



# HELPING CREATE LASTING LEGACIES

Forterra plc Annual Report and Accounts 2024





**OUR PURPOSE IS HELPING  
CREATE LASTING LEGACIES THAT  
GO BEYOND CONSTRUCTION OR  
HOUSEBUILDING TO DELIVER  
GROWTH AND FOSTER A LEGACY  
OF BUILDING TODAY, TOMORROW  
AND INTO THE FUTURE.**



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## FINANCIAL HIGHLIGHTS

### ADJUSTED<sup>1</sup>

Revenue

£344.3m

2023: £346.4m

Profit before tax

£22.1m

2023: £31.1m

EPS

7.6p

2023: 11.4p

EBITDA

£52.0m

2023: £58.1m

Net debt before leases

£84.9m

2023: £93.2m

### STATUTORY

Revenue

£344.3m

2023: £346.4m

Profit before tax

£24.8m

2023: £17.1m

EPS

8.3p

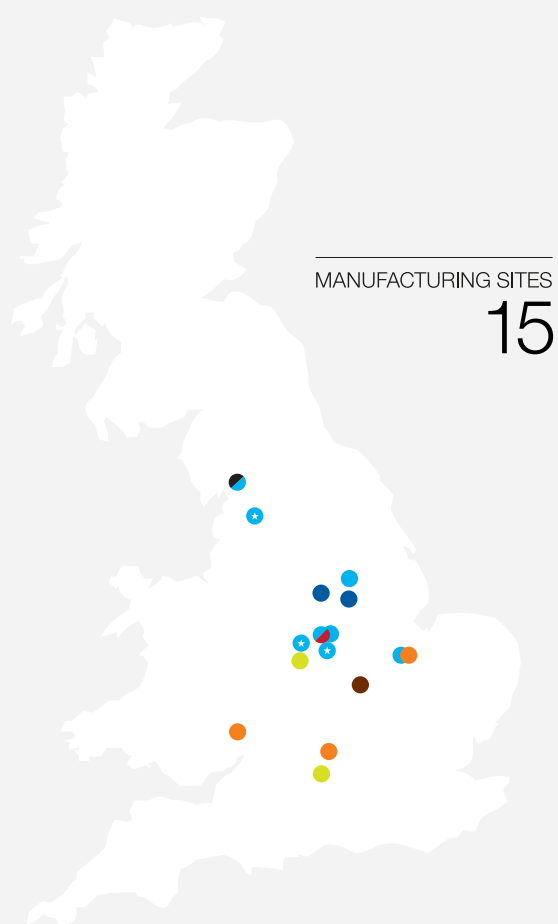
2023: 6.2p

1. A full reconciliation for each non-GAAP measure from adjusted through to statutory results is shown in note 30 of the Financial Statements.



# FORTERRA AT A GLANCE

## OUR LOCATIONS



### MAP KEY

- Head Office
- Bricks (7)
- of which mothballed (1)
- Precast Concrete Products (2)
- Aggregate Blocks (2) / Concrete Pavers (1)
- Aircrete Blocks (2)
- Special Brick, Roofing and Chimney Products (1)

Our expertise lies in building products made from clay and concrete, and our portfolio contains some of the most recognised and respected names in the construction industry. Some of them, such as London Brick and Butterley, date back to the 19th century while others, such as Ecostock and Thermalite, are far more recent; but whether historic or modern, traditional or cutting edge, they all have the needs of the 21st century at their core.

## STRATEGIC INVESTMENT PROJECTS

ACCRINGTON



DESFORD



WILNECOTE





## OUR MARKETS

64%

2023: 66%

## RESIDENTIAL NEW BUILD

Residential is at our core and the new build sector of this market is a significant portion of our business. There remains a long-term shortage of housing in the UK and through our bricks, blocks and flooring we provide essential products to the majority of the country's housebuilders, builders' merchants and distributors.

28%

2023: 25%

## RESIDENTIAL RM&amp;I

The repair, maintenance and improvement (RM&I) market forms an additional segment of the residential market, through sales to distributors, and we offer a range of RM&I products in support of this area, most notably our London Brick range used in extensions across the country, reducing our reliance on new build construction.

8%

2023: 9%

## COMMERCIAL &amp; INFRASTRUCTURE

The commercial and specification market focuses on architecturally driven projects such as schools, hospitals, stadia, offices, universities and other public buildings. We supply a wide range of products into this sector through our Bison Precast business, and the redevelopment of our Wilnecote brick factory will see an enhanced range of bricks also supplying this market.

## OUR PRODUCTS

## BRICKS



Our clay brick range includes the iconic London Brick, and is complemented by a comprehensive range of wire-cut, pressed, thrown and special shaped products to satisfy a variety of end-use markets.

## BLOCKS



Our inner leaf walling products include Thermalite, a leading lightweight, thermally efficient block used within residential construction, and the Conbloc range of dense and lightweight aggregate blocks. Landscaping solutions are provided by our Formpave concrete block paving range.

## BESPOKE PRODUCTS



Bison Precast spearheads our bespoke products offering, providing a range of offsite manufactured concrete walling, flooring and ancillary products. Jetfloor, our insulated ground floor system, leads our offering in the new build residential market.

# INVESTMENT CASE

## DELIVERING THE LONG-TERM SHAREHOLDER VALUE

### MARKET

- Longstanding shortage of quality housing
- Structural undersupply of domestically produced bricks offsets historical cyclical
- Structurally attractive market structure



### COMPANY

- Secure long-term mineral reserves
- Efficient well-invested manufacturing base with large factory size
- Established market position and customer relationships
- Resilience provided through exposure to RM&I market
- Synergy driven by complementary products
- Established and recognisable brands
- Strong and experienced leadership team



### STRATEGY AND INVESTMENT

#### Large-scale investment in new capacity

- Strengthen the core
- Beyond the core
- Safety and engagement
- Sustainability

Opportunistic bolt-on M&A in complementary markets



### KEY PERFORMANCE INDICATORS

Revenue	EBITDA	Margin	Total Shareholder (TSR)
✓	✓	✓	
✓	✓	✓	
✓	✓	✓	
	✓	✓	
✓	✓	✓	
Short-term earnings growth supports greater investment enabling greater still earnings growth			Sustained earnings growth ✓
			Strong free cash flow conversion ✓
Attractive dividend			✓
Shareholder returns			✓
LONG-TERM SHAREHOLDER VALUE			



**Established leading market positions in core products**

- Broad, complementary product range comprising clay bricks, aircrete and aggregate blocks, flooring products and more
- Unique, trusted and respected heritage brands including London Brick and Thermalite
- High barriers to entry supported by secure long-term mineral reserves
- Well-invested, efficient and profitable asset base
- Strong customer relationships enhancing order-book visibility

**Long-term structural demand and supply factors underpin market growth despite short-term cyclical challenges**

- Market demand driven by structural, through-cycle new housing shortage and resilient RM&I markets
- Structural undersupply of domestically produced bricks and other key building products provides opportunity for growth
- Diversification through exposure to RM&I market
- Consolidated brick and block market structures
- Competitive cost of brick production driven by investments in asset base

**Investment pipeline to deliver capacity growth, efficiency and decarbonisation**

- £140m programme of investment nearing an end which will progressively deliver significant profit and cash returns as market recovers
- Attractive pipeline of optional organic investment projects as market and balance sheet allow over the next decade
- Proven delivery of innovation, manufacturing excellence and productivity improvement underpins profit growth

**Commitment to sustainability leadership**

- Inherently sustainable and durable products
- Ambitious ESG targets to 2030 and beyond under the 'Planet Product People' framework
- Achieved 22% reduction in carbon emissions between 2010 and 2019
- Commitment to commercially robust ESG agenda, including a further 32% carbon emissions reduction target between 2019 and 2030

**Strong profitable growth, cash generation and disciplined capital allocation**

- History of strong cash generation supports organic investment model
- Attractive dividend policy with mid-term pay-out ratio of 55% of earnings
- Scope for selective bolt-on acquisitions
- Pipeline of further organic investment projects with timing subject to market and balance sheet
- Leverage expected to fall below 1.5x EBITDA in the near-term
- Longer-term opportunity for supplementary returns to shareholders as appropriate



# £140m

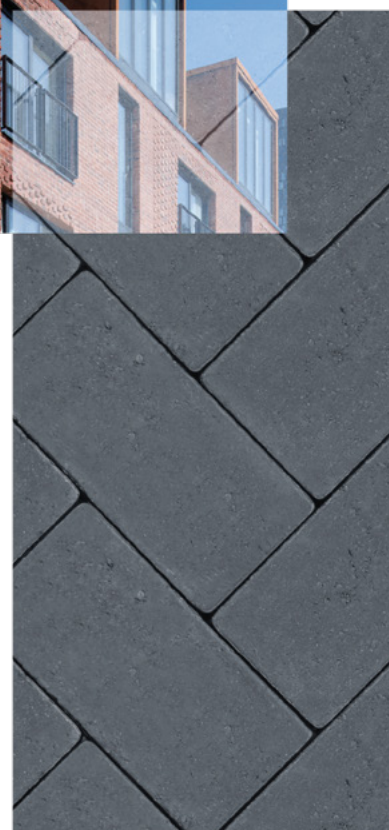
programme of investment nearing completion which will progressively deliver returns as our markets recover

# 32%

carbon emissions reduction target between 2019 and 2030

# 55%

mid-term dividend pay-out ratio



# CHAIR'S STATEMENT

## ANOTHER CHALLENGING YEAR



“

In the face of continued difficult market conditions we have returned the Company to a firm footing and are well placed to deliver future growth.”

—  
**JUSTIN ATKINSON**  
Chair

In what will be my final statement as your Chair, I have to say that 2024 was another challenging year for our industry. Whilst we saw a continuation of the depressed trading conditions we first experienced in 2023 with subdued demand across our product range, we did see some modest improvement through the second half. Our brick production output was below 60% of installed capacity which has clearly led to significant operating inefficiency with brick factories in particular having a high percentage of fixed costs. Having said that, I am pleased with how the business has responded, successfully aligning our production to demand, delivering a resilient performance and returning the Group to a position of strong cash generation.

Notwithstanding the market driven headwinds and uncertainty that we faced, we made continued progress on our strategy with our £140m programme of capital investment in our three projects at Desford, Wilnecote and Accrington nearing completion.

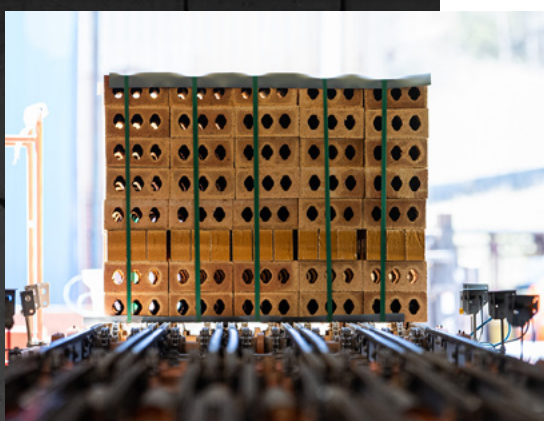
We made excellent progress with the commissioning of our new £12m brick slip production facility at Accrington, which will be delivered both on time and on budget. This investment sits at the heart of the 'beyond the core' arm of our strategy which will capitalise on the growth opportunities afforded by modern methods of construction.

Under the 'strengthening the core' arm of our strategy, we continue to make progress on ramping up production and increasing efficiency at our Desford brick factory, where we successfully addressed a number of snagging and efficiency issues during an extended shutdown in the summer of 2024. We are also making progress on the reinstatement of our Wilnecote factory despite setbacks with our supply chain. This will offer us greater diversification through strengthening our offering to the attractive commercial and specification market. The £30m redevelopment is on course for completion in Q2 2025 with the kiln expected to be lit in the near future.

Revenue

£344.3m

2023: £346.4m





## Results

Our results for the year reflect the challenging trading conditions we have faced throughout the year.

