

Strong H1 performance, full year expectations increased

Six months ended 30 June 2025

	Adjusted ¹			Statutory		
	2025 £m	2024 £m	Change (%)	2025 £m	2024 £m	Change (%)
Revenue	195.1	162.1	20.4%	195.1	162.1	20.4%
EBITDA ²	29.9	24.3	23.0%	23.2	28.0	(17.1)%
EBITDA margin ²	15.3%	15.0%	30 bps	11.9%	17.3%	(540 bps)
Operating profit (EBIT)	20.0	14.0	42.9%	13.3	17.7	(24.9)%
Profit before tax (PBT)	16.6	9.1	82.4%	9.9	12.8	(22.7)%
Earnings per share (pence)	5.8	3.2	81.3%	3.4	4.3	(20.9)%
Operating cash flow	30.0	13.3	125.6%	31.0	4.9	532.7%
Net debt before leases ²				(69.4)	(101.2)	(31.4)%
Interim dividend (pence)				1.9	1.0	90.0%

¹Adjusted results for the Group have been presented before exceptional items and adjusting items (2025: net expense of £6.7m, 2024: net income of £3.7m) relative to statutory profit as explained in Alternative Performance Measures (APM) within note 4. Presenting these measures allows a consistent comparison with prior periods.

²EBITDA, adjusted EBITDA and net debt before leases are APMs, as explained in note 4. They are presented above under the statutory heading, being calculated with reference to statutory results without adjustment.

TRADING AND RESULTS

- Revenue of £195.1m increased 20.4% relative to the prior period (2024: £162.1m) driven by strong volume growth and modest selling price progression
- UK brick industry despatches to the end of May 2025 increased by 14% relative to the prior year
- Recovering demand primarily driven by housebuilding while RM&I demand remains subdued
- Forterra's weighting toward housing has driven outperformance relative to the wider brick market, although market share remains below 2022 levels
- Strong improvement in adjusted EBITDA which is up 23.0% with adjusted PBT up 82.4% vs prior year
- Strong operating cash flow performance delivered better than expected debt reduction, with net debt before leases of £69.4m (2024 year end: £84.9m) equating to 1.4 x adjusted EBITDA on a last 12 months (LTM) banking covenant basis

STRATEGY AND CAPITAL ALLOCATION

- Strategic margin and cash flow accretive proposals to exit the non-core Formpave and Bison Bespoke businesses announced with necessary consultation processes underway. Bison flooring unaffected
- Good progress with the commissioning of the new Wilnecote brick factory with the kiln now lit. Improving market demand enables Desford production uplift in H2
- Commissioning of the brick slip production line at Accrington progressing well with focus now on product development with the initial range of 14 slips expected to be launched to market in H2
- £170m revolving credit facility successfully extended to June 2028 on existing terms
- Interim dividend of 1.9 pence per share (2024: 1.0 pence) reflecting improved trading environment and strong reduction in net debt

OUTLOOK

- The Board is encouraged by the Group's H1 performance, with demand for most products ahead of both the prior year and the Board's previous expectations
- With H2 adjusted EBITDA expected to be modestly ahead of the H1 figure of £29.9m, we now expect the Group's 2025 adjusted EBITDA to be ahead of our previous expectations. This is expected to translate to adjusted PBT being significantly ahead of previous expectations due to broadly fixed depreciation and amortisation and reducing finance expense

- While we currently expect the present demand pattern to continue in the coming months, we remain cautious as to the fragility of the UK economy, and the impact it may have on the new housing market
- Looking beyond the current financial year, the Board remains confident that our recent investments in new production capacity leave the Group well placed to benefit from recovery in our key markets

Neil Ash, Chief Executive Officer, commented:

"We saw a strong uplift in results in the period, supported by improved demand from the volume housebuilding sector, with despatches significantly ahead of the prior year. This result, coupled with our expectations for the second half, gives us confidence to modestly increase our adjusted EBITDA expectations for the full year.

"We continue to execute our strategy with good progress being made at Wilnecote, with the kiln now lit; at Accrington, with our initial range of brick slips expected to be launched shortly; and at Desford, with both kilns to operate simultaneously for the first time in H2. We are also currently consulting on our strategic proposals to exit our non-core businesses of Formpave and Bison Bespoke, both of which will be margin and cash flow accretive.

"Looking beyond the current financial year, the Board remains confident that its recent investments in new production capacity leave the Group well placed to benefit from the continuing recovery of our key markets."

ENQUIRIES

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A presentation for analysts will be held today, 29 July 2025, at 9.45am. A live video webcast of the presentation will be available on the Investors section of our website (<https://forterraplco.uk/>).

ABOUT FORTERRA PLC

Forterra is a leading UK manufacturer of essential clay and concrete building products, with a unique combination of strong market positions in clay bricks, concrete blocks and precast concrete flooring. Our heritage dates back many decades and the durability, longevity and inherent sustainability of our products is evident in the construction of buildings that last for generations; wherever you are in Britain, you won't be far from a building with a Forterra product within its fabric.

Our clay brick business combines our extensive secure mineral reserves with modern and efficient high-volume manufacturing processes to produce large quantities of extruded and soft mud bricks, primarily for the new build housing market. We are also the sole manufacturer of the iconic Fletton brick, sold under the London Brick brand, used in the original construction of nearly a quarter of England's housing stock and today used extensively by homeowners carrying out extension or improvement work. Within our concrete blocks business, we are one of the leading producers of aircrete and aggregate blocks, the former being sold under one of the sector's principal brands of Thermalite. Our precast concrete products are sold under the established Bison Precast brand, and are utilised in a wide spectrum of applications, from new build housing to commercial and infrastructure.

RESULTS FOR THE PERIOD

The Group delivered a strong performance in the first half of 2025 (the 'period') supported by improving demand from the volume housebuilding sector driving the delivery of an H1 result which is ahead of the Board's previous expectations.

Revenue in the period of £195.1m represents an increase of 20.4% on the prior period (2024: £162.1m). This increase reflects the improved market conditions with despatches of most of our products well ahead of the prior year comparatives which were partly impacted by poor weather. Adjusted EBITDA for the period was £29.9m, (2024: £24.3m) an increase of 23.0%. Group adjusted EBITDA margin of 15.3% compares to 15.0% in 2024. Finance expenses reduced to £3.4m (2024: £4.9m) leading to adjusted PBT of £16.6m, an increase of 82.4% on the prior period comparative (2024: £9.1m).

The adjusted effective rate of corporation in the period was 26.1% (2024: 26.6%) which is in line with our expectations and closely aligned to the 25% headline rate of corporation tax. Adjusted profit before tax of £16.6m compares with a 2024 profit of £9.1m, an increase of 82.4%. Statutory profit before tax of £9.9m compares with a 2024 profit of £12.8m.

OUR MARKETS

After two challenging years, H1 2025 saw improved trading conditions driven by strong demand from the housebuilding sector, although repair, maintenance and improvement (RM&I) demand remains subdued. Department for Business and Trade figures show that domestic brick despatches increased 14% relative to the prior year in the five months to May 2025, yet still remain 27% below 2022 levels.

With the improving demand environment largely driven by volume housebuilding, we have benefited from our structural exposure to this segment of the market reversing a trend seen through 2023 and 2024 when we mechanically suffered a loss of market share due to our greater exposure to this sector. Whilst our brick market share has recovered, it remains below 2022 levels, in part a result of our disciplined approach to pricing. With cost effectiveness of particular importance to the house building sector, demand for our most cost effective extruded brick range has outstripped demand for both soft mud bricks along with our RM&I focused London Brick. With extruded, or wire cut bricks representing around two thirds of our production capacity and Government support for increased housebuilding focusing on the affordable end of the market, we are well positioned to meet future demand.

Having commenced the year with significant brick inventories, our ability to supply bricks was not constrained during the period, although strong demand for other products including aircrete blocks and precast concrete floor beams has depleted our inventories, with despatches temporarily constrained by production whilst we increased output in these areas.

In the previous two years we have been unable to successfully implement our desired price increases. Improving market conditions have now enabled the delivery of modest price increases necessary to broadly offset cost inflation. Pricing in the brick market remains competitive and we have retained our disciplined approach in this regard. We have experienced a mix effect in our pricing from selling a greater proportion of cheaper extruded bricks. Beyond brick, the pricing environment has varied somewhat, with price increases higher in some products than others. For example, the market for aircrete blocks has experienced tight supply and demand dynamics, allowing for the implementation of higher price increases.

We continue to take encouragement from the Government's commitment to materially increase housebuilding and the likelihood that over time this will increase demand for our products. With the addition of our new Desford brick factory, along with the recommissioning of the Wilnecote factory, our brick manufacturing capacity will soon be 15% higher than it was during 2022, with this increase being the largest in the market. Both the wider UK brick industry and our own business were capacity constrained in the last cycle with the country importing approximately 570m bricks in 2022 when only 208,000 new home completions were registered. With the largest investment in new capacity we would expect our domestic market share to rise above 2022 levels as the industry becomes saturated again.

SUSTAINABILITY

We are continuing to drive forward our sustainability agenda making further progress on a number of fronts. Each of our organic investments provides a meaningful sustainability benefit with the Desford and Wilnecote brick factories both reducing carbon emissions by approximately 25% per brick relative to their predecessor factories. Our innovative brick slip production facility at Accrington offers real sustainability benefits in manufacturing brick slips with around a 75% reduction in energy consumption, raw material usage and embodied carbon relative to traditional bricks.

The opportunities associated with decarbonising cement and concrete production remain a key focus. We have entered into a partnership to transform already calcined brick production waste from our unique London Brick manufacturing process into a cement substitute which we are already using in our own concrete products. In the second half we expect our usage of this material to increase with our partner making this unique product commercially available to other users. As custodian of over 90m tonnes of clay reserves, the opportunities to utilise our surplus clay reserves to create calcined clay which can be used as a lower carbon cement substitute are of great interest to us and we continue to explore this opportunity through engagement with a number of potential partners.

In addition we continue to engage with a host of potential partners in our quest to decarbonise our brick business. These discussions centre upon alternative fuels in the form of hydrogen and also carbon capture and storage technologies, both of which will be vital in reaching our net zero ambitions. Alongside this, we continue to focus on our initiatives to reduce the levels of plastic packaging within our business.

STRATEGY AND CAPITAL ALLOCATION

Our strategy which is designed to deliver long-term earnings and cash flow growth is summarised as follows:

- Strengthen the core: Investing in new capacity to deliver growth in sales volumes along with enhanced efficiency
- Beyond the core: Expanding our product range beyond our traditional focus of mainstream residential construction focusing on new and evolving solutions such as brick slips
- Sustainability: Making our business more sustainable in everything we do
- Safety and engagement: Safety remains our number one priority and through prioritising employee engagement we will maximise the potential of our workforce

This, along with our capital allocation policy, which is centred on providing compelling returns for our shareholders, leaves the Group well placed to deliver long-term shareholder value.

The Group's capital allocation priorities are summarised as follows:

- Strategic organic capital investment to deliver attractive returns
- Attractive ordinary dividend policy
- Bolt-on acquisitions as suitable opportunities arise in adjacent or complementary markets
- Supplementary shareholder returns as appropriate

Whilst regrettable for our affected colleagues, the proposals to exit the two unprofitable non-core businesses, Formpave and Bison Bespoke precast are fully aligned with the Group's strategy and capital allocation priorities and will be both margin and cash flow accretive whilst facilitating greater management focus on the core business and the exciting growth opportunities offered by the 'Beyond the Core' arm of our strategy.

