and carbon investments to benefit factories when they return to optimal capacity.
GHG emissions	Scope 3 carbon emissions net zero before 2050.	Increased prices of carbon credits or reductions in the number of 'free' allowances.	Scope 3 has been calculated using spend-based emission factors. This was carried out in-house in 2024 to improve understanding and ownership of data to drive action.
Physical climate risks ¹	Number of sites vulnerable to physical risks	Changes in precipitation patterns and extreme variability in weather patterns.	Greater granularity in our scenario analysis on physical risk showed that none of our sites are at physical risk in the short to medium term in the below 2 degrees scenario.
Climate-related opportunities	Proportion of revenue, assets or other business activities aligned with climate-related opportunities. 20% of revenue from new and sustainable products by 2030.	Production of more sustainable products.	During 2024, 22% of revenue came from new and sustainable products. This increase comes from changes in concrete production lowering the Scope 3 carbon in significant product ranges.
Capital deployment	Amount of capital expenditure and investment deployed towards climate-related risks and opportunities.	Production of more sustainable products. Changes in precipitation patterns and extreme variability in weather patterns.	Investment in climate resilience. Expenditure is in investment in R&D for low carbon products and services This has not been quantified in 2024. We will explore this further in 2025.
Internal carbon price	Price of each tonne of GHG emission used internally	Increased prices of carbon credits or reductions in the number of 'free' allowances.	The internal carbon price is aligned to UK ETS price as brick sites are part of the UK ETS scheme. During 2024, we used the internal carbon price of £64.90.
Water usage	25% reduction in mains water usage by 2030 based on 2019 benchmark.	Supports the success of the carbon reduction targets and reduces water stress in periods of drought.	Mains water use per tonne of product increased during 2024 compared to the 2019 baseline. However total mains water consumption is down 33% compared to 2019.
Waste management	Zero waste to landfill by 2025.	Supports the success of our carbon reduction targets circularity principles.	Waste to landfill decreased in 2024 due to on site segregation of waste and closer working with waste management providers to prioritise materials recycling.
Remuneration	20% of the current Long Term Incentive Plan is assessed on ESG factors: <ul style="list-style-type: none"> • Carbon emission reduction • % female leadership • % sales from new and sustainable products 	Drives the leadership behaviours to support the success of the Carbon Transition Plan including development of lower carbon products to meet customer demand.	The outcomes of the 2022 LTIP scheme are described on page 105.

¹ Following a review of Ibstock's transitional risks, we have concluded that a metric and target around site level transitional risk is inappropriate as these risks will be managed, mitigated and governed at a Group level.

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

We have verification of over 90% of our Scope 1 and 2 emissions by Lucideon CICS. Lucideon CICS are accredited to ISO 14065 by the United Kingdom Accreditation Service (UKAS) to provide independent third-party verification and verify of our emissions as part of compliance with UK ETS to ISO 14064-3. The Scope 1 and 2 emissions are included in the SECR disclosure on page 179.

Scope 3 emissions are on page 179.

The related risks around achieving carbon reduction for the scope of emission:

Scope 1	Scope 2	Scope 3
Failure to transition away from natural gas in manufacturing processes.	Failure to reduce energy consumption leading to increased energy costs.	Aligns to longer-term climate reduction targets.
Ibstock are investing in trialling syngas and hydrogen.	Please see page 52 for the carbon transition plan.	
Please see page 52 for the carbon transition plan.		

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

The Sustainability team prepares an ESG data dashboard including the following metrics:

- Carbon emissions
- Water usage
- New product development

This is reviewed by the ET and the Committee four times a year. The Sustainability team provides an overview of progress towards the targets, including any challenges or risks.

The carbon reduction target is also considered by the Net Zero Working Group. The carbon targets were recommended by the ET and approved by the Sustainability Committee as part of the ESG 2030 Strategy that was set in 2022. The targets were aspirational and leading within our sector. Our Carbon Transition Plan provides an analysis to demonstrate the 2030 target remains achievable.

Please see page 52 for the carbon transition plan summary.

Performance against our 2024 Priorities

A summary of our performance relative to our climate change priorities for the 2024 financial year have been set out below:

- Complete a gap analysis in preparation for adopting IFRS ISSB S1 and S2
 - We are instructing a third party to support us in this analysis to ensure we are able to adopt the new standards
- Consider the integration of nature-related risks and opportunities within climate risk assessments
 - We began an early review of TNFD in 2024 and will continue to review
- Apply the internal carbon price in financial and business processes, starting with new product development and capital expenditure
 - The internal carbon price is integrated into product development and capital expenditure as well as the carbon transition model
- Develop our approach to supply chain resilience further
 - A set of supplier commitments has been updated and redrafted for publication in 2025
- Develop our approach to understand the impact of climate change on the quarries
 - Quarries were a key part of the 5 year site action plan review process and they are considered within the site scenario analysis.
- Develop a circular economy approach integrated into new product development
 - Research into replacement of high carbon additives to the clay process was completed in 2024 with commercial trials of an alternative waste stream underway to support circularity
- Develop and prioritise carbon transition plans at site level
 - 5 year site action plans and the carbon transition planning process provide the basis for site level plans – this will mature in 2025

Priorities for 2025

We believe that we have complied with the requirements of TCFD and are starting to adopt climate change into business decision-making. We recognise that there are always improvements to make. Therefore, the 2025 priorities include:

- Develop our carbon reduction planning to create a Net Zero Plan aligned with the Transition Plan Taskforce and consider validating that our carbon reduction targets are aligned to climate science.
- Explore further the financial impact of climate related opportunities and link the opportunities to metrics to clarify how they are measured
- Continue to map our nature related risks and opportunities over 2025/26 to align with TNFD framework

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Analysis of shareholders – 31 December 2024

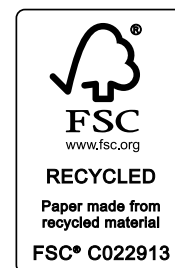
2024	Number of holdings	%	Balance as at 31 December 2024	%
1–1,000	634	49.42	243,755	0.06
1,001–5,000	224	17.46	603,229	0.15
5,001–10,000	90	7.01	644,410	0.16
10,001–50,000	127	16.21	2,875,094	0.70
50,001–Highest	208	16.21	405,265,106	98.93
Total	1283	100	409,631,594	100

Holder type	Number of holdings	%	Balance as at 31 December 2024	%
Individuals	899	70.07	1,872,073	0.46
Nominee and institutional investors	384	29.93	407,759,073	99.54
Total	1283	100	409,631,594	100

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