Whilst our profits have decreased relative to the prior year, with adjusted EBITDA of £52.0m (2023: £58.1m) and adjusted profit before tax falling from £31.1m to £22.1m, it is important to recognise that we have successfully addressed the significant cash outflow seen in 2023 and have returned the Group to a firm financial footing. The improvement in our adjusted operating cash inflow in the year to £60.1m (2023: adjusted operating cash outflow of £5.3m) demonstrates the importance of aligning production output with demand and our success in delivering this.

We have reduced our net debt excluding leases to £84.9m (2023: £93.2m) notwithstanding capital expenditure of £25.6m which included a total of £21.6m on our strategic investments.

## Our people

As always, it is important to highlight that our success is dependent on the passion and dedication of our colleagues. Not deterred by the challenging market conditions, I have been impressed by the continued sterling efforts of all our employees across the business.

Following the difficult but necessary realignment of our operations that was substantially completed in 2023, I am pleased to report that our workforce have responded positively with many of our factories showing an improved operating performance relative to the prior year. I would also like to recognise the unwavering commitment and dedication of those in our commercial function, who have had to work especially hard for every sale in what remains a very competitive marketplace.

## Board committees

In late 2023 the Board reviewed the terms of reference of its Committees, making changes to the responsibilities of both the Audit Committee and the Risk and Sustainability Committee, which took effect from the beginning of 2024. Responsibility for risk management was passed to the Audit Committee which is now known as the Audit and Risk Committee with the Risk and Sustainability Committee now becoming a dedicated Sustainability Committee.

I believe these changes have been beneficial, allowing greater in-depth discussion on sustainability matters as well as better enabling the Board's preparation for the Corporate Governance Code 2024 by transferring the Board's risk management remit to the Audit and Risk Committee.

More information on the work of the Board's Committees is included in the Governance section of this Annual Report commencing on page 94.



Adjusted EPS

7.6p

2023: 11.4p

Net debt before leases

£84.9m

2023: £93.2m

Adjusted profit before tax

£22.1m

2023: £31.1m

# CHAIR'S STATEMENT

## CONTINUED

### Board changes

I opened this statement with the acknowledgement that it will be my last as your Chair. After nine years on the Board, the last six as Chair, and following the rules within the UK Corporate Governance Code regarding independence, I shall not be standing for re-election at the forthcoming Annual General Meeting.

It has been a great pleasure for me to chair the Board of this great company, which although is steeped in history, more importantly has an exciting future. The business has grown as a listed company since the IPO nine years ago and continues to define its culture and identity. Whilst we have faced multiple headwinds in this time, I firmly believe that I leave the business in excellent hands with a strong management team led by Neil Ash, and well placed to benefit from a market recovery that we all hope to see soon.

It has been previously announced that Nigel Lingwood will be joining the Board as Chair Designate on 1 April 2025 and he shall be appointed as Chair on conclusion of the AGM in May. Nigel is an experienced listed company director and chair who spent the largest part of his executive career as Group Finance Director of FTSE 100 value-add distribution business Diploma Plc, and now is Chair of FTSE 250 ventilation products business, Volution Group Plc.

In addition, we also said goodbye to Divya Seshamani during the year as she stood down as a Non-Executive Director in September after more than eight years of service. I would like to take this opportunity to pass on our thanks to Divya for her significant contribution during her tenure and the Board wish her every success in the future.

As announced on 6 March 2025, Aysegul Sabanci will join the Board on 1 April 2025 as an Independent Non-Executive Director. Aysegul was previously Group Head of Procurement at ISG and a Non-Executive Director at T Clarke plc and brings a strong background in relevant industry procurement.

Further information about both Nigel and Aysegul and the processes that led to their selection are included in the Governance Report on page 117.

The Board remains committed to furthering diversity at all levels. Financial Conduct Authority guidance is that at least 40% of the Board within FTSE 350 companies should be female. Although not currently within the FTSE 350, we aim to adhere to the same elevated standards of governance and this extends to diversity.

At the date of this Report, the Board composition is 29% female although this will increase to 38% on 1 April 2025 following the appointment of Aysegul Sabanci. One senior member of the Board, the Senior Independent Director, is female.

Beyond this, and frankly most importantly, I believe that it is the skills, knowledge, experience, educational background and upbringing of the individual members of this Board which brings the diversity of debate, discussion and challenge within the boardroom.

### Strategy

Our strategy for growth together with clear capital allocation priorities positions the Group to deliver long-term shareholder value.

Our strategy is to capitalise on the UK's long-term shortage of housing supply, along with a structural shortfall in the supply of the domestically manufactured building products necessary to address this housing shortage, leveraging our extensive mineral reserves and strong market positions.

This strategy encapsulates the following strategic imperatives, the achievement of which will deliver sustained shareholder value:

- 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; and
- Safety and engagement: Safety remains our number one priority and through prioritising employee engagement we will maximise the potential of our workforce.

During 2024 we made demonstrable progress toward our strategic objectives, particularly with progress on our strategic capital investment programme with commissioning of our new brick slip manufacturing facility commencing ahead of the year end, and with the Wilnecote brick factory redevelopment nearing completion with commissioning commencing in the first half of 2025.



### Capital allocation

Our capital allocation policies are clearly outlined and designed to maximise shareholder value:

- Strategic organic capital investment to deliver attractive returns;
- Attractive ordinary dividend with a mid-term pay-out ratio of 55% of earnings, temporarily reduced to 40% until leverage has reduced to a more sustainable level;
- Bolt-on acquisitions as suitable opportunities arise in adjacent or complementary markets; and
- Supplementary shareholder returns as appropriate.

We are coming to the end of our £140m investment in our three exciting expansion projects at Desford, Wilnecote and Accrington. The challenging market conditions we have faced during this period of investment did initially place our balance sheet under some pressure and we significantly increased inventory levels whilst taking steps to reduce output as efficiently as possible.

I am pleased to say that we have successfully addressed these pressures in 2024 as we reduced our net debt whilst still spending over £20m on our strategic capital projects. We expect a further reduction of both net debt and leverage in 2025.

### Dividends

Our established distribution policy had been to distribute 55% of our adjusted earnings. In light of challenging trading conditions and elevated leverage in early 2024, the Board elected to temporarily reduce this distribution policy to 40% of earnings. The Board intends to retain this level of distribution for the 2024 financial year and accordingly is recommending a final dividend of 2.0p per share (2023: 2.0p) which, in addition to the interim dividend of 1.0p per share paid in October (2023: 2.4p), will bring the total dividend to 3.0p per share (2023: 4.4p). Subject to approval by shareholders, the final dividend will be paid on 4 July 2025 to shareholders on the register as at 13 June 2025.

The Board remains confident in the long-term prospects of the Group and intends to keep its dividend policy under review, expecting to return the level of distribution to the previous 55% of earnings as soon as the market conditions permit.



### Corporate culture

The Board is aware of its responsibility to foster a corporate culture based upon strong leadership and transparency, ensuring we do business responsibly, adhering to the highest ethical standards, whilst minimising the impact our business has on the environment.

Our corporate values, being the principles of behaviour that will allow us to achieve our strategic goals, are defined below and having been rolled out to all employees in early 2024, our focus has been on building adherence to these values in everything we do:

- Innovate to lead: We're empowered to continuously improve;
- Pride in excellence: We relish achievement and success; and
- Collaborate and care: We work in partnership and look after each other.

Our purpose is to manufacture and supply building products used to construct homes and other structures, helping to create lasting legacies in the form of communities that will exist for centuries to come.

# CHAIR'S STATEMENT

## CONTINUED



### Health and safety

Health, safety and wellbeing remains our number one priority and the Board is determined to lead by example in ensuring that everyone in our business is under no doubt as to our commitment to zero harm.

To this end, the Board continued to ensure it remains highly visible in the business and has sponsored the rollout of visible felt leadership (VFL) and safety observation training throughout the business. This training focuses on high-quality safety conversations and the positive impacts they have on safety culture. Each Director has already or will very shortly, complete a VFL and safety observation training course. Those that have already completed the training have already started to utilise these skills in undertaking the two factory health and safety walks that each Director completes annually. In addition the Board as a whole completed four group site visits around Board Meetings in the year, including visits to the key strategic project sites at Wilnecote and Accrington.

### Sustainability

Our carbon reduction journey is a long-term one, underpinned by strategic investment in our manufacturing footprint, with continuing research and development into emerging technologies.

This journey to decarbonisation and ultimately to net zero needs to be considered alongside short-term factors that influence our carbon emissions.

In addition to our long-term goal of achieving net zero by 2050, we have clear short to mid-term targets including a 32% reduction in our carbon emissions intensity (from a 2019 baseline) by the end of the decade.

At present we are reporting a significant reduction in our absolute carbon emissions both against a 2019 baseline and in comparison with the prior year, as we have significantly reduced our output, however our carbon emission intensity suffers as a result of the operating inefficiency we are presently carrying.

Each of our strategic products provides a measurable and meaningful sustainability gain, with the new Desford and Wilnecote brick factories both reducing carbon emissions by approximately 25% relative to their predecessor factories. Our innovative brick slip production facility at Accrington will manufacture brick slips with around a 75% reduction in both energy and raw material usage as well as embodied carbon relative to traditional bricks.

During 2024 we have made significant strides in utilising calcined clay derived from our London Brick production waste as a low carbon cement substitute. 2024 also saw the commencement of power generation from our dedicated solar farm which is designed to provide around 70% of our electricity demand at full production.



## Corporate governance

The Board remains committed to the highest standards of Corporate governance, not only at Board level but throughout the Group. The Group continues to comply in full with the requirements of the currently applicable UK Corporate Governance Code as if it were a constituent of the FTSE 350.

The Board is actively preparing for the introduction of provision 29 of the Corporate Governance Code 2024 which will apply from 1 January 2026, with more information on this provided within the Report of the Audit and Risk Committee on page 123.

The Governance section of this Annual Report outlines the Board's approach to corporate governance arrangements and includes reports from each of the Committee Chairs, providing details on key matters addressed by each of the Committees during the year.

During the year we undertook an external evaluation of the Board and its Committees, the summarised findings of which are laid out in the Corporate Governance Statement on page 112.

With the exception of myself, each of the Directors will be standing for re-election at the forthcoming AGM.

Our s172(1) statement as required by the Companies Act is included in the Strategic Report on pages 26 and 27, and further referenced in the Corporate Governance Statement on page 111.

## Outlook

Trading in the first two months of 2025 continued the positive trends seen in the final quarter of 2024, with our brick despatches around 17% ahead of the prior year, although the comparative was impacted by adverse weather conditions. This is supported by DBT statistics showing that industry brick despatches in January were 11% ahead of the prior year. Entering 2025, we are facing more normal levels of cost inflation, but with the added challenge of increasing Employers' National Insurance contributions from April 2025 as outlined in the Autumn Budget. We are currently concluding our customer pricing discussions and expect to deliver necessary price increases to offset cost inflation.



We continue to take encouragement from the Government's ambition to materially increase housebuilding, but remain wary of the challenges in delivering this. We look forward to the Government considering wider levers to stimulate both supply and demand for new housing. During 2025, we anticipate a steady but modest recovery in our markets, whilst remaining mindful of wider macroeconomic conditions. We believe the Group remains well placed to capitalise as its key markets recover and retain our view that based on 2022 performance coupled with benefits of our strategic investments, notably Desford, the Group is capable of delivering an annual EBITDA of c.120m in the medium-term.

[Justin Atkinson](#)

Chair

11 March 2025

# CHIEF EXECUTIVE'S STATEMENT

## WELL PLACED FOR GROWTH



“

2024 was another tough year but in many ways our performance was stronger than in 2023.”

—  
**NEIL ASH**

Chief Executive Officer

As you'll see throughout this report, 2024 was another tough year, but in many ways our performance was stronger than 2023. While profitability was lower than in 2023, our cash generation has improved significantly, showing the positive impact of the management actions we took last year.

Market conditions remained depressed throughout the year. Whilst demand in the first half of the year was weaker than in 2023, this did improve as the year progressed with full year industry brick despatches ending marginally ahead of the prior year.

Following on from the restructuring actions which we undertook in 2023 in response to market conditions, 2024 saw a renewed focus on operational excellence & engagement initiatives, ensuring that our business is in the best possible position and ready for when the market recovers.