Continued strategic progress has been made during the period, with the Wilnecote brick factory now commissioning and the kiln now lit. The Wilnecote factory is designed to make a range of bricks aimed at the attractive commercial and specification market and will provide some diversification away from the cyclical new build housing market and the currently depressed RM&I market. The factory will also allow us to manufacture the famous Staffordshire blue bricks at a scale and efficiency not previously accessible to us. We expect to steadily ramp up production, initially recreating the old product range and then expanding the product range to provide a diverse range of bricks in a variety of colours and sizes.

We have also made good progress with the commissioning of our brick slip production line at Accrington with the primary focus being on perfecting the manufacturing process as well as range design, where we expect to launch our initial range of 14 slips later this year. We have also made good progress with our new mechanically fixed slip system, 'Omnia', with the necessary product certifications due imminently.

In light of the improved financial performance with reducing debt and leverage, the Board has declared an interim dividend of 1.9 pence per share (2024: 1.0 pence).

OUTLOOK

The Board is encouraged by the Group's H1 performance, with demand for most products ahead of both the prior year and the Board's previous expectations. With H2 adjusted EBITDA expected to be modestly ahead of the H1 figure of £29.9m we now expect the Group's 2025 adjusted EBITDA to be ahead of our previous expectations. This is expected to translate to adjusted PBT being significantly ahead of previous expectations due to broadly fixed depreciation and amortisation and reducing finance expense. With a further reduction of both net debt and leverage in H2, year end leverage is expected to be a little above one times adjusted EBITDA.

While we currently expect the present demand pattern to continue in the coming months, we remain cautious as to the fragility of the UK economy and the impact it may have on the new housing market. Looking beyond the current financial year, the Board remains confident that our recent investments in new production capacity leave the Group well placed to benefit from recovery in our key markets.

BRICKS AND BLOCKS

	Adjusted		Statutory	
	2025	2024	2025	2024
	£m	£m	£m	£m
Revenue¹	154.2	130.2	154.2	130.2
EBITDA² before overhead allocations	39.6	31.8	34.2	38.2
Overhead allocations³	(12.1)	(9.1)	(12.1)	(9.1)
EBITDA² after overhead allocations	27.5	22.7	22.1	29.1
EBITDA² margin before overhead allocations	25.7%	24.4%	22.2%	29.3%
EBITDA² margin after overhead allocations	17.8%	17.4%	14.3%	22.4%

¹Revenue is stated before inter-segment eliminations.

²Both EBITDA and adjusted EBITDA are APMs, as explained within note 4. EBITDA is presented above under the statutory heading, being calculated with reference to statutory results without adjustment.

³Overhead allocations are costs centrally incurred on behalf of both segments, including general administrative expenses.

Bricks and Blocks revenues in the period increased by 18.4% with this driven primarily by increased brick sales volumes. Aircrete blocks also saw strong volume growth although to some extent this was constrained by availability of inventory as we ramped up production through Q2. Despatches of aggregate blocks also increased but at more modest rates.

As outlined above, despite continued competitive market conditions, we have implemented necessary price increases across the product range to broadly offset cost inflation. Price increases have to some extent varied by product with aircrete block, where supply and demand dynamics are favourable, seeing the greatest level of increase. Comparisons of pricing with the prior period will be influenced by the slight price erosion that continued through 2024. As explained previously, brick prices increased by a cumulative c.50% in 2022 and then fell back slightly through 2023 and 2024.

Brick pricing in the period was also subject to a customer and product mix effect with increased demand for cheaper extruded bricks driven by our large housebuilding customers, with demand from the Repair, Maintenance and Improvement sector, which includes our London Brick range, remaining subdued.

Segmental adjusted EBITDA in the period of £27.5m compares to £22.7m in 2024 with the 2025 H1 EBITDA margin of 17.8%, as stated after overhead allocations, ahead of the H1 2024 equivalent of 17.4% as the early benefits of greater operating efficiency begin to be seen with modest price increases offsetting cost inflation.

Our cost base remains consistent with our previous expectations with underlying low single digit cost inflation coupled with the increase in Employers National Insurance contributions. Energy prices remain stable with the Group accessing the full financial benefits of the 15 year solar power purchase agreement from 1 April 2025. We have taken advantage of this stability in securing good coverage of our gas requirements for the next three years and we have also recently extended our contractual arrangements, providing us the optionality to secure our gas requirements out to 2030 as market opportunities allow.

Given the improving demand seen during the period, we have increased production output where appropriate with production of aircrete blocks increased in two steps, such that both of our aircrete block factories are now operating to capacity. We will increase brick production in the second half by increasing output at our Desford factory where we will run both kilns simultaneously for the first time.

In line with our expectations, whilst our H1 results show the early benefits of our operating leverage, our cost base includes a degree of inefficiency in ramping up production, including the training of new members of staff. In addition to this, we will have some additional cost in 2025 as we postponed some non time-critical spend in 2023 and 2024. With current demand varying by market sector and product type, until demand improves across all products, including our RM&I focused London Brick range, there will continue to be constraints on our ability to benefit fully from our operating leverage.

H2 2025 will also see the resumption of production at our Wilnecote brick factory following its redevelopment into a highly flexible factory capable of producing a diverse range of bricks aimed at the attractive commercial and specification market. Commissioning is underway with the kiln now lit, and the first bricks are expected to be manufactured in the coming month.

BESPOKE PRODUCTS

	Adjusted		Statutory	
	2025	2024	2025	2024
	£m	£m	£m	£m
Revenue¹	42.2	33.7	42.2	33.7
EBITDA² before overhead allocations	5.4	3.9	4.1	3.8
Overhead allocations³	(3.0)	(2.3)	(3.0)	(2.3)
EBITDA² after overhead allocations	2.4	1.6	1.1	1.5
EBITDA² margin before overhead allocations	12.8%	11.6%	9.7%	11.3%
EBITDA² margin after overhead allocations	5.7%	4.7%	2.6%	4.5%

¹Revenue is stated before inter-segment eliminations.

²Both EBITDA and adjusted EBITDA are APMs, as explained within note 4. EBITDA is presented above under the statutory heading, being calculated with reference to statutory results without adjustment.

³Overhead allocations are costs centrally incurred on behalf of both segments, including general administrative expenses.

Our Bespoke Products segment currently comprises two businesses which have seen contrasting fortunes in the period. The largest component of this segment is our precast concrete flooring business with demand for its products driven almost exclusively by housebuilding, which has seen the same trend of encouraging demand recovery as seen in Bricks and Blocks. The smaller Bespoke Precast concrete business has struggled to make a profit in the period despite a 17.6% increase in revenue, with our proposal to exit this business outlined within this statement.

Segmental revenues in the period totalled £42.2m, an increase of £8.5m or 25.2% relative to 2024. The increase in demand for floor beams is reassuring, with these often purchased by groundworkers on behalf of the major housebuilders, and unlike bricks there is no history of stockpiling this product, suggesting that the improved brick demand we have experienced is supported by underlying building activity rather than restocking.

Modest selling price increases were implemented during the period on a customer-by-customer basis. The cost base within this segment has remained broadly stable driven by variations in the cost of key inputs. Segmental adjusted EBITDA, after allocated group overheads, totalled £2.4m (2024: £1.6m). EBITDA margin prior to allocation of group overheads was 12.8% compared to 11.6% in 2024. We have disclosed previously that the method of allocation of overheads places an additional burden on this segment beyond that which would be required if it was a stand-alone business.

Our proposal to exit the Bespoke Precast business within this segment does not impact the Bison flooring business and will have a negligible impact on segment profitability given its break even at best performance, however it will improve segmental EBITDA margins going forward.

ALTERNATIVE PERFORMANCE MEASURES

In order to provide the most transparent understanding of the Group's performance, the Group uses alternative performance measures (APMs) which are not defined or specified under IFRS and may not be comparable with similarly titled measures used by other companies. The Group believes that its APMs provide additional helpful information on how the trading performance of the business is reported externally and assessed internally by management and the Board.

Adjusted results for the Group have been presented before: i) exceptional items and ii) adjusting items.

	2025	2024
	£m	£m
Adjusted profit before tax	16.6	9.1
<u>Exceptional costs</u>		
Restructuring costs	(0.5)	(0.2)
Impairment of inventories	(0.4)	–
Impairment of right-of-use assets	(0.8)	–
Impairment of plant and equipment	(2.3)	–
Aborted corporate transaction	–	(2.6)
<u>Adjusting items</u>		
Realised gain/(loss) on the sale of surplus energy	0.6	(2.1)
Fair value movement on energy derivatives	(4.8)	6.9
Accounting for carbon credits	1.5	1.7
Statutory profit before tax	9.9	12.8

EXCEPTIONAL ITEMS

Following the announcement and commencement of consultations on our strategic proposals to exit both our non-core Formpave block paving and the Bison Bespoke precast businesses, exceptional items in the period total £4.0m (2024: £2.8m) with the charge comprising £2.7m in respect of Formpave and £1.3m in respect of Bison Bespoke.

Formpave manufactures and sells concrete block paving, with 2024 full year revenue of £5.9m, and is a small non-core part of the Group's bricks and blocks segment, contributing under 2% of group revenue. The business broke even in 2024 and is expected to be loss making in the current year. The factory now requires a significant level of capital investment to remain operational, hence our proposed exit.

Bison Bespoke precast which forms part of the Bespoke Products segment, generated revenue of £9.7m in 2024, accounting for under 3% of group revenues and 13.6% of Bespoke Products segmental revenue. This business has failed to exceed break even performance for a number of years and several attempts to improve upon this performance have not been successful. The freehold factory site is owned by the Group and holds significant land value, with options for disposal or subsequent use elsewhere within the Group presently under consideration. The Bison flooring business remains an important core operation and is unaffected by this proposal.

Exceptional costs comprise a non-cash impairment of tangible fixed assets, right-of-use assets and inventories totalling £3.5m, along with the recognition of a £0.5m provision for restructuring costs. In time we anticipate that we will be able to mitigate these costs. In addition, we expect to incur termination costs totalling £1.7m in the second half of the year, although as those impacted by these proposals had not been informed at the balance sheet date, this cost has not been provided in these interim financial statements and will be reported as an exceptional cost in H2.

The proposals to exit both non-core businesses are aligned to our long term strategy, demonstrating disciplined capital management, with each proposal being both cash flow and margin accretive, avoiding significant capex and releasing a valuable land asset, whilst at the same time enabling greater management focus on delivering our strategy of strengthening the core and seeking growth through expansion beyond the core.

ADJUSTING ITEMS

Realised and unrealised movements in forward energy purchases

In addition to exceptional items we have also identified further adjusting items, the separate disclosure of which presents our results in a manner that allows users of our financial statements to understand the underlying trading performance of the business, applying consistent treatments as used by management to monitor the performance of the Group.

As in the previous year, the Group recognises adjusting items in respect of both realised and open energy positions where due to the significant temporary fall in demand for our products seen in 2023 and the resulting cuts in production, committed energy purchased by the Group has or is expected to exceed consumption. Where forward energy contracts are expected to be utilised in full, we apply the own use exception within IFRS 9 Financial Instruments and these are not marked to market. However, where we have energy in excess of our anticipated needs secured under forward contracts, these contracts do not meet the own use exemption and as such are treated as derivatives and marked to market, resulting in gains and losses as market prices fluctuate.