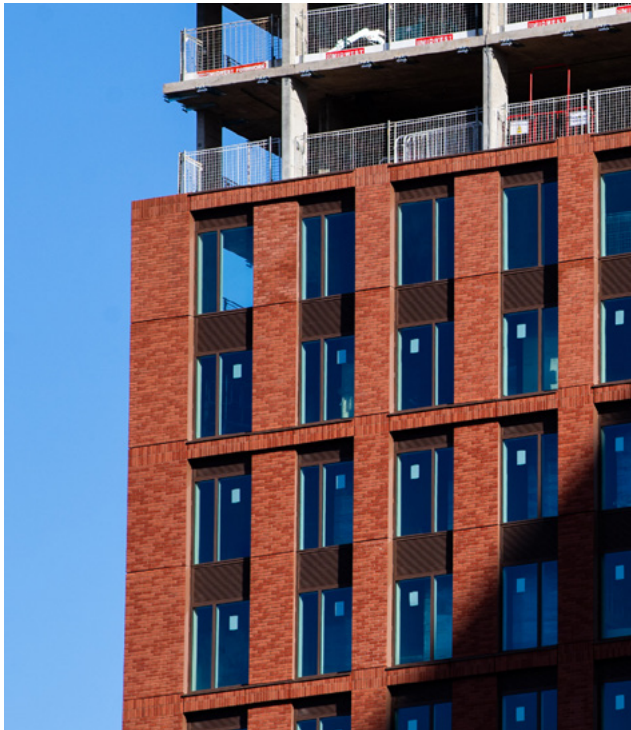
As we conclude our programme of strategic capital investment encompassing the largest brick factory in Europe at Desford, a complete redevelopment of our Wilnecote factory and our innovative brick slip extrusion line at our Accrington facility, I am confident that as our markets recover we are well positioned to benefit from the additional capacity and efficiencies these investments provide.

We welcome the new Government's commitment to tackling the UK's chronic housing shortage although we also recognise that reaching their target of 1.5 million homes during this parliament (equivalent to 300,000 new homes per annum) will be a huge challenge. Latest estimates suggest that GB new housing completions were just 168,000 in 2024, whilst the average over the last decade has been only 185,000. We delivered record results back in 2022 when the UK reached a level of 208,000 completions, the highest level since 2007.

c.£30m

investment in redeveloping  
our Wilnecote brick factory





I continue to be impressed by the dedication and commitment shown by colleagues throughout the business. In these challenging times it is important that we always do the best job possible, even where the market conditions make that job more challenging than it may have been previously. It is the continued efforts of our workforce that will help us emerge from this downturn as an even stronger business.

#### 2024 performance

Revenue for the year ended 31 December 2024 was £344.3m which was in line with the prior year (2023: £346.4m), Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) was £52.0m (2023: £58.1m). Adjusted profit before tax fell to £22.1m (2023: £31.1m), a decrease of 28.9%.

Adjusted earnings per share (EPS) were 7.6p (2023: 11.4p). Basic EPS after adjusted items was 8.3p (2023: 6.2p).

Importantly, net debt before leases reduced to £84.9m (2023: £93.2m) driven by an adjusted operating cash inflow of £60.1m (2023: outflow of £5.3m) reinforcing the established cash generating credentials of the business and highlighting the importance of aligning output with demand, eliminating the £52.8m inventory build seen in 2023 and ensuring the business is now returned to a firm financial footing.

#### Strategy

Our strategy remains focused on delivering long-term earnings growth. Inspired by our purpose, to Help Create Lasting Legacies, and driven by our vision to be both Brilliant Today & Ahead of Tomorrow.

Our organisation is fully aligned around our four strategic imperatives with each individual understanding the part they play and how they contribute to our future success. Our four strategic imperatives are laid out in more detail on pages 32-33 can be summarised as follows:

- Strengthen the core: Investing in new capacity to deliver revenue growth 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; and
- Safety and engagement: Safety remains our number one priority and through prioritising employee engagement we will maximise the potential of our workforce.

#### Renewed focus on excellence and improvement

In 2024 we have relaunched excellence projects focusing on both manufacturing and commercial excellence. Aligned to strategic imperatives, these initiatives will embed a continual focus on improvement and optimisation across our business. Our manufacturing excellence project got off to a great start with a number of savings captured during the year.

#### Culture and engagement

When I joined the Group I was clear that in order to succeed and to be the best business possible, we would first need to get the best from each of our colleagues, strengthening our cohesion as team. Defining our purpose and values was key to improving our engagement. It is widely accepted that businesses with engaged workforces have better outcomes and enhancing the levels of engagement is a key priority of our leadership team. A key focus has been improving the levels of communication and collaboration throughout the business, ensuring everyone feels a connection to the business and understands the important role that they play.

Having conducted our last employee survey in September 2023 which achieved a record response rate, each of our facilities created action plans focusing on enhancing engagement across the Group. To allow time to identify actions, implement them and then provide time for colleagues to witness the impact of changes, we will now complete our employee engagement survey every 18 months with the next survey commencing in the coming weeks.



# CHIEF EXECUTIVE'S STATEMENT

## CONTINUED

### Capital investment

We have continued to make good progress on our programme of capital investment. Our new super-factory at Desford, along with the redevelopment of our Wilnecote factory, represents an investment of over £125m in strengthening our core, providing additional capacity, market-leading efficiency and a broader range of products aimed at diversifying our product offering in our core market of bricks.

Our factory at Wilnecote continues to progress although has faced supply-chain driven delays. The products made at this plant primarily target the non-residential sector and more high-end market segments, thus enhancing our overall product offer. Whilst these delays are frustrating and beyond our control, we do now expect to light the kiln in the near future and to have produced and packaged the first bricks ahead of the half year. Whilst the timing of the project has regrettably slipped, the benefit we have obtained from our fixed price contracts should not be underestimated. We commenced our investment programme at a time that coincided with a sharp spike in inflation with mechanical and construction costs increasing at levels well above the headline rate of inflation.

Were the Desford project to commence today, we estimate the cost would rise to approximately £120m compared to the expected cost of £95m. Similarly, the cost of the Wilnecote factory would increase to well beyond its £30m original budget with the project still expected to be delivered broadly within this. Whilst we have benefited significantly from these fixed-price contracts, these contractual provisions have challenged our supply chain and the economic impacts they have faced have contributed to the Wilnecote project in particular facing delays.

Our strategy to grow our position in brick slip solutions is well advanced. Our £12m investment in our dedicated brick slip manufacturing facility has progressed to both timetable and budget and is now in the process of commissioning. Product testing and system certification is underway with our commercial specification teams now in place.

This facility will be able to manufacture of up to 48 million brick slips per annum, minimising our investment through utilising an existing kiln, with only a small reduction in the number of traditional bricks that will continue to be manufactured alongside the new slips.

Brick slips also offer demonstrable sustainability benefits, reducing raw material and energy usage relative to the manufacture of traditional bricks, with many slips used today currently being cut from traditional bricks with a high degree of wastage.

### Health, safety and wellbeing

Safety has long been the Group's number one priority and this has not changed. Nothing comes before the safety and wellbeing of not only our colleagues, but everybody that we come across in the course of running our business.

2024 was the final year of our planned zero harm strategy that we set out in 2021. Aligned to our cultural drive to enhance engagement, in this final year, we focused on launching our programme of visible felt leadership (VFL) training, training our leaders to have effective safety conversations. In this three-year period we have seen our lost time incident frequency rate (LTIFR) reduce by 43%. Our ambition is to achieve zero harm and we will not rest whilst we still have accidents and injuries happening in our business.

We have now embarked on the next phase of our journey which focuses on behavioural safety titled 'From base to brilliant' incorporating the rollout of a full behavioural health and safety programme through the business. Starting at the 'base', where 'we do the right thing' then moving to taking responsibility through a dependent 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.

## Sustainability

We remain fully committed to reducing the impact our operations have on the planet and continue to pursue projects which support our 2030 carbon reduction targets. 2024 saw further progress including the re-processing of brick waste into a cement substitute which is then in turn used in our concrete products.

Weak market conditions have undoubtedly hindered our apparent progress in the shorter-term, with our business operating at reduced levels of efficiency, although a significant improvement in our year-on-year carbon intensity demonstrates we are heading in the right direction.

Our investments in new, modern and more efficient capacity will deliver significant sustainability benefits in the coming years as we are able to access the significant efficiency benefits these facilities will offer, with both Desford and Wilnecote reducing carbon per brick by around 25% and with the new Accrington facility able to manufacture slips with around 30% of the embedded carbon compared to a traditional brick.

Having signed the contracts for our dedicated solar farm that was intended to supply around 70% of our electricity from 2025, we exercised an option to receive the power a year early with the facility commencing generation in May 2024 and since this date, along with our roof mounted solar installation at Desford, it has generated around 90% of the Group's electricity consumption.

### 2025 priorities

Looking ahead to 2025, Forterra's aim is to ensure that our customers remain at the heart of our business. In addition to our focus on operational excellence, we are intensifying our efforts in innovation.

#### *Strengthen the core*

- Commissioning of the Wilnecote brick factory, swiftly expanding our product range to rebuild and then expand our position in the commercial and specification market.
- Continuing to realise the operating efficiencies of the Desford factory ahead of improving market conditions, allowing the factory to run at full output.
- Building upon the progress made to date in both our manufacturing and commercial excellence projects, increasing margins through both greater operating efficiency and commercial strategy.



#### *Beyond the core*

- Following the commissioning of the Accrington brick slip manufacturing line, develop and launch our product range whilst continuing to develop associated façade systems including our new brick slip system.
- Our approach to innovation will be insight-driven, focused around key themes that reflect the evolving needs of the UK's construction industry and our customers. These include research topics such as the creation of more sustainable products and solutions which increase levels of job site productivity. Our plan is to establish cross-functional working groups that will engage directly with our key customer stakeholders, co-creating solutions which directly respond to the challenges they face.

Neil Ash

Chief Executive Officer

11 March 2025

# BUSINESS REVIEW



**NEIL ASH**  
Chief Executive Officer



**BEN GUYATT**  
Chief Financial Officer



## Our markets

2024 industry brick despatches increased by 2% relative to the low point of 2023. Whilst demand remained depressed throughout the year, 2024 did see a more stable pattern whilst 2023 was subject to significant monthly fluctuation. At the half year, UK brick industry despatches were 9% behind the prior year, offset by the second half being 15% ahead, bringing the full year variance to a 2% increase.

The Construction Products Association estimates that in 2024 new housing completions fell by 10% relative to 2023. Housing starts are also estimated to have fallen by 21%. In 2023 demand for bricks fell more markedly than the headline housing starts and completion figures, this being a function of housebuilder order books, work in progress and the inventories of construction materials they held. 2024 showed slight improvement in brick demand, whilst housing starts and completions statistics showed further reductions.

With imports of bricks to the UK falling by 4% in the year to 316 million bricks, total UK brick consumption remained at approximately 1.7 billion bricks (2023: 1.7 billion), which is still around 30% below 2022 consumption of 2.5 billion bricks. At the same time housing starts and completions were 35% and 19% below 2022 levels respectively. With brick consumption falling further from 2022 levels relative to completions, this supports the view that brick consumption has the potential to grow at a faster rate than housing completions in the short-term.

## Bricks and Blocks

We possess a unique combination of strong market positions in both clay brick and concrete blocks.

We are the only manufacturer of the iconic and original Fletton brick sold under the London Brick brand. Fletton bricks were used in the original construction of nearly a quarter of England's existing housing stock and are today used to match existing brickwork by homeowners carrying out extension or improvement work. We operate eight brick factories in seven locations across the country with a total installed production capacity of approximately 600 million bricks per annum.



We are also a leader nationally in the aircrete block market, operating two Thermalite block facilities in the Midlands and South of England. In addition, our aggregate block business has a leading position in the important Southeast and East of England markets where it has two well-located manufacturing facilities. This segment also includes Formpave, the Group's concrete block paving business.

Our clay reserves are the foundation that our brick business is built upon and are the primary raw material used in manufacturing our bricks. Each of our brick factories is located adjacent to a quarry supplying locally sourced clay directly into the manufacturing process. Sourcing material locally is sustainable and therefore preferable wherever possible as it avoids the costs and carbon emissions associated with transportation. Our mineral reserves also provide a natural barrier, reducing the threat of new entrants entering the market as the planning process to secure consent for a 'green-field' quarry and associated brick factory can take as long as 10 years. Each of the new brick factories built in the UK over the last two decades have been redevelopments of existing facilities utilising established quarries. We have access to over 90 million tonnes of minerals, and on average these reserves are sufficient to sustain manufacturing operations for 50 years. The majority of our minerals are owned, although a small amount are secured by way of lease with a royalty payable at the point of extraction.

#### Trading and results

The performance of the Bricks and Blocks segment was principally driven by the demand dynamics outlined above. Bricks and Blocks sales revenues were £276.7m, in line with the prior year (2023: £277.4m).

Segmental adjusted EBITDA totalled £49.0m (2023: £52.1m), a decrease of 6.0%. Adjusted EBITDA margin was 17.7% (2023: 18.8%). We were pleased to deliver an EBITDA margin of almost 18% whilst running our network of factories at around 60% of capacity.

Bricks and Blocks		
	2024 £m	2023 £m
<b>Revenue<sup>1</sup></b>	<b>276.7</b>	277.4
Adjusted EBITDA <sup>2</sup> before overhead allocations	<b>66.2</b>	70.0
Overhead allocations <sup>3</sup>	<b>(17.2)</b>	(17.9)
<b>Adjusted EBITDA<sup>2</sup></b>	<b>49.0</b>	52.1
Adjusted EBITDA <sup>2</sup> margin before overhead allocations	<b>23.9%</b>	25.2%
Adjusted EBITDA <sup>2</sup> margin after overhead allocations	<b>17.7%</b>	18.8%

1. Revenue is stated before inter-segment eliminations.

2. Adjusted EBITDA is an APM, as explained within note 30.

3. Overhead allocations are costs centrally incurred by the Group, including general administrative expenses.



#### Sales volumes

Our own brick despatches remained closely correlated with wider market trends. Our aggregate block business also reported year-on-year growth in despatches aligned to the wider brick market. Our aircrete block business demonstrated the strongest volume performance with volumes increasing by more than 20%, allowing us to reduce the significant inventory we had accumulated in 2023. We believe this increase in demand was attributable in part to changes in the Building Regulations, increasing usage of thermally efficient aircrete, although we also likely benefited from our competitors experiencing supply constraints.

#### Pricing and costs

We saw a continued stabilisation of our cost base in 2024 following the significant cost inflation seen in recent years. As expected, our energy costs peaked in 2023 and although we have seen some stabilisation in 2024, these remained significantly ahead of longer-term norms. We did however experience continued cost inflation in other categories, namely staff costs and in particular business rates.

# BUSINESS REVIEW

## CONTINUED

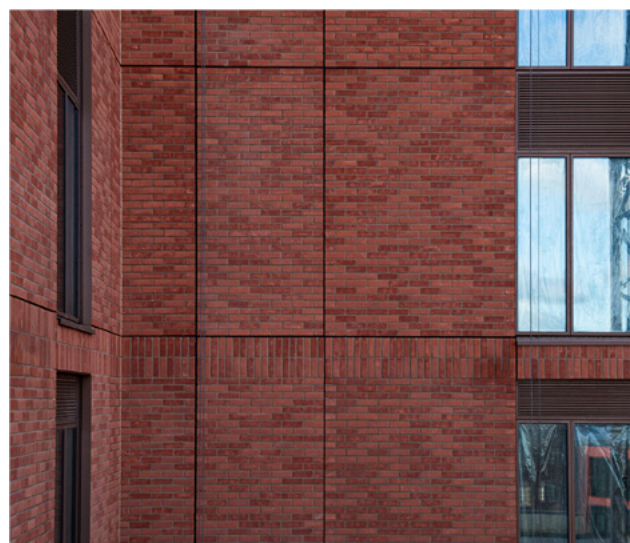
Armed with forward visibility of these increases in our cost base, in late 2023 we announced modest price increases aimed at recovering this cost inflation to apply from early 2024. Unfortunately, challenging market conditions and competitor behaviours determined that these price increases did not hold in the market, as we needed to ensure our pricing remained competitive. Despite this, brick pricing remained broadly stable throughout the year and at the end of 2024 our brick prices remain only mid-high single digits below the levels achieved at the end of 2022. Pricing of our aggregate and aircrete block products followed a similar pattern to bricks, remaining broadly stable in the year.

### *Operations*

This year brought a degree of stability to our manufacturing operations. With the management actions necessary to align our production with customer demand announced and committed towards the end of 2023, 2024 saw the completion of these measures with a number of colleagues regrettably leaving the business in the first quarter.

Thereafter, our manufacturing operations ran consistently at a reduced level of output. Aside from some continuing commissioning challenges at Desford, which we substantially addressed through an extended two-month summer shut down, our factories ran well and we made good progress on our renewed focus on manufacturing excellence, delivering a number of savings in the year and contributing to our successful cash management.

As the end of the year approached we took the first steps in what we refer to as 'Project Rebound', our roadmap to increasing the Group's output back to 2022 levels and beyond. The first step was to increase production of our aircrete blocks after a strong 2024 performance which saw a significant reduction in our inventories of this product. We have created 40 new roles within the business with production increasing from January 2025.



Each of our previous rationalisation actions were taken with a view to reducing output in the short-term without diminishing the long-term productive capacity of the business. However during 2024 we considered the position of our Howley Park brick factory, taking the decision that the mothballing of this plant would in fact become a permanent closure.

Howley Park was the oldest and least efficient brick factory in our network, originally opening in the 1970s. The plant was already approaching the end of its useful life when it was mothballed, with the Group having optionality to develop a replacement factory at nearby Swillington.

With the opening of our new factory at Desford giving us an effective 22% increase in our brick production capacity, our market projections did not envisage requiring Howley Park until 2029 or beyond, by which time it would have been mothballed for around six years and the costs of recommissioning the factory would not have made financial sense given the plant's relatively short remaining life and high cost of production. The Group currently retains the factory site and is considering its future use.

Inclusive of the closure of Howley Park, our investments at Desford and Wilnecote will leave us with a net 15% increase in brick production capacity relative to the last turn of the cycle, supplemented by our new market-leading brick slip manufacturing facility at Accrington.



### Bespoke Products

Precast concrete products are designed, manufactured and shipped nationwide under the Bison Precast brand from two facilities situated in the Midlands. Our products comprise beam and block flooring, including Jetfloor, which was the UK's first suspended ground floor system to use expanded polystyrene blocks combined with a structural concrete topping to provide high levels of thermal insulation; hollowcore floors alongside accompanying staircases and landings are used for upper floors of multi-family and commercial developments; structural precast components including precast concrete walls used in applications such as hotels and prisons, and concrete beams used in the construction of building frames as well as stadia components; architectural precast concrete façades, in a variety of finishes including brick facings.

### Trading and results

Precast concrete flooring solutions represent by far the largest component of this segment by revenue and profitability. The performance of this segment was correlated to that of bricks and blocks.

Segmental turnover in the year was broadly flat at £71.5m (2023: £72.7m).

Segmental adjusted EBITDA stated before allocation of Group overheads was £7.3m (2023: £10.5m). It is worth highlighting that in contrast to Bricks and Blocks, this segment had a particularly strong 2023 with performance ahead of 2022.

After an allocation of Group overheads totalling £4.3m (2023: £4.5m), the segment's adjusted EBITDA was £3.0m (2023: £6.0m).

### Bespoke Products

	2024 £m	2023 £m
<b>Revenue<sup>1</sup></b>	<b>71.5</b>	72.7
Adjusted EBITDA <sup>2</sup> before overhead allocations	<b>7.3</b>	10.5
Overhead allocations <sup>3</sup>	<b>(4.3)</b>	(4.5)
<b>Adjusted EBITDA<sup>2</sup></b>	<b>3.0</b>	6.0
Adjusted EBITDA <sup>2</sup> margin before overhead allocations	<b>10.2%</b>	14.4%
Adjusted EBITDA <sup>2</sup> margin after overhead allocations	<b>4.2%</b>	8.3%

1. Revenue is stated before inter-segment eliminations.

2. Adjusted EBITDA is an APM, as explained within note 30.

3. Overhead allocations are costs centrally incurred by the Group, including general administrative expenses.

### Sales volumes

Overall, floor beam despatches increased by around 10% relative to the prior year with a significant improvement seen in the second half of the year, with despatches approximately 20% ahead of the first half.

Hollowcore was more challenging as despite a strong order book, we suffered from slippage and delay of customer projects which meant we manufactured and despatched less product than the previous year.

### Pricing and costs

In common with Bricks and Blocks, this segment experienced a modest level of underlying cost inflation although there was some additional volatility in the cost of insulation, its largest single input cost.

Challenging market conditions resulted in some small reductions in selling prices which meant we were unable to offset the volatility in insulation costs, impacting margins accordingly.

Neil Ash  
Chief Executive Officer  
11 March 2025

Ben Guyatt  
Chief Financial Officer



# OUR BUSINESS MODEL

## INPUTS/STRENGTHS

### Our People

Their commitment, expertise and diversity are key to our success

### Our Reserves

In 2024 over 90% of the clay we used in our manufacturing processes was sourced from our own reserves

### Our Partners

We have longstanding relationships with our supply chain partners and our customers

### Our Brands

Our strong portfolio of brands is a key asset

## WHAT WE DO

### Our resources

Our brick business is built upon our clay reserves:

- >90 million tonnes
- Equivalent on average to approx. 50 years production
- Located adjacent to our plants
- Managed by our team of experts

As well as representing our future, our reserves also act as a significant barrier to new market entrants.

### Manufacturing

Our manufacturing facilities are at the heart of our business:

- Provide scale & efficiency to support our market leading positions
- Well invested factories, planned average £14m per annum spend to ensure this remains the case
- £140 million programme of investments due for completion in 2025
- Pipeline of attractive projects beyond, with timing/commitment dependent on market conditions

### Distribution and service

Our distribution fleet & customer facing teams ensure the best customer experience:

- c.130 dedicated delivery vehicles
- Differentiation through end-to-end control of distribution and customer service
- A field-based commercial team ensuring personalised account management
- A centralised support & technical service team

### Building sustainable communities

We have strong, long-standing relationships with our customers:

- Mainly in the housing market, both new build and RM&I
- They include housebuilders, distributors and builders' merchants
- Our complementary range of walling and flooring products sets us apart from other manufacturers
- Being agile to our customers' needs, and the demands of the market are key contributors to our success

## VALUE CREATION



### Shareholders

An attractive dividend policy, supported by strong cash generation over the medium-term.



### Suppliers

We work collaboratively with our supply partners to ensure value is delivered throughout our supply chain.



### Customers

By continuously engaging with our longstanding, loyal customer base, we offer industry-leading customer service.



### Employers

Through equity ownership, and committed investment in career and personal development, we ensure our people prosper.

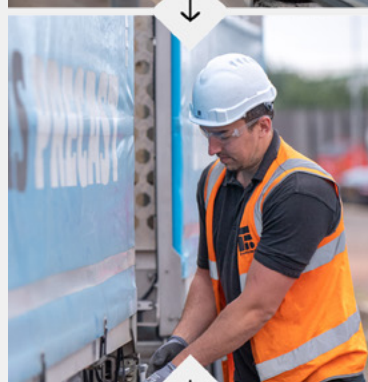
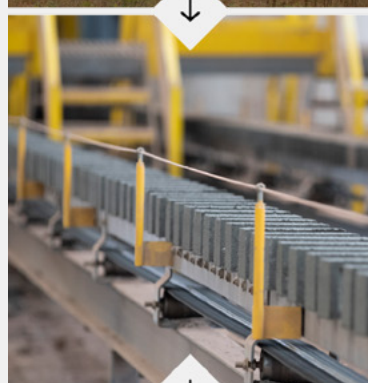


### Communities

We supply the materials to build sustainable communities, creating local employment and ensuring we do business in a sustainable way.