In order to allow users of the accounts to understand this more operationally aligned method of reporting, any impact on the profit and loss as a result of this marked to market treatment, along with profits and losses on the sale of surplus energy, are shown as adjusting items. This is in line with internal reporting for the Group.

In the period, the Group realised a £0.6m gain in respect of surplus energy sold back to the market, which has been removed from the adjusted results. Alongside this, in presenting the adjusted results, the Group has removed the marked to market revaluation impact of energy derivatives in the period, with the adjusted results reflecting the cost of energy consumed at the forward purchased rate. This has resulted in a £4.8m benefit in the adjusted versus statutory results.

Accounting for carbon credits

The statutory results consider carbon credits as being utilised on a first in, first out basis. Under this method, the Group's free allocation of carbon credits is utilised before recognising any liability to purchase further credits, which has the effect of weighting the cost of compliance into the second half of the year rather than spreading the cost more evenly across the full year in line with production.

The Group's free allocation of carbon credits is based on expected emissions over the full compliance period, which is aligned to the Group's financial year. As such, we believe a more operationally aligned method for measurement, consistent with our management reporting, is to recognise the cost of carbon compliance over the full financial year using a weighted average basis, aligned proportionately with the production that drives our carbon emissions. Accordingly, this has been presented within the adjusted results for the period.

We believe this approach provides users of the interim accounts with a more representative presentation of underlying trading performance in the first half of the year. As at 30 June 2025, the impact of this is to decrease adjusted profit before tax by £1.5m (2024: £1.7m) relative to the statutory measure. This only affects the interim results and has no impact on the full year results.

EARNINGS PER SHARE AND DIVIDEND

Adjusted earnings per share (EPS) in the period of 5.8 pence represents an increase of 81.3% relative to the 2024 equivalent EPS of 3.2 pence. EPS is calculated based on the average number of shares in issue during the period, adjusted for the shares held by the Employee Benefit Trust.

In light of the improved financial performance and reducing debt and leverage, the Board has declared an interim dividend of 1.9 pence per share (2024: 1.0 pence). Based upon its expectations of full year 2025 earnings, the Board has declared the interim dividend with the expectation of the total 2025 distribution being split approximately 1/3 interim, 2/3 final. The interim dividend will be paid on 10 October 2025 to shareholders on the register at 19 September 2025.

CASH FLOW AND WORKING CAPITAL

	2025 £m	2024 £m
Adjusted EBITDA	29.9	24.3
Settlement of carbon credits	2.6	6.0
Other cash flow items	(1.4)	(7.4)
<i>Changes in working capital</i>		
– Inventories	5.5	(1.3)
– Trade and other receivables	(21.5)	(20.2)
– Trade and other payables	14.9	11.9
Adjusted operating cash flow	30.0	13.3
Receipts/(payments) made in respect of adjusting items	1.0	(8.4)
Operating cash flow after adjusting items	31.0	4.9
Interest paid	(4.8)	(5.2)
Tax (paid)/credit	(0.6)	0.4
<i>Capital expenditure</i>		
– Maintenance	(2.3)	(1.4)
– Strategic	(5.0)	(8.1)
Proceeds from sale of shares by Employee Benefit Trust	–	5.1
Repayment of lease liabilities	(2.9)	(3.2)
Other movements	0.1	(0.5)
Decrease/(increase) in net debt before leases	15.5	(8.0)

Adjusted operating cash flow in the first half of the year was an encouraging inflow of £30.0m (2024: 13.3m) driven by a strong EBITDA performance. This result again highlights the cash generating capabilities of the Group with disciplined working capital management and a strong trading performance counteracting the normal seasonal trend of an H1 increase in working capital. At 30 June 2025 finished goods inventories totalled £61.5m, compared to £66.6m at the end of 2024, as a result of demand driven destocking.

Capital expenditure in the period totalled £7.3m, with £5.0m of this relating to our three ongoing strategic projects and the remainder being business as usual maintenance capex. During the period we spent £3.1m on the redevelopment of our Wilnecote factory and £0.9m on the brick slip facility at our Accrington plant, with the balance being attributable to Desford. This expenditure takes the total spend on Desford to £94.9m, Wilnecote to £31.7m and Accrington to £12.1m. In addition, borrowing costs totalling £1.4m (2024: £0.9m), comprising £1.0m (2024: £0.8m) and £0.4m (2024: £0.1m), related to the Wilnecote and Accrington projects respectively, were capitalised in the period with this amount excluded from the spend above.

We expect further capital expenditure totalling approximately £9.5m in the second half of the year bringing the full year total to around £17m with normal maintenance expenditure being H2 weighted in part driven by the timing of summer maintenance shut downs.

Looking ahead, by the end of the year we expect our currently committed strategic capital spend to be complete aside from any outstanding retention and performance payments. We anticipate annual maintenance capital expenditure to be a maximum of £14m per annum although this is likely to vary significantly year on year, and in some years is likely to be significantly less than this sum. We continue to develop our pipeline of attractive organic strategic investment opportunities with market conditions and the Group's balance sheet being key factors in any future investment decisions.

BORROWINGS AND FACILITIES

Closing net debt (excluding lease liabilities) was £69.4m (31 December 2024: £84.9m) with a further reduction in borrowing notwithstanding normal seasonal trends which normally drive an upward movement in H1. Leverage, as calculated in line with our banking covenants, was 1.4 times EBITDA (31 December 2024: 1.9 times) with improving market conditions, reduced capital spend and continued inventory reduction driving this reduction.

The Group's credit facility comprises a committed revolving credit facility (RCF) of £170m which was successfully extended through the exercise of a 17 month extension option in the period now expiring in June 2028. At the period end a total of £85.0m was drawn on the facility (31 December 2024: £100.0m) leaving facility headroom of £85.0m.

Following the precautionary banking covenant relaxations agreed in early 2024, the Group's covenants have now returned to normal, being net debt/EBITDA (as measured before leases) of less than three times and interest cover of greater than four times, with these covenants measured twice annually. The business has traded within these covenants during the period and expects to continue to do so. In addition, the Group also benefits from an uncommitted overdraft facility of £10m.

Finance expense for the period totalled £3.4m (2024: £4.9m). Capitalised borrowing costs relating to the capital projects at Wilnecote and Accrington of £1.4m (2024: £0.9m) are excluded from this expense. The rate of interest payable on the Group's committed credit facility is determined by a margin grid that commences at SONIA plus 1.65% whilst leverage is under 0.5 times EBITDA, increasing to a margin of 2.5% should leverage exceed 2.5 times. During the first half, a margin over SONIA of 2.5% was payable falling to 2.25% on approval of the 2024 year end financial statements in March. With leverage under 1.5 times at 30 June 2025, the margin will reduce to 2.0% from the date of these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the business have been appended to this interim statement and includes an update to each of the principal risks recently presented in the 2024 Annual Report and Accounts.

GOING CONCERN

At the balance sheet date, the Group's cash balance stood at £15.0m, with £85.0m borrowed against £170.0m of committed bank facilities, leaving undrawn facilities of £85.0m. The Group also benefits from an uncommitted overdraft facility of £10.0m. The Group meets its working capital requirements through these cash reserves and borrowings, and closely manages working capital to ensure sufficient daily liquidity, preparing financial forecasts and stress tests to ensure sufficient liquidity over the medium-term. The Group has operated within its banking covenants throughout the period, with funding secured through an RCF facility extending until June 2028. The facility is subject to covenant restrictions of net debt/EBITDA (as measured before leases) of less than three times and interest cover of greater than four times.

The Group continues to update internal forecasts 18 months ahead, reflecting current economic conditions, incorporating management experience, future expectations and sensitivity analysis. As at 30 June 2025, management are confident that the Group will remain resilient under all reasonably likely scenarios and will continue to have headroom in both its banking covenants and existing bank facilities. We have modelled a plausible downside scenario which sensitises volumes, increases in cost base and captures potential operational inefficiencies. Within this scenario product line sales volumes for 2025 remain between 3% and 27% below 2022, falling to between 11% and 38% below 2022 levels in 2026. Under this scenario there remains significant headroom against our covenants and available liquidity. Furthermore we have modelled a breach scenario to assess the fall in EBITDA required to breach the covenants within the credit facility in the period to 31 December 2026. Our assessment of the Group's going concern position benefits from the recent improvements in trading, coupled with reduced net debt and leverage, with the £140m programme of capital investment almost complete and reduced levels of capex in 2025, with limited capital commitments thereafter. Taking the above into consideration, the reduction in adjusted EBITDA necessary to trigger a breach in the Group's banking covenants is such that, adjusted EBITDA would need to fall significantly below 2024 levels prior to mitigations. Given current trading and our present market outlook, the probability of such a scenario is considered highly remote. Even if such a scenario was to occur, we have identified mitigations including reduced capital expenditure, dividend reductions and operational cost savings which we would implement should they be required.

Taking account of all reasonably possible changes in trading performance and the current financial position of the Group, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 31 December 2026. The Group therefore adopts the going concern basis in preparing these Condensed Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM REPORT

We confirm to the best of our knowledge:

- the Condensed Consolidated Financial Statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the UK;
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the Condensed Consolidated Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being material related party transactions that have taken place in the first six months of the current financial year and any material changes in the related party transactions described in the annual report.

By order of the Board

Neil Ash
Chief Executive Officer

Ben Guyatt
Chief Financial Officer

28 July 2025

INDEPENDENT REVIEW REPORT TO FORTERRA PLC

CONCLUSION

We have been engaged by the Company to review the Condensed Consolidated Financial Statements in the interim report for the six months ended 30 June 2025 which comprises the Condensed Consolidated Statement of Total Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Changes in Cash Flows and related notes 1 – 18. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Consolidated Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Financial Statements in the interim report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BASIS FOR CONCLUSION

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The Condensed Consolidated Financial Statements included in this interim report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

CONCLUSION RELATING TO GOING CONCERN

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

RESPONSIBILITIES OF THE DIRECTORS

The Directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the interim report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT REVIEW REPORT TO FORTERRA PLC

AUDITOR'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL INFORMATION

In reviewing the interim report, we are responsible for expressing to the Company a conclusion on the Condensed Consolidated Financial Statements in the interim report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