UNDERPINS OUR STRATEGY AND PURPOSE IN HELPING CREATE LASTING LEGACIES

## OUR IMPACTS



### Our resources

- Quarrying has a lasting impact on the landscape. All of our quarries are carefully managed in accordance with our operating permits.
- We are only able to quarry clay and other minerals once the appropriate planning consents are obtained, a process that can take many years. Our planning constraints define restoration plans for our quarries, defining how we must leave the site when our extraction obligations have ceased. Restoration schemes may include bodies of water, wetlands and woodland which all benefit biodiversity along with, in some instances, a return to agricultural use.
- By extracting clay from quarries next to the factories where it is turned into bricks, we minimise the impact of transporting our raw material.
- It is now mandatory in the UK for new development to improve biodiversity through the Biodiversity Net Gain. Forterra already contributes to improvements to biodiversity where more diverse and better quality habitats are left following restoration of our quarries. In addition to the baseline 10% Biodiversity Net Gain improvements to new developments, we are undertaking a review of all land stock to identify opportunities where land management techniques can result in improvements to existing habitats and the creation of new ones.

### Manufacturing

- Our factories and especially our kilns do emit greenhouse gases. We are investing in our business to enhance efficiency and reduce these emissions. Our strategy focuses on efficient manufacturing, allowing us to reduce our energy usage making our business more sustainable.
- We limit our mains water usage through rainwater harvesting and recycling systems.
- Almost all of our manufacturing process waste is recycled back into our products. We are making large reductions in our use of plastic packaging.
- We purchase raw materials from suppliers, supporting jobs in our supply chain. The vast majority of our raw materials are either obtained from our adjacent quarries or are purchased from UK suppliers.
- We aim to invest further in electric powered mobile plant where current technology allows.

### Distribution and service

- We are constantly investing in delivery vehicles and cars with the latest emission-reducing engine technology. Our delivery fleet is 100% compliant with the latest Euro VI emissions regulations. Our latest vehicles also have significantly reduced fuel consumption relative to their older equivalents.
- We continue to explore the use of biodiesel and other alternative fuels where cost and availability allow.
- We use state-of-the-art vehicle optimisation and scheduling software to ensure we maximise the efficiency of our delivery fleet, reducing unladen mileage as far as we can.

### Building sustainable communities

- Our products help build high-quality, energy-efficient homes that last for generations.
- With a shortage of domestically manufactured bricks in the UK (under normalised market conditions), our products are essential in building the houses the country needs.
- We provide employment for approximately 1,500 people, often in rural areas with few employers, playing an integral role in our local communities.

# MARKET OVERVIEW

In the near-term, we expect our markets to recover, although the timing and trajectory of that recovery remains uncertain. In the longer-term, we take encouragement from the UK Government's ambition to materially increase housebuilding.

2024 has been another challenging year for our industry with the Construction Products Association (CPA) expecting housing starts and completions to have fallen by 21% and 10% respectively relative to the previous year.

Demand for bricks and our other products fell more sharply than both housing starts and completions during 2023. During 2024 whilst we saw modestly improving demand for our products; both housing starts and completions showed further decline.

Housing completion statistics are generally slower to identify changes in demand with housebuilder order books and construction lead times causing this lag effect. With forecasters including the CPA projecting a return to growth for both housing starts and completions in 2025, this bodes well for a continued recovery in the demand for our own products.

We therefore anticipate a steady improvement in our markets during 2025; although a recovery in housebuilding is likely to be dependent on a supportive macroeconomic backdrop, with falling interest rates and improving consumer confidence, although given recent wider uncertainty in this area, we retain a degree of caution in our market outlook.

We take encouragement from the Government's commitment to materially increase housebuilding, with 1.5 million new homes promised over the course of this five-year Parliament, equating to 300,000 new homes per annum. Although with less than 170,000 new home completions in 2024, this target looks very challenging. It is worth highlighting that our own targets are not dependent on the Government achieving these levels, with the industry being capacity constrained at 2022 levels of demand.

In order to achieve a real step change in UK housebuilding, the Government will need to address the present constraints on both the supply of and demand for new homes. During their 14-year tenure, the previous Government's policies focused on stimulating demand through schemes such as Help-to-Buy, and with little focus on increasing housing supply, this proved inflationary.

Government initiatives to boost housebuilding are presently focused upon the supply side and in particular, planning reform. Feedback from our customers suggests that this is most welcome, but it is widely felt that this alone will not be sufficient to generate the promised increase in housebuilding.

Other obstacles to materially increasing housebuilding include shortages of skilled labour, with this exacerbated since Brexit, as well as the ageing demographic of the construction workforce often also cited as an issue.

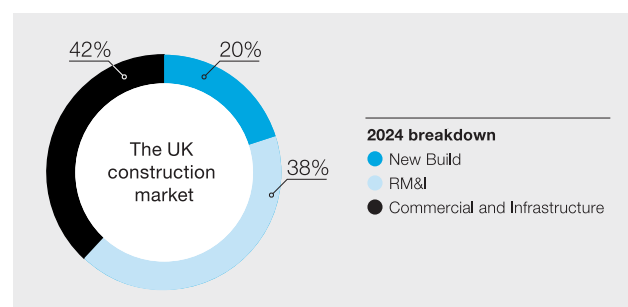
The last time the UK built close to 300,000 homes per annum was in the 1970s when around half of the homes constructed were social housing. To be successful in meeting their targets, the Government will likely need to deliver a significant increase in the construction of social housing. Unlike the 1970's, local authorities and today's housing associations do not possess their own housebuilding capability, and as such, Government will need to rely on private housebuilders or contractors to construct social housing, with funding also likely to be required from the private sector.

We look forward to the Government considering a range of other levers to improve both housing supply and demand, beyond the planning reforms currently announced.

## Our markets

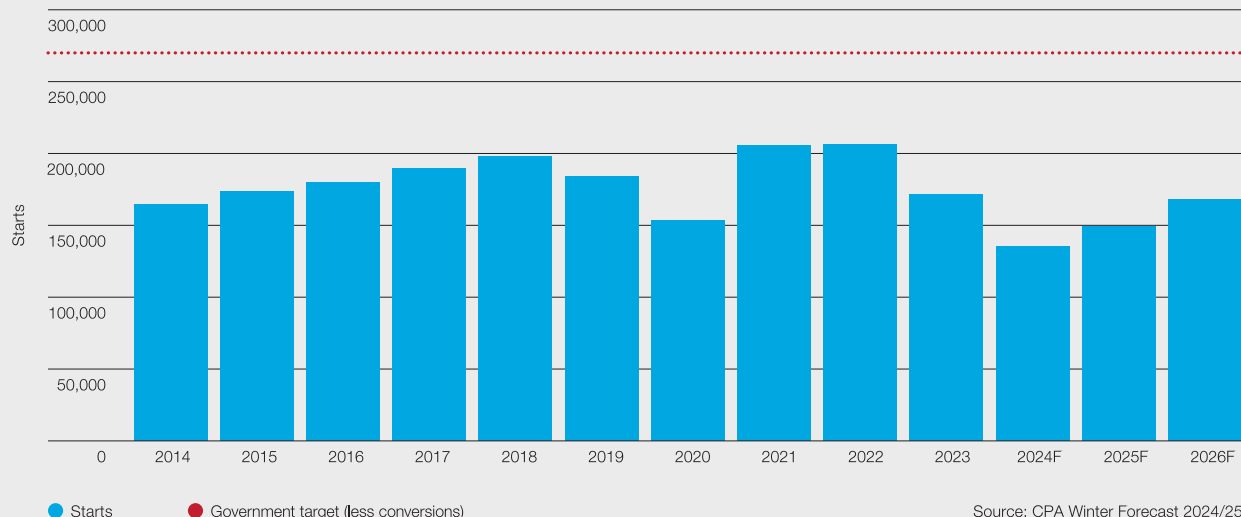
Our products are used almost exclusively in construction within the UK. Demand for these products is therefore directly related to levels of UK construction activity. Levels of, and growth in, construction activity are influenced by macroeconomic factors, including general economic prosperity, consumer confidence, Government policy, house prices, interest rates and mortgage availability.

The UK construction market can be segmented between new build and repair, maintenance and improvement (RM&I), as well as residential or non-residential; with our products predominantly being used within the residential construction sector.





## HOUSING STARTS VS. GOVERNMENT TARGET



In 2024, approximately 92% of the Group's revenue was derived from sales to residential construction applications, of this we believe c.64% of our revenue was driven by new build residential construction with c.28% relating to RM&I. In addition to large-scale housebuilders, the Group's customers also include builders' merchants and distributors, who sell our products to a broad range of end-users, so a degree of estimation is inherent within these end-use figures.

On this basis, the performance of the UK housing market is of key importance to the future success of our business, however our portfolio of RM&I products, most notably our London Brick range widely used in home extensions across the South of England, Midlands and beyond, provides some mitigation to exposure to the cyclical new-build housing market.

Our £30m investment at our Wilnecote brick factory with its product range focused on the commercial and specification market, supplying bricks to high-value architect-designed products, will also reduce our reliance on mainstream new build housing.

## UK housing market

The residential construction sector in the UK comprises private and public (social) housing and includes both new build and RM&I of existing properties. New build activity is generally measured by the number of housing starts and the number of housing completions. According to estimates provided by the CPA, GB housing starts continued to fall in 2024 from approximately 206,000 in 2022 to 135,000 in 2024. After two years of decline, the CPA 2025 Winter Forecast predicts that housing starts will grow by 11% in 2025 to approximately 149,000, although this still represents a reduction of almost 30% relative to 2022.

Housing completions in 2024 are estimated to have totalled approximately 169,000 homes, a fall of 10% on the prior year and 19% below 2022 levels.

The new build housing market has always been cyclical and as such we are confident that demand for housing will recover from its current low with a supportive government seen as a positive, even if they fail to achieve their ambitious targets in full.

# MARKET OVERVIEW

## CONTINUED

### Demand for our products

Driven by the decline in housebuilding outlined above, but also a slowdown in the RM&I market, demand for our products remained subdued throughout 2024.

Figures from the Department for Business and Trade (DBT) show that domestic despatches of bricks fell from approximately 1.9 billion in 2022 to 1.4 billion in 2024, representing a fall of approximately 30%, notwithstanding the small year-on-year improvements seen in 2024.

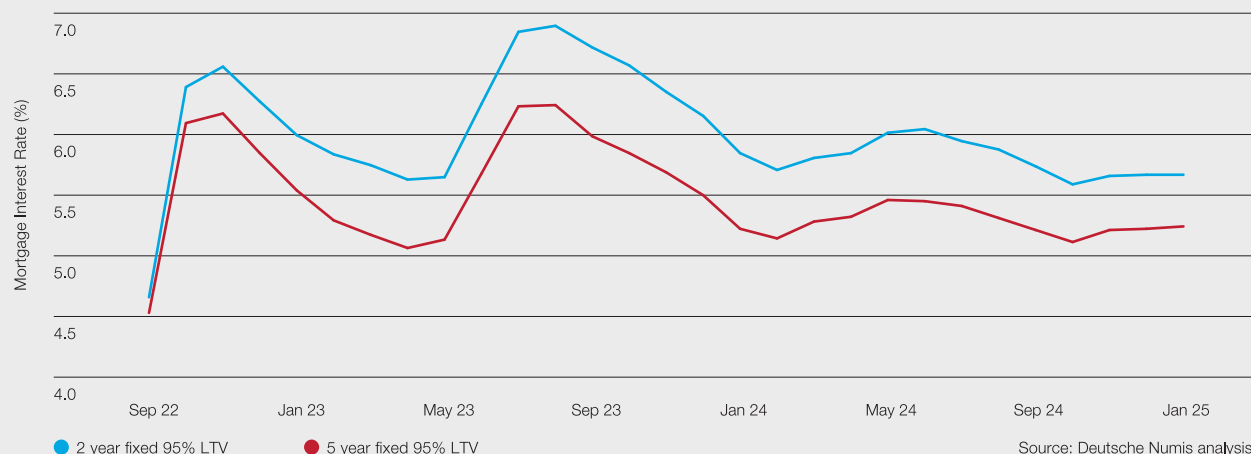
### UK demand versus domestic capacity

Due to the weight of our products, transport costs are high and the penetration of imported bricks into the UK was primarily driven by shortage of domestic supply rather than price. Imported bricks fall into two categories: a core element of specialist, often architecturally driven products not manufactured in the UK, and additional imports that service demand that cannot be met due to capacity constraints of the UK brick manufacturing industry, where domestic production capacity remains below the pre-financial crisis levels of c.2.6 billion bricks per annum, despite ongoing investment.

This second category fluctuates depending on availability of domestically produced bricks and as such, in line with the fall in demand seen in recent years, these imports have decreased. Imports of bricks into the UK in 2024 fell by around 4% whereas domestic consumption increased by 2%.



### MORTGAGE INTEREST RATE



His Majesty's Revenue and Customs (HMRC) figures show that in 2022 around 570 million bricks, representing 23% of consumption, were imported into the UK. In 2024 this figure had fallen to 316 million (18% of consumption). The 2024 imports figure represents a year-on-year decrease of 4%.

In a normal year it is estimated that around 150-200 million architecturally differentiated bricks are imported into the UK and with this market being less susceptible to the increases in interest rates seen in recent years, these imports are expected to have remained more resilient. As such, the fall in imports that are directly substitutable by Forterra is greater than the headline reduction in imports.

Given that UK brick demand remains depressed and that the domestic brick industry is operating well below capacity, some suggest imports should have fallen further. Customer feedback suggests that elements of the customer base justifiably remain concerned that as the market recovers, demand will again outstrip supply leading to shortages of supply. Customers may choose to retain relationships and supply chains with importers rather than switching entirely to domestically manufactured products. Market conditions are also equally challenging in Continental Europe such that European manufacturers may choose to send product to the UK at lower than normal prices just to ensure factories can maintain production, recognising that the more fragmented nature of the market in Europe affords less flexibility to adjust production levels by mothballing capacity.

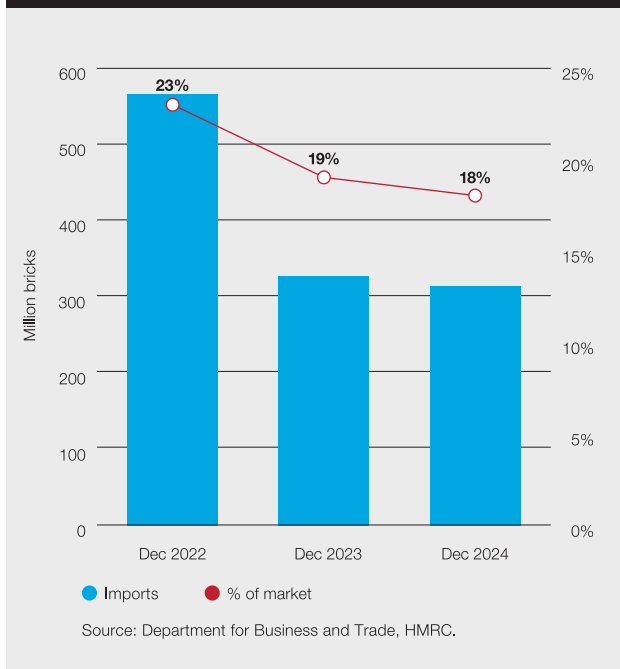
### Commercial market

The commercial and specification segment of the UK brick market accounts for an estimated 400 million bricks per annum, compared to a total normalised clay brick market of c.2.5 billion. This sector supplies architecturally-driven projects such as large flatted developments, hospitals, schools, offices, universities, and other public buildings; and is an area of the market in which we are historically under-represented.

Our redeveloped Wilnecote brick factory, which will be recommissioned in 2025, will allow further penetration into this market that currently utilises a significant level of imports, broadening our offering and diversifying the end-use markets that we serve.



### BRICK IMPORTS



### Sustainable buildings

Whilst it is important to recognise that our products are inherently sustainable, lasting for well over a century and requiring no maintenance throughout their lifetime; we can always do more. Facilitating the move to sustainable buildings through support of offsite, and modern methods of construction is key to the 'beyond the core' arm of our strategy, enabling improved construction efficiency and less wastage. These products can facilitate ambitious accelerated build targets for UK construction, whilst also recognising the role of our products in supporting the transition to a lower carbon economy. Our TCFD disclosure shown on pages 55 and 69 details the perceived opportunities as well as risks relevant to this transition, and whilst offsite construction may demand fewer traditional products such as bricks and blocks, we continue to innovate and develop new products to serve this growing market and have further increased our resource in this area. Our £12m investment at our Accrington factory to enable the manufacture of brick slips is a prime example of seizing these opportunities, with the significant sustainability benefits that this project brings relative to current brick slip production, which often involves cutting the face from a traditional brick and discarding the rest of the brick.



# SECTION 172 STATEMENT




## ENGAGING WITH OUR STAKEHOLDERS

We are committed to engaging with all of our stakeholders, ensuring that strong relationships are built and maintained. These relationships are essential to our ongoing success.




Our key stakeholders are at the core of everything we do. The Board remain fully appreciative of the impact of our strategy and business model across our stakeholder group and recognise that different stakeholders may have opposing views.

More information about our strategy can be found on pages 28 to 33, and the business model can be found on pages 20 and 21. The following details engagement across our stakeholder group, both throughout the business and at Board level.

### OUR VALUES

-  Innovate to lead
-  Pride in excellence
-  Collaborate and care

**PEOPLE:** We aim to create an engaging workplace, attracting and retaining talented people

Aligning with our values:   

#### Business engagement

- Provision of regular employee updates across a number of channels including social media, featuring regular podcasts from the CEO and other members of the Executive Committee
- CEO Neil Ash conducts regular face to face 'town hall talks' as well as a roadshow visiting all sites in September 2024
- Our Employee Forum gives employees the opportunity to engage directly with senior leadership, including members of the Board
- Monthly management briefings equip local management to disseminate information to the wider workforce on a face-to-face basis
- During 2024, our Executive Committee and Board members participated in our Visible Felt Leadership (VFL) training programme. The impact of having our most senior leaders attend these sessions allowed our colleagues to see our leaders out in the factories and with the distribution fleet




#### Board engagement

- Board members undertake regular health and safety walks as well as full Board site visits, presenting the opportunity for 1-1 engagement
- Supplementing the health and safety walks, each Director engages in Visible Felt Leadership (VFL) conversations and safety observations
- Martin Sutherland (Non-Executive Director) attends the Employee Forum held up to four times per year
- Defining culture and leading from the top is a key Board priority
- The Board meets with senior managers at Board meetings, workshops and working dinners

#### Outcomes

- The Employee Forum met on a quarterly basis, discussing a range of topics including health and wellbeing, pay, inflation and cost of living challenges along with charitable giving

**CUSTOMERS:** Our customers are essential to our business, and evolving to meet their changing needs is core to our success

Aligning with our values:   

#### Business engagement




- Our commercial team continually engages directly with customers, and our sales office form the first point of customer contact
- Regular, often weekly, structured meetings with customer procurement teams to review forward orders, availability and any service issues
- Clear communication was vital in a period of reduced demand, reassuring customers that where factories were being mothballed, our product range would not be diminished with production moving to other factories whilst also forming insight into future demand requirements as we manage our operational footprint going forwards

#### Board engagement

- Executive Directors regularly meet with customers
- Corporate event held where Non-Executive Directors met with key customers gaining insight into their perspectives

#### Outcomes

- Continued to meet our customers' requirements. Open and transparent dialogue with our customers regarding their own businesses and their demand projections for our products informed the decisions we needed to make regarding production output

**SUPPLIERS:** Working collaboratively with our supply partners to ensure value is delivered throughout our supply chainAligning with our values:   **Business engagement**




- Direct engagement with suppliers through the procurement team
- Increased forecasting of requirements and management of bottlenecks
- Working with supply partners to minimise inflationary impacts
- The Executive Committee maintains relationships with directors of the Group's key suppliers with discussions covering health, safety and wellbeing and longer-term sustainability goals alongside day-to-day trading

**Board engagement**

- Sustainability is a key priority for the Board. The Risk and Sustainability Committee became a dedicated Sustainability Committee from 1 January 2024
- Risks to the supply chain including energy procurement are regularly discussed at both Board and Audit and Risk Committee meetings

**Outcomes**

- Managing supply chain pressures through secondary and multiple sources of supply

**COMMUNITY AND ENVIRONMENT:** We believe in putting communities at the heart of everything we set out to achieveAligning with our values:   **Business engagement**




- Supported numerous local clubs, organisations and charities with donations through the Forterra Community Fund
- We engaged in regular dialogue with local communities across our manufacturing locations
- Charity match funding available to employees, aiding fundraising efforts

**Board engagement**

- Board actively involved in sustainability strategy and regularly updated regarding progress in this area
- Sustainability Committee actively engaged in consideration of both transitional and physical climate risks

**Outcomes**

- Donated over £34,000 to charitable causes in 2024

**SHAREHOLDERS:** The core of our strategy is to create sustainable shareholder valueAligning with our values:   **Business engagement**

- Results presentations were delivered on release of full year and interim results
- Meetings were held between management and both current and potential shareholders
- The investor relations section on our website has facilitated easy access to announcements, key dates and publications
- Our management regularly engaged with the analyst community who then disseminated research to both current and potential shareholders

**Board engagement**

- Our AGM enabled shareholders direct access to the Board
- Our Chair continued to offer and hold meetings with major shareholders
- The Remuneration Committee Chair was available to meet with shareholders to discuss remuneration matters

**Outcomes**

- Shareholders are kept informed of Group performance
- Sustainability metrics of decarbonisation and plastic reduction incorporated into our long-term incentive Performance Share Plan (PSP)
- Enhanced engagement with ESG ratings agencies including CDP
- Fully compliant TCFD disclosure continues to develop, ensuring stakeholders are informed of the climate risks facing our business
- Climate Transition Plan presented for the first time in this Annual Report