USE OF OUR REPORT

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP

Luton

28 July 2025

CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

	Note	Six months ended 30 June		Year ended 31 December
		2025	2024	2024
		Unaudited	Unaudited	Audited
		£m	£m	£m
Revenue	6	195.1	162.1	344.3
Cost of sales		(133.8)	(106.1)	(241.3)
Gross profit		61.3	56.0	103.0
Distribution costs		(26.8)	(21.5)	(46.1)
Administrative expenses		(17.2)	(16.9)	(29.4)
Other operating (loss)/income		(4.0)	0.1	6.4
Operating profit		13.3	17.7	33.9
Finance expense	8	(3.4)	(4.9)	(9.1)
Profit before tax		9.9	12.8	24.8
Income tax expense	9	(2.7)	(3.8)	(7.3)
Profit for the financial period attributable to equity shareholders		7.2	9.0	17.5
Other comprehensive profit/(loss)				
Effective portion of changes of cash flow hedges (net of tax impact)		0.2	(0.2)	(0.1)
Total comprehensive income for the period attributable to equity shareholders		7.4	8.8	17.4
Earnings per share:				
		Pence	Pence	Pence
Basic (in pence)	10	3.4	4.3	8.3
Diluted (in pence)	10	3.4	4.3	8.3
Adjusted profit measures:				
		£m	£m	£m
Adjusted EBITDA		29.9	24.3	52.0
Exceptional items	7	(4.0)	(2.8)	(2.9)
Adjusting items	4	(2.7)	6.5	5.6
EBITDA		23.2	28.0	54.7
Depreciation and amortisation		(9.9)	(10.3)	(20.8)
Operating profit		13.3	17.7	33.9
Adjusted profit before tax		16.6	9.1	22.1
Exceptional items	7	(4.0)	(2.8)	(2.9)
Adjusting items	4	(2.7)	6.5	5.6
Profit before tax		9.9	12.8	24.8
Adjusted earnings per share:				
		Pence	Pence	Pence
Basic earnings	10	5.8	3.2	7.6

All results relate to continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025 (UNAUDITED)

	Note	As at 30 June		As at 31
		2025 Unaudited £m	2024 Unaudited £m	December 2024 Audited £m
Non-current assets				
Intangible assets		8.5	12.2	11.6
Property, plant and equipment		263.5	252.5	263.8
Right-of-use assets		17.2	22.4	20.5
Derivative financial asset	15	–	3.7	2.8
		289.2	290.8	298.7
Current assets				
Inventories		76.1	97.1	82.0
Trade and other receivables		60.5	51.2	39.0
Income tax asset		1.9	0.7	2.4
Cash and cash equivalents		15.0	11.4	15.2
Derivative financial asset	15	3.0	4.0	5.1
		156.5	164.4	143.7
Total assets		445.7	455.2	442.4
Current liabilities				
Trade and other payables		(87.6)	(81.6)	(68.7)
Loans and borrowings	12	(0.2)	(0.5)	(0.7)
Lease liabilities		(5.9)	(5.5)	(5.8)
Provisions for other liabilities and charges		(3.8)	(3.9)	(6.6)
Derivative financial liabilities		–	(0.1)	(0.1)
		(97.5)	(91.6)	(81.9)
Non-current liabilities				
Loans and borrowings	12	(84.2)	(112.1)	(99.4)
Lease liabilities		(12.6)	(17.1)	(15.1)
Provisions for other liabilities and charges		(8.8)	(7.9)	(8.2)
Deferred tax liabilities		(13.4)	(8.8)	(12.9)
		(119.0)	(145.9)	(135.6)
Total liabilities		(216.5)	(237.5)	(217.5)
Net assets		229.2	217.7	224.9
Capital and reserves attributable to equity shareholders				
Ordinary shares		2.1	2.1	2.1
Capital redemption reserve		0.2	0.2	0.2
Retained earnings		232.1	221.4	228.2
Cash flow hedge reserve		–	(0.3)	(0.2)
Reserve for own shares		(5.2)	(5.7)	(5.4)
Total equity		229.2	217.7	224.9

The notes on pages 22 to 36 are an integral part of these Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

	Ordinary shares £m	Capital redemption reserve £m	Reserve for own shares £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Current half year:						
Balance at 1 January 2025	2.1	0.2	(5.4)	(0.2)	228.2	224.9
Profit for the financial period	–	–	–	–	7.2	7.2
Other comprehensive income	–	–	–	0.2	–	0.2
Total comprehensive income for the period	–	–	–	0.2	7.2	7.4
Dividend payable	–	–	–	–	(4.3)	(4.3)
Share-based payments charge	–	–	–	–	1.2	1.2
Share-based payments exercised	–	–	0.2	–	(0.2)	–
Tax on share-based payments	–	–	–	–	–	–
Balance at 30 June 2025	2.1	0.2	(5.2)	–	232.1	229.2

	Ordinary shares £m	Capital redemption reserve £m	Reserve for own shares £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Prior half year:						
Balance at 1 January 2024	2.1	0.2	(14.2)	(0.1)	219.8	207.8
Profit for the financial period	–	–	–	–	9.0	9.0
Other comprehensive loss	–	–	–	(0.2)	–	(0.2)
Total comprehensive (loss)/income for the period	–	–	–	(0.2)	9.0	8.8
Dividend payable	–	–	–	–	(4.2)	(4.2)
Proceeds from sale of shares by Employee Benefit Trust	–	–	5.1	–	–	5.1
Share-based payments charge	–	–	–	–	0.6	0.6
Share-based payments exercised	–	–	3.4	–	(3.4)	–
Tax on share-based payments	–	–	–	–	(0.4)	(0.4)
Balance at 30 June 2024	2.1	0.2	(5.7)	(0.3)	221.4	217.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED) (CONTINUED)

	Ordinary shares £m	Capital redemption reserve £m	Reserve for own shares £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
Prior year:						
Balance at 1 January 2024	2.1	0.2	(14.2)	(0.1)	219.8	207.8
Profit for the financial year	–	–	–	–	17.5	17.5
Other comprehensive loss	–	–	–	(0.1)	–	(0.1)
Total comprehensive (loss)/income for the year	–	–	–	(0.1)	17.5	17.4
Dividend paid	–	–	–	–	(6.3)	(6.3)
Proceeds from sale of shares by Employee Benefit Trust	–	–	5.1	–	–	5.1
Share-based payments charge	–	–	–	–	1.0	1.0
Share-based payments exercised	–	–	3.7	–	(3.7)	–
Tax on share-based payments	–	–	–	–	(0.1)	(0.1)
Balance at 31 December 2024	2.1	0.2	(5.4)	(0.2)	228.2	224.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

	Note	Six months ended		Year ended
		30 June		31 December
		2025	2024	2024
		Unaudited	Unaudited	Audited
		£m	£m	£m
Cash generated from operations	13	31.0	4.9	51.8
Interest paid		(4.8)	(5.2)	(10.0)
Tax (paid)/credit		(0.6)	0.4	0.4
Net cash inflow from operating activities		25.6	0.1	42.2
Cash flows from investing activities				
Purchase of property, plant and equipment		(7.3)	(9.4)	(25.4)
Purchase of intangible assets		–	(0.1)	(0.2)
Net cash used in investing activities		(7.3)	(9.5)	(25.6)
Cash flows from financing activities				
Repayment of lease liabilities		(2.9)	(3.2)	(5.9)
Dividends paid		–	–	(6.3)
Drawdown of borrowings		22.0	48.0	93.0
Repayment of borrowings		(37.0)	(45.0)	(103.0)
Proceeds from sales of shares by Employee Benefit Trust		–	5.1	5.1
Financing fees		(0.6)	(0.1)	(0.3)
Net cash (used in)/generated from financing activities		(18.5)	4.8	(17.4)
Net decrease in cash and cash equivalents		(0.2)	(4.6)	(0.8)
Cash and cash equivalents at the beginning of the period		15.2	16.0	16.0
Cash and cash equivalents at the end of the period		15.0	11.4	15.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

1 GENERAL INFORMATION

Forterra plc ('Forterra' or the 'Company') and its subsidiaries (together referred to as the 'Group') are domiciled in the UK. The address of the registered office of the Company and its subsidiaries is 5 Grange Park Court, Roman Way, Northampton, England, NN4 5EA. The Company is the parent of Forterra Holdings Limited and Forterra Building Products Limited, which together comprise the Group (the 'Group'). The principal activity of the Group is the manufacture and sale of bricks, dense and lightweight blocks, precast concrete, concrete block paving and other complementary building products.

The Condensed Consolidated Financial Statements were approved by the Board on 28 July 2025.

The Condensed Consolidated Financial Statements for the six months ended 30 June 2025 and the comparative period for the six months ended 30 June 2024 have not been audited. The auditor has carried out a review of the financial information and their report is set out on pages 15 and 16.

These Condensed Consolidated Financial Statements are unaudited and do not constitute statutory accounts of the Group within the meaning of Section 435 of the Companies Act 2006. The auditors have carried out a review of the financial information in accordance with the guidance contained in ISRE 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Financial Statements for the year ended 31 December 2024 were approved by the Board of Directors on 26 March 2024 and delivered to the Registrar of Companies. The Auditor's report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006.

BASIS OF PREPARATION

The Condensed Consolidated Financial Statements for the half year ended 30 June 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Conduct Authority (DTR), and the requirements of UK-adopted IAS 34 Interim Financial Reporting.

The Condensed Consolidated Financial Statements do not include all the information and disclosures required in annual financial statements and they should be read in conjunction with the Group's Consolidated Financial Statements for the year ended 31 December 2024 and any public announcements made by the Company during the interim period. The Condensed Consolidated Financial Statements are prepared on the historical cost basis.

GOING CONCERN BASIS

At the balance sheet date, the Group's cash balance stood at £15.0m, with £85.0m borrowed against £170.0m of committed bank facilities, leaving undrawn facilities of £85.0m. The Group also benefits from an uncommitted overdraft facility of £10.0m. The Group meets its working capital requirements through these cash reserves and borrowings, and closely manages working capital to ensure sufficient daily liquidity, preparing financial forecasts and stress tests to ensure sufficient liquidity over the medium-term. The Group has operated within its banking covenants throughout the period, with funding secured through an RCF facility extending until June 2028.

The facility is subject to covenant restrictions of net debt/EBITDA (as measured before leases) of less than three times and interest cover of greater than four times.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

The Group continues to update internal forecasts 18 months ahead, reflecting current economic conditions, incorporating management experience, future expectations and sensitivity analysis. As at 30 June 2025, management are confident that the Group will remain resilient under all reasonably likely scenarios and will continue to have headroom in both its banking covenants and existing bank facilities. We have modelled a plausible downside scenario which sensitises volumes, increases in cost base and captures potential operational inefficiencies. Within this scenario product line sales volumes for 2025 remain between 3% and 27% below 2022, falling to between 11% and 38% below 2022 levels in 2026. Under this scenario there remains significant headroom against our covenants and available liquidity. Furthermore we have modelled a breach scenario to assess the fall in EBITDA required to breach the covenants within the credit facility in the period to 31 December 2026. Our assessment of the Group's going concern position benefits from the recent improvements in trading, coupled with reduced net debt and leverage, with the £140m programme of capital investment almost complete and reduced levels of capex in 2025, with limited capital commitments thereafter. Taking the above into consideration, the reduction in adjusted EBITDA necessary to trigger a breach in the Group's banking covenants is such that, adjusted EBITDA would need to fall significantly below 2024 levels prior to mitigations. Given current trading and our present market outlook, the probability of such a scenario is considered highly remote. Even if such a scenario was to occur, we have identified mitigations including reduced capital expenditure, dividend reductions and operational cost savings which we would implement should they be required.

Taking account of all reasonably possible changes in trading performance and the current financial position of the Group, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 31 December 2026. The Group therefore adopts the going concern basis in preparing these Condensed Consolidated Financial Statements.

2 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Consolidated Financial Statements for the year ended 31 December 2024. Accounting standards that became applicable in the period did not impact the Group's accounting policies and did not require retrospective adjustments.

3 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements of Forterra plc for the year ended 31 December 2024.