**DIRECTORS' RESPONSIBILITIES IN ACCORDANCE WITH S172(1) OF THE COMPANIES ACT 2006**

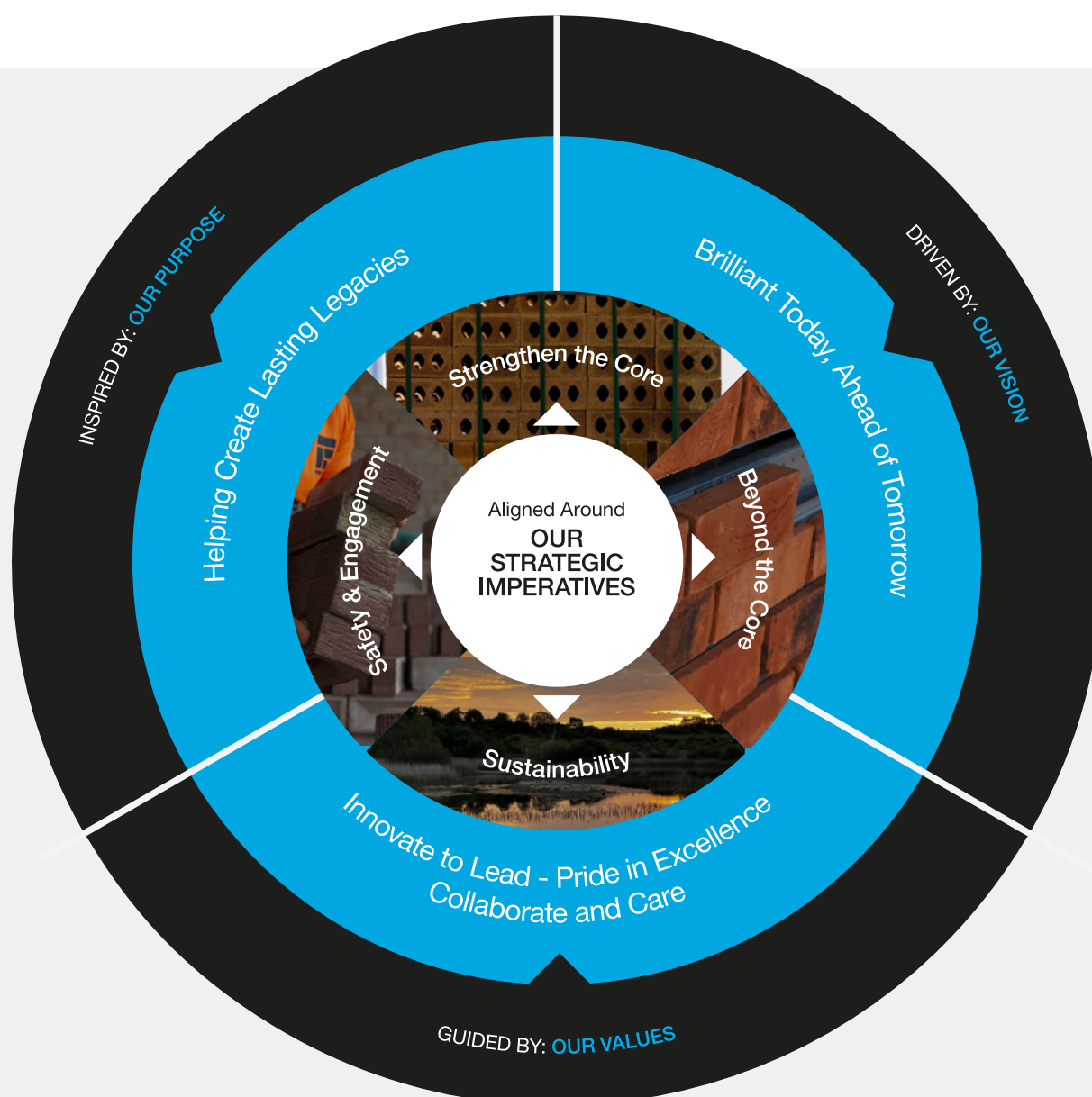
The Board considers, both individually and collectively, that it has acted in good faith to promote the success of the Company for the benefit of the Company's members as a whole in its decision-making throughout 2024.

In making a declaration that it has fulfilled its responsibilities in this matter the Board has considered the matters detailed in s172(1) paras (a-f). The table above highlights examples of how the Directors have satisfied their duty under s172 during the year.

# OUR STRATEGY

Our strategy supports the delivery of our purpose, recognising the key role our products and solutions play in shaping the built environment.

## OUR STRATEGIC FRAMEWORK





Our strategic framework is designed to provide a clear and cohesive direction for our organisation, aligning all aspects of our operations with our purpose, vision and values. It serves as a roadmap that ensures every decision, action and initiative we undertake is purpose-driven and in service of our goals. At the core of this framework is our commitment to delivering on our strategic imperatives – the critical objectives that will propel us forward in achieving sustainable growth and success. By embedding these imperatives into the heart of our strategy, we create a unified focus across the organisation, fostering alignment and accountability at every level, building engagement and ensuring every individual understands the part they play. This approach ensures that all stakeholders are working toward the same priorities, making it easier to adapt to challenges, capitalise on opportunities and ultimately achieve our desired outcomes.



Our purpose is helping create lasting legacies that go beyond construction or housebuilding to deliver growth and foster a legacy of building today, tomorrow and into the future.



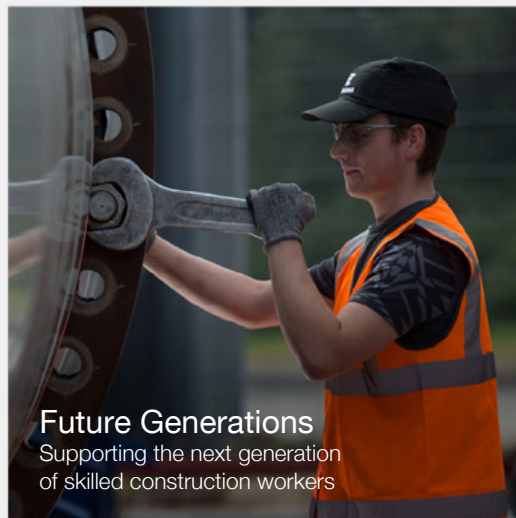
### Communities

Strengthening the communities in which we live



### Buildings

Helping our customers create buildings that span generations



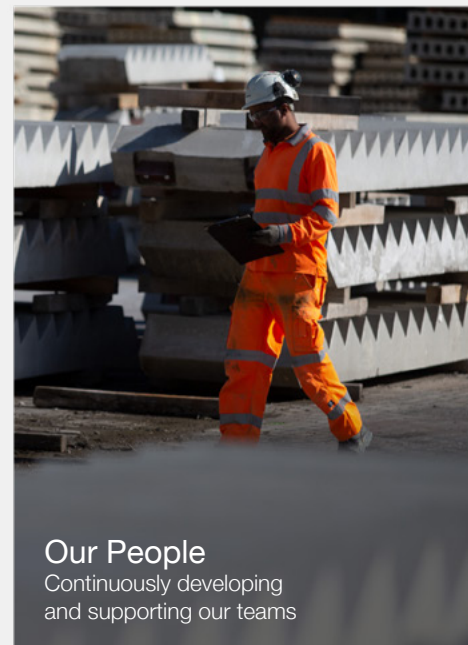
### Future Generations

Supporting the next generation of skilled construction workers



### Our Brands

Curating our iconic brands alongside those with bright futures



### Our People

Continuously developing and supporting our teams

# OUR STRATEGY

## CONTINUED

Case study

### Wilnecote redevelopment

The c.£30 million redevelopment of our Wilnecote factory is now well advanced and, following some initial delays caused by supply chain issues, is expected to come on stream in Q2 2025. The new plant will both broaden the product range and increase the capacity of the existing plant, now able to produce up to 35m bricks per annum.

The products manufactured here will enhance the wide portfolio of bricks currently made at our other plants with a premium range of bricks primarily aimed toward the commercial & specification markets, reducing our exposure to the new-build housing market. The plant will be capable of manufacturing a range of bricks in non-standard sizes as well as special colours such as Staffordshire blue bricks.



Strategy link:  
**Strengthen the core**



DRIVEN BY  
**OUR VISION**

Our vision reflects a commitment to excellence which is grounded in the present, while our eyes are always focused to the future.

By placing our customers firmly at the heart of everything we do, we aim to foster long-term partnerships built on trust and value. We focus on operational excellence through continuous improvements in our manufacturing and commercial processes, ensuring we consistently meet the highest standards. Looking ahead, we are dedicated to innovation, developing forward-thinking solutions that address the ever-changing needs and challenges our customers face. This combination of present brilliance and future readiness is what drives us to excel.

Brilliant today	Ahead of tomorrow
Manufacturing excellence	Alternative fuels
Commercial & operational Excellence	Brick slips development
Packaging waste reduction	Insight driven innovation
Employee engagement	Recycling of brick waste
Zero harm	
Decarbonisation	



## GUIDED BY OUR VALUES

Our values guide how we operate, shaping our culture, decisions and behaviours. They provide a framework for us to act consistently and align with our purpose and vision.



### Innovate to lead

**We're empowered to continuously improve**

We enjoy bringing initiatives to the table, big or small. We never stand still; we are creative, passionate and innovative, always looking to improve our business.

We play our part in working towards a more sustainable future, through investments in carbon emissions reduction, product innovation and energy efficiency.



### Pride in excellence

**We relish achievement and success**

We are proud of what we do, and the part that we play. We strive to be our best for our customers, delivering unrivalled products, outstanding quality, and leading customer service and technical support.

We work hard to build strong relationships with our stakeholders and take great satisfaction in a job well done.



### Collaborate and care

**We work in partnership and look out for each other**

We are one team. We thrive when working together and supporting one another. We learn and adapt, and believe in communicating openly, honestly and with integrity.

People's safety is always our number one priority. We always strive to do the right thing, and actively engage with our local communities.

Strategy link:  
**Beyond the core,  
Sustainability**



### Case study

## Calcined clay

As part of our journey to become a more sustainable business we have pioneered a solution whereby crushed brick waste from our London Brick factory at Kings Dyke is fine-milled by our partner to create calcined clay.

Typically, calcined clay is produced by heating clay to high temperatures, resulting in a product that has only 42% of the embodied carbon of traditional cement. However, by using brick waste that has already been fired at high temperatures, it eliminates the need for additional energy-intensive processing. As a result, our calcined clay has an even lower level of embodied carbon – just 11% of that found in regular cement.

Starting in 2024, we began incorporating calcined clay as a substitute for cement in our concrete products, beginning with our aggregate blocks, reducing our carbon footprint.



# OUR STRATEGY CONTINUED



## ALIGNED AROUND OUR STRATEGIC IMPERATIVES

Our strategic imperatives are vital for ensuring that our teams stay aligned and focused around our strategy ensuring we deliver on both our short and long-term goals. These imperatives provide a clear roadmap for the organisation, guiding our efforts across functions to drive growth, efficiency and innovation.



Strategy link:  
**Beyond the core**

### Strengthen the core

By continuing to invest in our asset base and by focusing on manufacturing, operational and commercial excellence, we will become an even stronger business in the future.

→ [See page 30](#) to read our case study on strengthen the core in action

### Beyond the core

By investing in brick slip solutions we aim to secure a leading position in the growing lightweight façades market and extend our presence in the mid-high rise buildings segment. Our teams continue to innovate new solutions designed to respond to the evolving needs of our market and customers.

→ [See opposite](#) to read our case study on beyond the core in action

### Sustainability

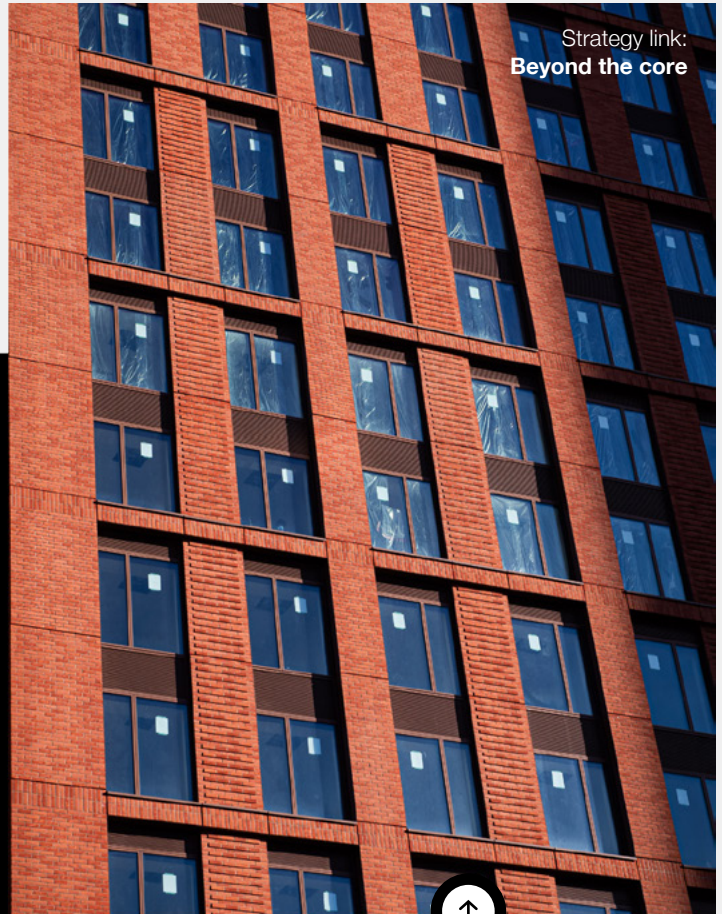
We aim to leave the lightest possible touch on the world we live in. Through our three sustainability pillars of Planet, Product and People we ensure that sustainability remains at the heart of our strategy.

→ [See page 58](#) to read our case study on our sustainable approach in action

### Safety and engagement

Ensuring a safe and engaged workforce is essential to our success. We continue along our roadmap towards our goal of zero harm and implement initiatives aimed to further enhance levels of engagement.