4 ALTERNATIVE PERFORMANCE MEASURES

In order to provide the most transparent understanding of the Group's performance, the Group uses alternative performance measures (APMs) which are not defined or specified under IFRS and may not be comparable with similarly titled measures used by other companies. The Group believes that its APMs provide additional helpful information on how the trading performance of the business is reported externally and assessed internally by management and the Board.

Adjusted results for the Group have been presented before: i) exceptional items and ii) adjusting items.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

Profit related APMs

Management and the Board use several profit related APMs in assessing group performance and profitability. Those being EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, adjusted operating profit (EBIT), adjusted profit before tax, adjusted earnings per share and adjusted operating cash flow. These are considered before the impact of exceptional and adjusting items as outlined below.

(I) Exceptional items

The Group presents as exceptional items on the face of the Consolidated Statement of Total Comprehensive Income, those material items of income and expense, which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better elements of financial performance in the period.

In the current period, management considers costs associated with the closure of two non-core businesses within the Group to meet the definition of exceptional. Exceptional items are further detailed in note 7.

(II) Adjusting items

Realised and unrealised movements in forward energy purchases

Adjusting items are disclosed separately in these Condensed Consolidated Financial Statements where management believes it is necessary to show an alternative measure of performance in presenting the financial results of the Group. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. In the current period, management has presented the below as adjusting items:

- the realised gain of £0.6m (2024: loss of £2.1m), recognised within the Consolidated Statement of Total Comprehensive Income for the sale of excess energy volumes in 2025, where committed volume exceeded actual consumption by the Group;

and

- the movement in fair value of forward energy contracts held where committed future volume is expected by management to exceed total consumption by the Group. For these contracts, the Group can no longer apply the own use exemption under IFRS 9 and instead, within statutory reporting, recognises these contracts as derivatives held at fair value on the balance sheet at 30 June 2025, in line with the accounting treatment previously applied at 31 December 2024. For the purposes of internal reporting to management and the Board, the Group continues to measure these contracts as if the own use exemption could still be applied, recognising energy purchased at the forward contracted rate in the period of consumption. In order to allow users of the accounts to review this more operationally aligned method of reporting, the impact to the profit and loss of these fair value movements in the period to 30 June 2025, being a cost of £4.8m (2024: gain of £6.9m) within the statutory results, has been presented as an adjusting item.

Accounting for carbon credits

Under the UK Emissions Trading Scheme, the Group receives an annual allocation of free carbon credits, which are used to satisfy a portion of the Groups carbon emissions liability as incurred over the compliance period, which falls in line with the accounting period of the Group. These are recorded at nil value within the Consolidated Financial Statements. As this allocation is less than the total carbon compliance liability incurred by the Group over the compliance period, additional carbon credits are purchased to satisfy the shortfall.

The liability for the shortfall is measured, up to the level of credits purchased, at the cost of the purchased credits. Where the liability to surrender carbon credits exceeds the carbon allowances purchased, the shortfall is measured at the prevailing market price and remeasured at the reporting date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

The Group's free allocation of carbon credits is based on expected emissions over the full compliance period, which is in line with the Group's financial year. As such, management believes a more operationally aligned method for measurement recognises these free allowances over the full financial year using a weighted average basis, aligned proportionately with production which drives carbon emissions, in line with management reporting. Accordingly, this has been presented within the adjusted results for the period.

The results which are presented as statutory consider carbon credits as being utilised on a first in, first out basis. Under this method, the Group's free allocation of carbon credits is utilised before recognising any liability to purchase further credits, which has the effect of weighting the cost of compliance into the second half of the year rather than spreading the cost more evenly across the full year. As at 30 June 2025, the impact of this alternative performance measure is to reduce statutory profit before tax by £1.5m (2024: £1.7m). This only affects the interim results and will have no impact on the full year results for the Group.

Reconciliation of APMs to statutory results

EBITDA is calculated as operating profit before depreciation and amortisation. EBITDA before exceptional items is further presented before the impact of exceptional items.

For reporting purposes, 'adjusted results' are those presented before both adjusting and exceptional items. A full reconciliation from adjusted results through to statutory results is shown as follows.

Although both EBITDA and adjusted EBITDA are APMs, EBITDA presented as below under the statutory heading is calculated with reference to statutory results without adjustment.

	Note	Six months ended 30 June		Year ended 31 December
		2025 £m	2024 £m	2024
Restructuring costs		(0.5)	(0.2)	(0.2)
Aborted corporate transaction		–	(2.6)	(2.7)
Impairment of inventories		(0.4)	–	–
Impairment of plant and equipment		(2.3)	–	–
Impairment of right-of-use assets		(0.8)	–	–
Total exceptional items	7	(4.0)	(2.8)	(2.9)
Realised gain/(loss) on sale of surplus energy		0.6	(2.1)	(1.5)
Fair value movement on energy derivatives		(4.8)	6.9	7.1
Accounting for carbon credits		1.5	1.7	–
Total adjusting items		(2.7)	6.5	5.6

Group: Revenue, EBITDA, EBITDA margin, operating profit, profit before tax

Six months ended 30 June 2025	Adjusted results £m	Exceptional items £m	Adjusting items £m	Statutory results £m
Revenue	195.1	–	–	195.1
EBITDA	29.9	(4.0)	(2.7)	23.2
EBITDA margin	15.3%			11.9%
Operating profit (EBIT)	20.0	(4.0)	(2.7)	13.3
Profit before tax	16.6	(4.0)	(2.7)	9.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

Six months ended 30 June 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	162.1	–	–	162.1
EBITDA	24.3	(2.8)	6.5	28.0
EBITDA margin	15.0%			17.3%
Operating profit (EBIT)	14.0	(2.8)	6.5	17.7
Profit before tax	9.1	(2.8)	6.5	12.8

Twelve months ended 31 December 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	344.3	–	–	344.3
EBITDA	52.0	(2.9)	5.6	54.7
EBITDA margin	15.1%			15.9%
Operating profit (EBIT)	31.2	(2.9)	5.6	33.9
Profit before tax	22.1	(2.9)	5.6	24.8

Segmental: Revenue, EBITDA, EBITDA margin

Bricks & Blocks

Six months ended 30 June 2025	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	154.2	–	–	154.2
EBITDA	27.5	(2.7)	(2.7)	22.1
EBITDA margin	17.8%			14.3%

Six months ended 30 June 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	130.2	–	–	130.2
EBITDA	22.7	(0.1)	6.5	29.1
EBITDA margin	17.4%			22.4%

Twelve months ended 31 December 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	276.7	–	–	276.7
EBITDA	49.0	(0.1)	5.6	54.5
EBITDA margin	17.7%			19.7%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

Bespoke Products

Six months ended 30 June 2025	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	42.2	–	–	42.2
EBITDA	2.4	(1.3)	–	1.1
EBITDA margin	5.7%			2.6%

Six months ended 30 June 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	33.7	–	–	33.7
EBITDA	1.6	(0.1)	–	1.5
EBITDA margin	4.7%			4.5%

Twelve months ended 31 December 2024	Adjusted results	Exceptional items	Adjusting items	Statutory results
	£m	£m	£m	£m
Revenue	71.5	–	–	71.5
EBITDA	3.0	(0.1)	–	2.9
EBITDA margin	4.2%			4.1%

Other APMs

Net debt before leases: Net debt before leases is presented as the total of cash and cash equivalents and borrowings, inclusive of capitalised financing costs and excluding lease liabilities reported at the balance sheet date.

5 SEASONALITY OF OPERATIONS

The Group is typically subject to seasonality consistent with the general construction market, with stronger volumes witnessed across the spring and summer months when conditions are more favourable. The accounting policy adopted for the treatment of carbon credits also has a seasonal impact on the business with a higher compliance cost recognised in the second half of the year, as explained in note 4. Adjusted results have been presented as an alternative performance measure to remove this variation.

6 SEGMENTAL REPORTING

Management has determined the operating segments based on the management reports reviewed by the Executive Committee (comprising the executive team responsible for the day-to-day running of the business) that are used to assess both performance and strategic decisions. Management has identified that the Executive Committee is the chief operating decision maker in accordance with the requirements of IFRS 8 'Operating segments'.

The Executive Committee considers the business to be split into three operating segments: Bricks, Blocks and Bespoke Products.

The principal activity of the operating segments are:

- Bricks – Manufacture and sale of bricks to the construction sector
- Blocks – Manufacture and sale of concrete blocks and permeable block paving to the construction sector
- Bespoke Products – Manufacture and sale of bespoke products to the construction sector

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

The Executive Committee considers that, for reporting purposes, the operating segments above can be aggregated into two reporting segments: Bricks and Blocks and Bespoke Products. The aggregation of Bricks and Blocks is due to these operating segments having similar long-term average margins, production process, suppliers, customers and distribution methods.

The Bespoke Products range includes precast concrete, chimney and roofing solutions, each of which are typically made-to-measure or customised to meet the customer's specific needs. The precast concrete flooring products are complemented by the Group's full design and nationwide installation services, while certain other bespoke products, such as chimney flues, are complemented by the Group's bespoke specification and design service.

Costs which are incurred on behalf of both segments are held at the centre and these, together with general administrative expenses, are allocated to the segments for reporting purposes using a split of 80% Bricks and Blocks and 20% Bespoke Products. Management considers that this is an appropriate basis for the allocation.

The revenue recognised in the condensed consolidated income statement is all attributable to the principal activity of the manufacture and sale of bricks, both dense and lightweight blocks, precast concrete, concrete paving and other complimentary building products. Substantially all revenue recognised in the Condensed Consolidated Financial Statements arose from contracts with external customers within the UK.

SEGMENTAL REVENUE AND RESULTS:

	Six months ended 30 June 2025		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Segment revenue	154.2	42.2	196.4
Inter-segment eliminations			(1.3)
Revenue			195.1
Adjusted EBITDA	27.5	2.4	29.9
Depreciation and amortisation	(9.1)	(0.8)	(9.9)
Adjusted operating profit	18.4	1.6	20.0
Allocated exceptional items	(2.7)	(1.3)	(4.0)
Allocated adjusting items	(2.7)	–	(2.7)
Operating profit			13.3
Finance expense			(3.4)
Profit before tax			9.9

SEGMENTAL ASSETS:

	As at 30 June 2025		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Intangible assets	6.8	1.7	8.5
Property, plant and equipment	256.5	7.0	263.5
Right-of-use assets	16.3	0.9	17.2
Inventories	73.4	2.7	76.1
Segment assets	353.0	12.3	365.3
Unallocated assets			80.4
Total assets			445.7

Intangible assets, property, plant and equipment, right-of-use assets and inventories are allocated to segments and considered when appraising segment performance. Trade and other receivables, income tax assets, cash and cash equivalents and derivative assets are centrally controlled and unallocated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

OTHER SEGMENTAL INFORMATION:

	Six months ended 30 June 2025		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Property, plant and equipment additions	7.9	0.2	8.1
Right-of-use asset additions	0.4	0.1	0.5

SEGMENTAL REVENUE AND RESULTS:

	Six months ended 30 June 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Segment revenue	130.2	33.7	163.9
Inter-segment eliminations			(1.8)
Revenue			162.1
Adjusted EBITDA	22.7	1.6	24.3
Depreciation and amortisation	(9.4)	(0.9)	(10.3)
Adjusted operating profit	13.3	0.7	14.0
Allocated exceptional items	(0.1)	(0.1)	(0.2)
Unallocated exceptional items	–	–	(2.6)
Allocated adjusting items	6.5	–	6.5
Operating profit			17.7
Finance expense			(4.9)
Profit before tax			12.8

SEGMENTAL ASSETS:

	As at 30 June 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Intangible assets	10.1	2.1	12.2
Property, plant and equipment	243.8	8.7	252.5
Right-of-use assets	21.3	1.1	22.4
Inventories	93.7	3.4	97.1
Segment assets	368.9	15.3	384.2
Unallocated assets			71.0
Total assets			455.2

Intangible assets, property, plant and equipment, right-of-use assets and inventories are allocated to segments and considered when appraising segment performance. Trade and other receivables, income tax assets, cash and cash equivalents and derivative assets are centrally controlled and unallocated.

OTHER SEGMENTAL INFORMATION:

	Six months ended 30 June 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Property, plant and equipment additions	9.6	0.1	9.7
Right-of-use asset additions	1.5	0.1	1.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

SEGMENTAL REVENUE AND RESULTS:

	Year ended 31 December 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Segment revenue	276.7	71.5	348.2
Inter-segment eliminations			(3.9)
Revenue			344.3
Adjusted EBITDA	49.0	3.0	52.0
Depreciation and amortisation	(19.1)	(1.7)	(20.8)
Adjusted operating profit	29.9	1.3	31.2
Allocated exceptional items	(0.1)	(0.1)	(0.2)
Unallocated exceptional items	–	–	(2.7)
Allocated adjusting items	5.6	–	5.6
Operating profit			33.9
Finance expense			(9.1)
Profit before tax			24.8

SEGMENTAL ASSETS:

	As at 31 December 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Intangible assets	9.7	1.9	11.6
Property, plant and equipment	255.4	8.4	263.8
Right-of-use assets	19.4	1.1	20.5
Inventories	79.0	3.0	82.0
Segment assets	363.5	14.4	377.9
Unallocated assets			64.5
Total assets			442.4

Intangible assets, property, plant and equipment, right-of-use assets and inventories are allocated to segments and considered when appraising segment performance. Trade and other receivables, income tax assets, cash and cash equivalents and derivative assets are centrally controlled and unallocated.

OTHER SEGMENTAL INFORMATION:

	Year ended 31 December 2024		
	Bricks & Blocks	Bespoke Products	Total
	£m	£m	£m
Property, plant and equipment additions	27.7	0.2	27.9
Intangible asset additions	0.1	–	0.1
Right-of-use asset additions	2.5	0.2	2.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

7 EXCEPTIONAL ITEMS

	Six months ended		Year ended
	30 June		31 December
	2025	2024	2024
	£m	£m	£m
Restructuring costs	(0.5)	(0.2)	(0.2)
Aborted corporate transaction	–	(2.6)	(2.7)
Impairment of inventories	(0.4)	–	–
Impairment of plant and equipment	(2.3)	–	–
Impairment of right-of-use assets	(0.8)	–	–
	(4.0)	(2.8)	(2.9)

Exceptional items 2025

On 22 July 2025, the Group commenced consultations on strategic proposals to exit two non-core businesses, being Formpave block paving in Coleford, Gloucestershire and the Bison Bespoke precast business in Somercotes, Derbyshire. As a consequence of these proposed closures, asset values at these sites are no longer supportable by value in use assessments. Instead, in assessing the carrying value of assets at these sites, management have relied on estimates of fair value less costs to sell.

Following these assessments, the Group has recognised impairments of £2.3m (£1.0m at Formpave and £1.3m at Bison Bespoke precast) against certain items of plant and machinery, along with £0.8m against the right-of-use land asset at Formpave. In addition, inventory at Formpave has been impaired by £0.4m to reflect management's assessment of realisable values, with a further provision of £0.5m for restructuring costs relating to Formpave also recognised. These will be reviewed ahead of the year end.

Further to the above, the Group expects to incur termination costs totalling £1.7m associated with these closures; expected to be incurred and disclosed as an exceptional item within the full year accounts for the period ended 31 December 2025.

Exceptional items 2024

During the period to 30 June 2024, the Group incurred exceptional expenses of £2.8m, of which £0.2m related to restructuring costs and £2.6m related to professional fees associated with an aborted corporate transaction.

8 FINANCE EXPENSE

	Six months ended		Year ended
	30 June		31 December
	2025	2024	2024
	£m	£m	£m
Interest payable on loans and borrowings	2.5	3.9	7.4
Interest payable on lease liabilities	0.5	0.5	1.0
Other finance expense	–	0.2	0.1
Amortisation of capitalised financing costs	0.4	0.3	0.6
	3.4	4.9	9.1

Interest payable on loans and borrowings is presented net of borrowings costs which have been capitalised against qualifying assets. In the period to 30 June 2025 £1.4m (2024: £0.9m) of interest was capitalised against qualifying assets, at an average capitalisation rate of 6.0% (2024: 6.4%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

9 TAXATION

The Group recorded a tax charge of £2.7m (2024: charge of £3.8m) on a pre-tax profit of £9.9m (2024: £12.8m) for the six months ended 30 June 2025. This results in a statutory effective tax rate (ETR) of 26.7% (2024: 29.6%).

	Six months ended 30 June		Year ended 31 December
	2025 £m	2024 £m	2024 £m
Profit before taxation	9.9	12.8	24.8
Expected tax charge	2.5	3.2	6.2
Expenses not deductible for tax purposes	0.2	0.6	1.1
Effect of prior period adjustments	–	–	–
Income tax expense	2.7	3.8	7.3

The UK main rate of corporation tax is 25.0%. The expected tax charge is calculated using the statutory tax rate of 25.0% (2024: 25.0%) for current tax. Deferred tax is calculated at 25.0% being the rate at which the provision is expected to reverse.

10 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit for the period attributable to shareholders of the parent entity by the weighted average number of Ordinary shares outstanding during the period.

For diluted earnings per share, the weighted average number of Ordinary shares in issue is adjusted to assume conversion of all dilutive potential Ordinary shares. The Group has four types of dilutive potential Ordinary shares: those share options granted to employees under the Sharesave scheme; unvested shares granted under the Deferred Annual Bonus Plan; unvested shares granted under the Share Incentive Plan; and unvested shares within the Performance Share Plan that have met the relevant performance conditions at the end of the reporting period. If, for any of the above schemes, the average share price for the year is lower than the option price, these shares become anti-dilutive and are excluded from the calculation.

	Six months ended 30 June		Year ended 31 December
	2025 £m	2024 £m	2024 £m
Operating profit for the period	13.3	17.7	33.9
Finance expense	(3.4)	(4.9)	(9.1)
Profit before taxation	9.9	12.8	24.8
Income tax expense	(2.7)	(3.8)	(7.3)
Profit for the period	7.2	9.0	17.5
Weighted average number of shares (millions)	211.0	210.1	210.6
Effect of share incentive awards and options (millions)	1.2	0.4	0.7
Diluted weighted average number of shares (millions)	212.2	210.5	211.3
Earnings per share:	Pence	Pence	Pence
Basic (in pence)	3.4	4.3	8.3
Diluted (in pence)	3.4	4.3	8.3
Adjusted basic earnings per share (in pence)	5.8	3.2	7.6

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

Adjusted earnings per share (EPS) is presented as an alternative performance measure and is calculated by excluding exceptional costs of £4.0m (HY 2024: £2.8m, FY 2024: £2.9m) (note 7) and adjusting items representing a cost of £2.7m (HY 2024: gain of £6.5m, FY 2024: gain of £5.6m) (note 4). A reconciliation of adjusted to statutory results is included within note 4 to these Condensed Consolidated Financial Statements.

11 DIVIDENDS

A dividend of 2.0 pence per share that relates to the period ending 31 December 2024 was paid on 4 July 2025, making a total distribution of 3.0 pence per share for 2024.

An interim dividend of 1.9 pence per share (2024: 1.0 pence per share) has been declared by the Board and will be paid on 10 October 2025 to shareholders on the register as at 19 September 2025. This interim dividend has not been recognised as a liability as at 30 June 2025. It will be recognised in shareholders equity in the Consolidated Financial Statements for the year ended 31 December 2025.

12 LOANS AND BORROWINGS

	As at 30 June 2025 £m	2024 £m	As at 31 December 2024 £m
Current loans and borrowings:			
Interest	0.2	0.5	0.7
Non-current loans and borrowings:			
Capitalised financing costs	(0.8)	(0.9)	(0.6)
Revolving credit facility	85.0	113.0	100.0
	84.4	112.6	100.1

The Group operates under a Revolving Credit Facility of £170m which is in place until June 2028, following the successful exercise of a 17-month extension option during the period. The interest rate under this facility is calculated using SONIA plus a margin, with the margin grid ranging from 1.65% at a leverage of less than 0.5 times to 2.5% where leverage exceeds 2.5 times. An option to extend the termination date by 17 months from January 2027 to June 2028, was exercised by the Group during the option extension period. The extension was agreed and approved by all lenders on 17 April 2025, with arrangement fees of £0.5m paid in respect of the extension.

The facility is subject to covenant restrictions of net debt/EBITDA (as measured before leases) of less than three times and interest cover of greater than four times. These covenants, which are tested semi-annually, returned to normal levels from June 2025 following the expiry of the temporary covenant relaxations agreed in early 2024. The Group also benefits from an uncommitted overdraft facility of £10m. The business has traded within these covenants during the period and expects to continue to do so.

The facility is secured by fixed charges over the shares of Forterra Building Products Limited and Forterra Holdings Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

13 NOTES TO THE STATEMENT OF CASH FLOW

	As at 30 June		Year ended
	2025	2024	31 December
	£m	£m	2024 £m
Cash flows from operating activities			
Profit before tax	9.9	12.8	24.8
Finance expense	3.4	4.9	9.1
Adjusting items	2.7	(6.5)	(5.6)
Exceptional items	4.0	2.8	2.9
Operating profit before adjusted items	20.0	14.0	31.2
<i>Adjustments for:</i>			
Depreciation and amortisation	9.9	10.3	20.8
Loss on disposal of property, plant and equipment and leases	–	0.1	–
Movement in provisions	(1.4)	(6.5)	(5.6)
Settlement of carbon credits	2.6	6.0	6.0
Share-based payments	1.1	0.6	1.0
Other non-cash items	(1.1)	(1.6)	(1.9)
<i>Changes in working capital:</i>			
Inventories	5.5	(1.3)	13.8
Trade and other receivables	(21.5)	(20.2)	(8.0)
Trade and other payables	14.9	11.9	2.8
Adjusted cash generated from operations	30.0	13.3	60.1
Cash flows relating to operating exceptional items	–	(6.3)	(6.5)
Cash flows relating to operating adjusting items	1.0	(2.1)	(1.8)
Cash generated from operations	31.0	4.9	51.8

14 NET DEBT

	As at 30 June		As at
	2025	2024	31 December
	£m	£m	2024 £m
Cash and cash equivalents	15.0	11.4	15.2
Loans and borrowings	(84.4)	(112.6)	(100.1)
Lease liabilities	(18.5)	(22.6)	(20.9)
Net debt	(87.9)	(123.8)	(105.8)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

RECONCILIATION OF NET DEBT

	As at 30 June		Year ended 31 December
	2025	2024	2024
	£m	£m	£m
Adjusted operating cash flow	30.0	13.3	60.1
Payments received/(made) in respect of adjusting items	1.0	(2.1)	(1.8)
Payments made in respect of exceptional items	–	(6.3)	(6.5)
Operating cash flow	31.0	4.9	51.8
Interest paid	(4.8)	(5.2)	(10.0)
Tax (paid)/credit	(0.6)	0.4	0.4
Net cash outflow from investing activities	(7.3)	(9.5)	(25.6)
Dividends paid	–	–	(6.3)
Proceeds from sale of shares by Employee Benefit Trust	–	5.1	5.1
New lease liabilities	(0.5)	(1.6)	(2.7)
Other movements	0.1	(0.5)	(1.1)
Decrease/(increase) in net debt	17.9	(6.4)	11.6
Net debt at the start of the period	(105.8)	(117.4)	(117.4)
Net debt at the end of the period	(87.9)	(123.8)	(105.8)

Capital expenditure commitments for which no provision has been made were £6.2m as at 30 June 2025 (30 June 2024: £16.8m).

15 FINANCIAL INSTRUMENTS

Forward purchased energy contracts

The substantial energy requirements of the Group are closely managed to ensure that the impact of fluctuating energy costs can be removed as far as possible; allowing management to have some certainty over likely energy costs and providing a reasonable basis on which to budget. Contracts with energy suppliers are entered into allowing prices to be fixed, by month, for volumes the Group expects to use. Under normal circumstances, the Group takes delivery of and consumes, all of the gas and electricity under each contract, and in doing so satisfies the requirements under IFRS 9 to follow the own use exemption in accounting for these. As such, the costs associated with the purchase of gas and electricity are accounted for in the Consolidated Statement of Total Comprehensive Income at the point of consumption, and contracts are not held at fair value.

The decline in market conditions during 2023, and subsequent reductions made to production across the Group, resulted in open forward contracts for some periods where the committed volume of gas exceeded budgeted total consumption. In these instances, the quantities which were been 'over purchased', have and will continue to be, sold back to the market, crystallising a realised gain or loss. As was the case at 31 December 2024, any open contracts where management expects to sell surplus gas back to the market fail the own use exemption, and in accordance with IFRS 9, are accounted for as derivatives.

As at 30 June 2025, the Group has recognised a current asset of £3.0m (2024: £4.0m), with the non-current asset reduced to £nil (2024: £3.7m) in relation to these contracts. These values are calculated with reference to all forward purchased contracts within which a sale back to the market is expected to occur, and reflect not only the portion of such contracts expected to be sold, but also the fair value of the remaining quantity which is expected to be consumed by the Group in the normal course of business. Fair value is based on future energy price forecasts and third-party experts, and modelled against contracted volume. These instruments are measured using Level 2 valuation techniques subsequent to initial recognition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2025 (UNAUDITED)

For the purposes of internal reporting to management and the Board, the Group continues to measure these contracts as if the own use exemption could still be applied, recognising energy costs at the contracted rate in the period of consumption. In order to allow users of the accounts to review this operationally aligned reporting, the movement due to the fair value treatment of energy derivatives since 31 December 2024, being a cost of £4.8m in the statutory accounts, has been presented as adjusting items in these Condensed Consolidated Financial Statements for the period ended 30 June 2025 (the term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies).

The Group has not historically, and has no future plans to intentionally purchase gas or electricity to sell and these current circumstances are solely the result of market conditions.

16 SHARE-BASED PAYMENTS

On 19 March 2025, 1,965,064 share awards were granted under the Performance Share Plan (PSP) to the Executive Directors, other members of the Executive Committee and designated senior management which vest three years after the date of grant at an exercise price of 1 pence per share. The total number of shares vesting is dependent upon both service conditions being met and the performance of the Group over the three-year period. Performance is subject to both TSR and EPS conditions, each weighted 40%, with the remaining 20% determined by sustainability-based targets of decarbonisation and a reduction in the use of plastic packaging.

In addition, on 19 March 2025 an award of 99,619 was granted to the Executive Directors under the Group Deferred Annual Bonus Plan. These awards represent the deferral into ordinary shares of part of the Executive Directors' 2024 bonus entitlements under the rules of the Scheme and will vest after three years subject to service conditions.

17 RELATED PARTY TRANSACTIONS

The Group has had no transactions with related parties in the period ended 30 June 2025, 31 December 2024 and 30 June 2024.

18 POST BALANCE SHEET EVENTS

On 22 July 2025, the Group commenced consultations on strategic proposals to exit two non-core businesses, being Formpave block paving in Coleford, Gloucestershire and the Bison Bespoke precast business in Somercotes, Derbyshire. Non-cash impairments of £3.5m and restructuring costs of £0.5m have been recognised in relation to this, further detail for which is included within note 7 to these Condensed Consolidated Financial Statements.

In addition to the above, the Group expect to incur termination costs totalling £1.7m associated with the closures. These costs are expected to be incurred and disclosed as exceptional items within the full year accounts for the period ended 31 December 2025.

PRINCIPAL RISKS AND UNCERTAINTIES

Overview

Effective risk management is critical to successfully meeting our strategic objectives and delivering long-term value to our shareholders. Instilling a risk management culture at the core of everything we do is a key priority. Our risk management policy, strategy, processes, reporting measures, internal reporting lines and responsibilities are well established.

We continue to monitor developments in the macroeconomic environment due to its impact on our end markets and the core demand for our products, alongside numerous other rapidly evolving business risks; implementing mitigating controls and actions as appropriate. Details of our principal key risks are shown further in the table below.

Our risk management objectives remain to:

- embed risk management into our management culture and cascade this down through the business;
- develop plans and make decisions that are supported by an understanding of risk and opportunity; and
- anticipate change and respond appropriately.

The Board's Audit and Risk Committee continue to provide oversight and governance over the most significant risks the business faces in the short, medium and long-term.

Sustainability

Sustainability continues to be a core focus within our business with the increasing need to make Forterra more resilient against the potential effects of climate change, and evolving sustainability driven risks are highlighted within the extensive disclosure in our most recent annual report. These reflect both the impact of our operations on the environment but also the challenging targets we have set to reduce this, targeting Net Zero by 2050 in line with the Race to Zero.

The Board is committed to compliance with the requirements of the Task Force on Climate Related Financial Disclosure (TCFD) and comprehensive disclosure on both short and long-term climate risks are included in our previously published Sustainability Report. The Board's Sustainability Committee has provided oversight and governance over all matters sustainability and climate, including the risks and opportunities this presents over the short, medium and long-term.

Key risks

Key risks are determined by applying a standard methodology to all risks, considering the potential impact and likelihood of a risk event occurring before then, considering the mitigating actions in place, their effectiveness, their potential to be breached and the severity and likelihood of the risk that remains. This is a robust but straightforward system for identifying, assessing and managing key risks.

Management of key risks is an ongoing process. Many of the key risks that are identified and monitored evolve and new risks regularly emerge.

The foundations of the internal control system are the first line controls in place across all our operations. This first line of control is evidenced through monthly Responsible Manager self-assessments and review controls are scheduled to recur frequently and regularly. Policies, procedures and frameworks in areas such as health and safety, compliance, quality, IT, risk management and security represent the second line of controls and internal audit activities represent the third.

Management continue to monitor risk closely and put procedures in place to mitigate risks promptly wherever possible. Where the risks cannot be mitigated, Management focus on monitoring the risks and ensuring the Group maximises its resilience to the risks, should they fully emerge.

Risk appetite

The Group's risk appetite reflects that effective risk management requires risk and reward to be suitably balanced. Exposure to health and safety, financial and compliance risks are mitigated as far as is reasonably practicable.

The Group is however prepared to take certain strategic, commercial and operational risks in pursuit of its objectives; where these risks and the potential benefits have been fully understood and reasonable mitigating actions have been taken.

RISK MANAGEMENT AND KEY RISKS

1. HEALTH, SAFETY AND WELLBEING (HS&W)			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
We continue to work to ensure the safety of employees exposed to risks such as the operation of heavy machinery, moving parts, noise, dusts and chemicals.	<p>Safety remains our number one priority. We target an accident-free environment and have robust policies in place covering expected levels of performance, responsibilities, communications, controls, reporting, monitoring and review.</p> <p>Having successfully implemented a programme of visible felt leadership, 2025 sees the commencement of the next stage of our health and safety strategy, covering phases 2025-2027 and 2028-2030. This is linked to our manufacturing excellence programme and redefined values, focusing on behavioural safety titled 'From base to brilliant'. Starting at the 'base', where we 'do the right thing' and moving to taking responsibility through a dependent health and safety culture where colleagues actively look after their own health and safety, through to the 'brilliant' where colleagues will actively look after their own and others health, safety and wellbeing. We continue to promote our Golden Rules as part of this process and drive our safety engagement aligned with our new company values. This strategy will continue to ensure our compliance to core HS&W legislation, whilst continuing to move the focus towards positive culture and behaviours.</p>	<p>Gross change No change</p> <p>Net change No change</p>	Safety first is embedded in all decision-making and is never compromised. Reducing accidents and ill-health is critical to strategic success.

2. SUSTAINABILITY / CLIMATE CHANGE			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>We recognise the importance of sustainability and climate change and both the positive and negative impacts our products and processes have on the environment.</p>	<p>We recognise the positive impact that our products have on the built environment across their lifespan and are keen for the durability, longevity and lower lifecycle carbon footprint of our products to be championed and better understood. Short-term transitional sustainability risks include increasing regulatory burden or cost, an inability to adapt our business model to keep pace with new regulation or customer preferences changing more quickly than anticipated or too quickly for our research and development (R&D) to keep pace. Several longer-term physical risks could have a material impact on the business. These risks include more severe weather impacts, such as flooding, and potentially changes to the design of buildings in order to adapt to different climatic conditions.</p> <p>A comprehensive Sustainability Report was published in March 2025 and is available via our website, providing detailed disclosure of the sustainability-related risks faced by our business.</p> <p>Our desire to reduce our impact upon the environment sits hand-in-hand with maximising the financial performance of our business; by investing in modernising our production facilities not only do we reduce energy consumption and our CO₂ emissions, but we also benefit financially from reducing the amount of energy and carbon credits we need to purchase.</p> <p>Recent market conditions have caused a number of shorter-term sustainability challenges, with operational inefficiencies resulting from reduced production requirements. Whilst this has reduced absolute emissions it has negatively impacted emissions intensity and offset some of the positive decarbonisation initiatives that have been implemented.</p> <p>All sustainability risks are governed by the Board's Sustainability Committee.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>Focus from all stakeholders has been maintained in 2025 and sustainability remains a high priority for management in the short, medium and long-term.</p>

3. ECONOMIC CONDITIONS			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>Demand for our products is closely correlated with residential and commercial construction activity.</p> <p>Changes in the wider macroeconomic environment can have significant impact in this respect and we monitor these closely as a result.</p>	<p>Understanding business performance in real-time, through our customer order book, strong relationships across the building sector, and a range of internal and external leading indicators, help to inform management and ensure that the business has time to respond to changing market conditions.</p> <p>The UK housing market has historically demonstrated its cyclical nature, with the most recent downturn driven primarily by Government economic policy and domestic drivers; impacting demand for housing in the short-term. 2025 has however seen early signs of recovery, and we recognise that ultimately there remains a shortage of housing in the UK, financing is accessible (with rates slowly improving) and the population continues to grow and as such we remain confident in market recovery and the subsequent medium to long-term outlook. The trajectory of the recovery however is not only dependent on domestic factors with global factors as well as wider geopolitical issues adding uncertainty, something we remain watchful of in 2025.</p> <p>In a weaker demand environment we have displayed our ability to flex output and slow production, ensuring that production is matched to sales in the period. This has been effective in the past and we believe the changes made to our operational footprint in recent periods leave us well positioned to take advantage of attractive market fundamentals in the medium to long-term.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>Weaker macroeconomic conditions in recent years have caused demand for our products to fall. We have seen improved demand across our product range in the first half, although the UK economy remains in a fragile state and as such this risk remains unchanged at June 2025.</p>

4. GOVERNMENT ACTION AND POLICY			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>The general level and type of residential and other construction activity is partly dependent on the UK Government's housebuilding policy, investment in public housing and availability of finance. Changes in Government support towards housebuilding would lead to a reduction in demand for our products. Changes to Government policy or planning regulations could therefore adversely affect group performance.</p>	<p>We participate in trade associations, attend industry events and track policy changes which could potentially impact housebuilding and the construction sector. Such policy changes can be very broad, covering macroeconomic policy and including taxation, interest rates, mortgage availability and incentives aimed at stimulating the housing market. Through our participation in these trade and industry associations we ensure our views are communicated to Government and our Executive team often meet with both ministers and MPs.</p> <p>Where identified, we factor any emerging issues into models of anticipated future demand to guide strategic decision-making. The need for more quality housing has featured significantly within the political narrative since the Labour Government and it is clear that the aim is to incentivise construction of new homes, even if different political ideologies may demand different models of home ownership.</p> <p>Changes in monetary policy and the rapid associated increase to interest rates has had a significant impact on mortgage affordability. We therefore consider a lack of broader support in the longer-term unlikely should it risk a reduction in the supply of new high-quality homes where a significant shortfall still exists. Government policy around planning reform, an area of policy that the Labour Government has been particularly vocal around, also has the potential to influence demand for our products and we remain watchful as to any further potential changes in this area and their impact on the construction of new homes.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>Recent investment in capacity and range has been made despite the uncertainty presented by changes in Government policy. Whilst the Labour Government in the UK have given renewed focus and prioritisation to housebuilding, we remain watchful in the short to medium-term as the substance of these supportive policies are developed and implemented.</p>

5. RESIDENTIAL SECTOR ACTIVITY LEVELS			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>Residential development (both new build and repair, maintenance and improvement) contributes the majority of Group revenue. The dependence of Group revenues on this sector means that any change in activity levels in this will affect profitability and in the longer-term, strategic growth plans.</p>	<p>Government action and policy as laid out above continues to be a key determinant of demand for housing. We closely follow the demand we are seeing from our key markets, along with market forecasts, end-user sentiment, mortgage affordability and credit availability in order to identify and respond to opportunities and risk. Group strategy focuses upon our strength in this sector whilst also continuing to strengthen our commercial offer.</p> <p>The impact of higher interest rates and the wider macroeconomy on this sector has a notable impact on demand levels in recent years however the first half of 2025 has seen improvement from this perspective, with borrowing costs slowly falling and associated cautious positivity coming from the major housebuilders.</p> <p>The investment in the redevelopment of the Wilnecote brick factory, which will supply the commercial and specification market, will provide a degree of diversification away from residential construction, further insulating the Group from the impact of future demand cycles.</p>	<p>Gross change Reduced</p> <p>Net change Reduced</p>	<p>Serving the residential construction market lies at the heart of our strategy. Whilst we will seek opportunities to broaden our offering, we continue to see residential markets as core.</p> <p>Early positive signs that recent cyclical lows in the housebuilding sector have started to ease lead us to reduce this risk at June 2025.</p>

6. INVENTORY MANAGEMENT			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>Ensuring sufficient inventories of our products is critical to meeting our customers' needs, though this should not be at the expense of excessive cash tied up in working capital. Whilst the ability to serve our customers is key, where excessive inventory starts to be built, management must ensure that production is aligned to forecast demand. Cash tied to surplus working capital increases financing costs and could ultimately impact the Group's liquidity, restricting the amount of cash available for other purposes.</p>	<p>After a long period of historically low stock levels, a softening in demand in the last two years has allowed these stocks to be replenished. Strong customer relationships and some degree of product range substitution have historically mitigated the risk of inventory levels being too low, and now that levels have grown these relationships remain key, ensuring that visibility of our customers' needs and demand levels can accurately be matched to our production levels.</p> <p>As we start to see demand return it is crucial to effectively manage working capital levels, ensuring sufficient inventory levels are held to support the requirements of our customers whilst ensuring excessive cash is not tied up in inventory.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>Managing capacity sufficiently to prevent tying up excessive amounts of working capital in stock, but ensuring that customer demand can continue to be met are crucial to our success. It is important we do not build excess inventory in periods of softened demand and as such in recent periods have taken management actions to reduce production and realise fixed cost savings. Having successfully matched production to sales in 2024 and with markets showing signs of positivity in 2025, this risk remains unchanged.</p>

7. CUSTOMER RELATIONSHIPS AND REPUTATION			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>Significant revenues are generated from sales to a number of key customers. Where a customer relationship deteriorates, there is a risk to revenue and cash flow.</p>	<p>One of our strategic priorities is to be the supply chain partner of choice for our customers. By delivering excellent customer service, enhancing our brands and offering the right products, we seek to develop our longstanding relationships with our customers. Regular and frequent review meetings focus on our effectiveness in this area. In a softer demand environment, an inability to maintain these relationships could manifest itself in loss of market share, and if not managed correctly, be detrimental in the longer-term in periods of stronger demand. To mitigate these risks we remain in constant communication with our customers, ensuring they are well informed of the challenges faced by our business. We remain particularly conscious of potential impacts on our customer service and selling prices as we aim to retain our margins in a time where our customers are also facing challenging conditions.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>Customer focus is a key priority for all employees. Having increased across recent periods of strong demand, in a softening market this risk remains equally heightened.</p>

8. ATTRACTING, RETAINING AND DEVELOPING EMPLOYEES			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
We recognise that our greatest asset is our workforce and a failure to attract, retain and develop talent will be detrimental to group performance.	We understand where key person dependencies and skills gaps exist and continue to develop succession, talent acquisition and retention plans. We continue to focus on safe working practices, employee support and strong communication/employee engagement. Challenges associated with labour availability remain across the business in key skilled areas and it is crucial that this continues to be addressed to ensure the ongoing success of the Group which is dependent on our people.	Gross change No change Net change No change	Our people have always been pivotal to our business and we must remain vigilant as to the risk associated with ensuring we attract, retain and develop our employees.

9. INNOVATION			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
Failure to respond to market developments could lead to a fall in demand for the products that we manufacture. This in turn could cause revenue and margins to suffer.	Strong relationships with customers as well as independently administered customer surveys ensure that we understand current and future demand. Close ties between the Strategy, Operations and Commercial functions ensure that the Group focuses on the right areas of research and development (R&D). Providing innovative products for both our core markets to 'strengthen the core' and the wider construction market, 'beyond the core', is of increased importance following a period of weaker demand, and we strive to ensure that we are in a position to do so. New product development and related initiatives are therefore ongoing and we continue to commit to further investment in R&D with clear links between investment in R&D and the work undertaken in relation to sustainability.	Gross change No change Net change No change	The Group is willing to invest in order to grow where the right opportunities present themselves. We have invested in the appropriate skills so that opportunities can be identified and progressed, and we are committed to deploying R&D to reduce the environmental footprint of our operations.

10. IT INFRASTRUCTURE AND SYSTEMS			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
Disruption or interruption to IT systems could have a material adverse impact on performance and position.	<p>In our time as a listed entity we have continued to invest in, consolidate and modernise our IT systems, maintaining ISO 27001 Information Security accreditation. This investment has ensured our ability to maintain the level of customer service that our customers expect.</p> <p>We continue to increase our resilience in this area, ensuring that our people understand their role in any attempt to compromise our cyber security, and regular training and tests are carried out as such.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>The downsides to IT risks significantly outweigh any upside and our risk appetite reflects this.</p> <p>Our assessment of the risk in this area remains unchanged.</p>

11. BUSINESS CONTINUITY			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
Group performance is dependent on key centralised functions operating continuously and manufacturing functions operating uninterrupted. Should we experience significant disruption, there is a risk that products cannot be delivered to customers to meet demand and all financial KPIs may suffer.	<p>Plans are in place to allow key centralised functions to continue to operate in the event of business interruption and remote working capabilities have been maintained and continually strengthened in recent years, ensuring the business is able to continue operating with minimal disruption.</p> <p>Where a scenario without a pre-envisaged plan is faced, our business continuity policy allows managers to apply clear principles to develop plans quickly in response to emerging events.</p> <p>We consider climate-related risks when developing business continuity plans and have learnt lessons from weather-related events in recent years which inform these plans. Loss of one of our operating facilities through fire or other catastrophe would impact upon production and our ability to meet customer demand. Working with our insurers and risk advisors, we undertake regular factory risk assessments, addressing recommendations as appropriate. We accept it is not possible to mitigate all the risks we face in this area and as such we have a comprehensive package of insurance cover including both property damage and business interruption policies.</p>	<p>Gross change No change</p> <p>Net change No change</p>	<p>The potential for significant disruption dictates the low appetite for risk in this area, a risk that at June 2025, remains unchanged.</p>

12. PROJECT DELIVERY			
Principal risk and why it is relevant	Key mitigation, change and sponsor	Change from Dec 24	Rationale for rating
<p>We are coming to the end of an extensive programme of capital investment within our business which sees a number of large projects add production capacity.</p> <p>Ensuring these projects are delivered and commissioned as intended is essential to the future success of the business.</p>	<p>Despite the virtually complete Desford project, our vigilance in managing project delivery across the business has not diminished and the focus of this risk has in turn shifted to ongoing projects at both Wilnecote and Accrington.</p> <p>Management closely monitor all current strategic projects for potential challenges, cost over-runs and delays, and act promptly to ensure that risks are mitigated.</p> <p>Recommissioning of the new Wilnecote factory is ongoing with the kiln successfully now lit. Challenges faced by the Group's suppliers and connected to wider global economic and supply chain challenges impacted the project timetable, though despite this, Wilnecote (as with Desford previously) has been procured under a fixed price supply contract ensuring that the price we paid was certain at the outset. Given the unusually high levels of inflation and supply chain challenges in recent years, the Group has benefited significantly from these contract terms.</p> <p>Management recognise the additional risks posed by running concurrent major projects, and to mitigate, separate project management structures are in place for each respective project and where common suppliers are involved, procedures are in place to ensure they retain sufficient capacity to deliver on both projects without significant risk.</p>	<p>Gross change Reduced</p> <p>Net change Reduced</p>	<p>Management and the Board are closely monitoring the ongoing expansion projects at Wilnecote and Accrington. We acknowledge that progress made at both Wilnecote and Accrington across H1 has reduced the inherent risk in this area and the rating at June 2025 has been reduced to reflect this. We do however continue to recognise the strategic imperative of both projects to the future success of the Group.</p>