→ [See page 76](#) to read our case study on our safety and engagement approach in action



### Case study

## Brick slips

The £12m investment at our Accrington facility in Lancashire, is the UK's first extruded brick slip production facility. The line is currently being commissioned and we plan to commence production during the first half of 2025.





In tandem with this investment, early in the year we were successful in securing one of the largest brick slip projects in the UK, Crown Place; a 33-storey purpose-built student accommodation block located in the heart of Birmingham. Some 500,000 brick slips, which are then formed into pre-fabricated panels, will be supplied over an 18-month period.

# 500,000


slips to be supplied over  
an 18-month period

# KEY PERFORMANCE INDICATORS

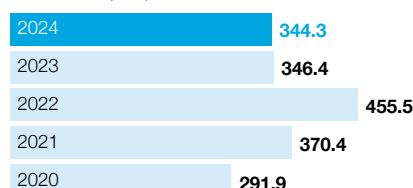
## STRATEGY LINKS

-  Safety and engagement
-  Strengthen the core
-  Sustainability
-  Beyond the core

## REMUNERATION LINKS

-  Remuneration

### Revenue (£m)



#### Definition

Revenue represents the sale of our products, net of rebates, discounts and value added taxes.

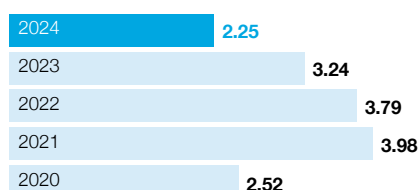
#### Performance

Revenue for 2024 was broadly in line with 2023, although varied at a product level. Brick despatches remained flat year-on-year, although with an improving trend. Block volumes improved from 2023, most strongly in aircrete. Pricing of our products remained broadly stable.

#### Links —



### Lost time incident frequency rate



#### Definition

Our lost time incident frequency rate (LTIFR) is calculated using contracted working hours and is stated as the number of lost time incidents suffered per million man-hours worked.

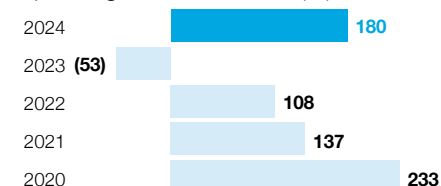
#### Performance

Our LTIFR was 2.25 incidents for every million man-hours worked in 2024, representing a decrease on 2023. This is the lowest LTIFR rate the business has recorded in the last seven years and shows our continued focus on zero harm is starting to take effect.

#### Links —



### Operating cash conversion (%)



#### Definition

Operating cash conversion is calculated as adjusted operating cash flow less capital expenditure (excluding spend on the strategic projects) divided by adjusted operating profit.

We have removed the strategic capital expenditure as these are long-term projects that will generate cash flows over a period in excess of 30 years.

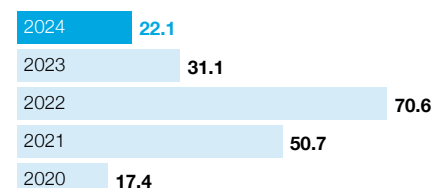
#### Performance

The Group has a long history of strong operating cash conversion although challenging trading conditions impacted this in 2023. Following management actions taken, the Group returned a positive operating cash conversion in 2024 which is expected to continue in 2025.

#### Links —



### Adjusted profit before tax (£m)



#### Definition

Profit before tax adjusted for exceptional items and other adjusting items.

#### Performance

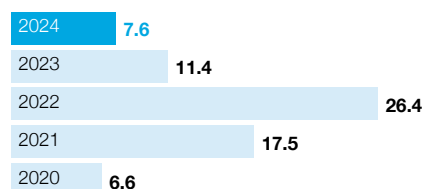
Adjusted profit before tax decreased from 2023, with a result of £22.1m reported for 2024. This was primarily driven by a drop in operating profit, as the business continues to operate in a period of depressed demand, carrying significant production inefficiency. Alongside this, a higher average level of borrowing resulted in increased borrowing costs for the period.

#### Links —





## Adjusted EPS (pence)

**Definition**

Basic earnings per share (EPS) adjusted for exceptional and adjusting items.

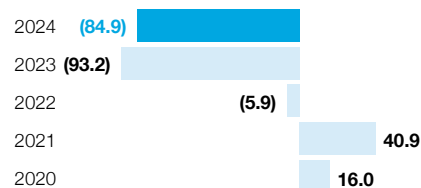
**Performance**

Adjusted EPS was 7.6p, compared with 11.4p in 2023. This was largely due to the decrease in operating profit, along with increased finance costs. In addition, the Group held fewer shares within its Employee Benefit Trust (EBT) in the period, increasing the weighted average number of shares in issue.

## Links —



## Net (debt)/cash before leases (£m)

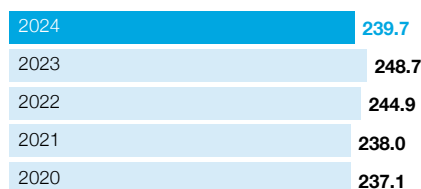
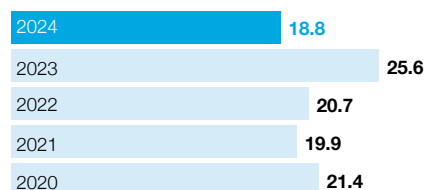
**Definition**

Net (debt)/cash comprises cash and cash equivalents less the balance of short and long-term borrowings, excluding lease liabilities.

**Performance**

Net debt before leases totalled £84.9m at 31 December 2024, equating to a leverage of c.1.9 times on a banking covenant basis, and an £8.3m reduction on 2023 (£93.2m), notwithstanding capital spend of over £20m on our strategic projects during the year.

## Links —

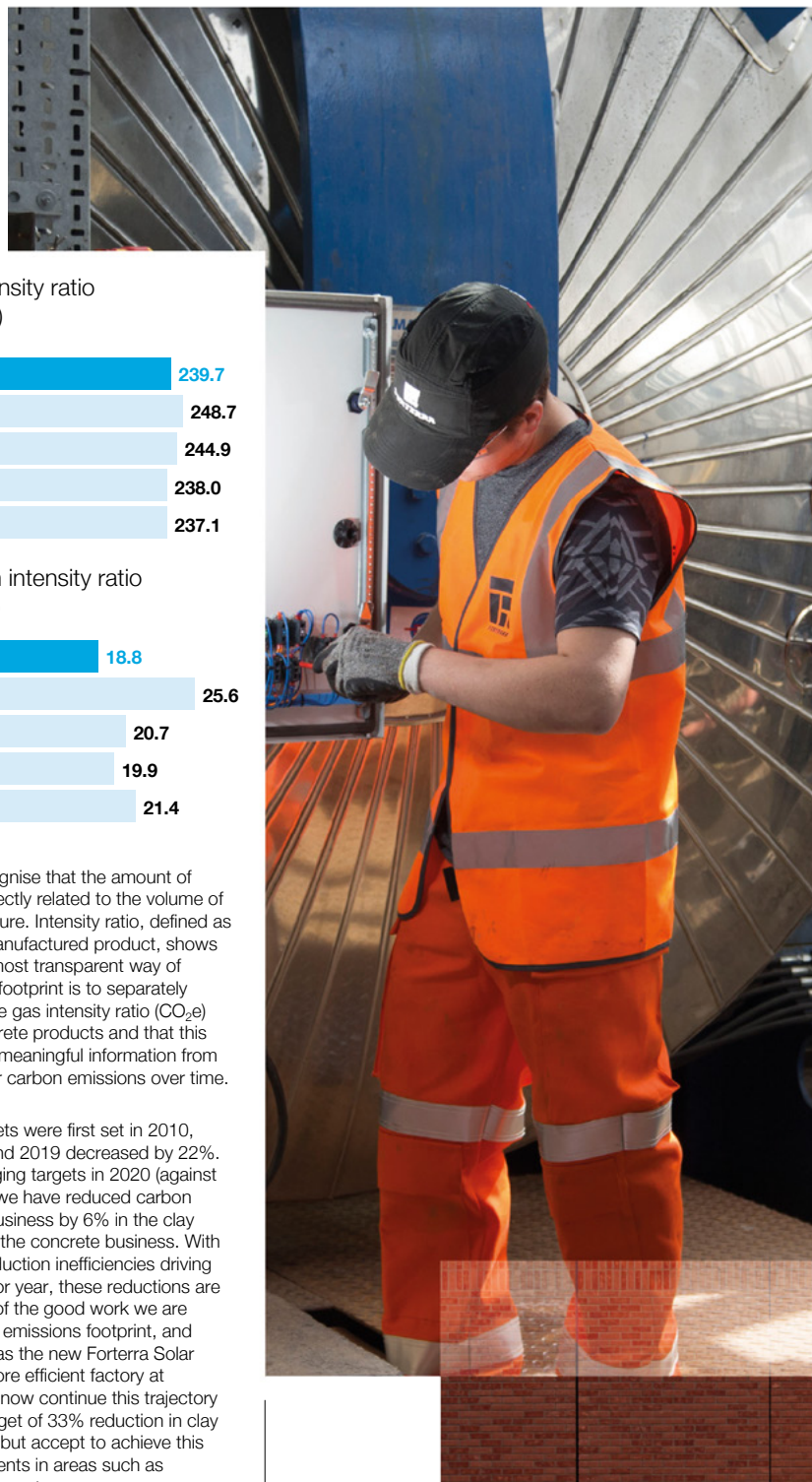
Clay carbon intensity ratio (CO<sub>2</sub>e per tonne)Concrete carbon intensity ratio (CO<sub>2</sub>e per tonne)**Definition**

It is important to recognise that the amount of carbon we emit is directly related to the volume of product we manufacture. Intensity ratio, defined as CO<sub>2</sub>e per tonne of manufactured product, shows this. We believe the most transparent way of reporting our carbon footprint is to separately report our greenhouse gas intensity ratio (CO<sub>2</sub>e) for our clay and concrete products and that this will provide the most meaningful information from which to measure our carbon emissions over time.

**Performance**

Carbon intensity targets were first set in 2010, and between 2010 and 2019 decreased by 22%. Since setting challenging targets in 2020 (against a 2019 benchmark), we have reduced carbon intensity in the clay business by 6% in the clay business and 10% in the concrete business. With product mix and production inefficiencies driving an increase in the prior year, these reductions are a positive illustration of the good work we are doing in reducing our emissions footprint, and reflect projects such as the new Forterra Solar Farm and the new more efficient factory at Desford. We hope to now continue this trajectory towards our 2030 target of 33% reduction in clay and 80% in concrete but accept to achieve this will require developments in areas such as hydrogen and carbon capture.

## Links —



# CHIEF FINANCIAL OFFICER'S REVIEW

## A RESILIENT FINANCIAL PERFORMANCE



Cash and balance sheet management have been key focus areas and in 2024 we are reporting a return to a strong adjusted operating cash flow, demonstrating the success of our management actions in placing the Group on a firm financial footing.”

— **BEN GUYATT**

Chief Financial Officer

Our financial performance in 2024 continued to be influenced by the challenging market conditions that persisted throughout the year. Whilst our adjusted profits have decreased relative to 2023, our financial position has strengthened as we have addressed the inventory build that led to a significant increase in debt during the prior year, with inventories now reducing. We are also pleased to report a reduction in net debt, notwithstanding the continued investment in our three strategic projects, each of which is now nearing completion.

### 2024 results

#### Alternative performance measures

In order to provide the most transparent understanding of the Group's performance, we use alternative performance measures (APMs) which are not defined or specified under IFRS. The Group believes that these APMs provide additional helpful information on how the trading performance of the business is reported and reviewed internally by management and the Board, allowing non-trading items which are less likely to recur to be assessed separately.

Management and the Board use several profit-related APMs in assessing Group performance and profitability. These are considered before the impact of adjusting items.

#### Revenue

Total revenue of £344.3m is in line with the prior year (2023: £346.4m) although sales volumes to some extent varied by product. Our brick despatches were closely aligned to the wider market, being flat year-on-year, although with an improving trend through 2024. Despatches in the second half demonstrated a double digit increase relative to the first half.

Demand for our concrete products did improve, particularly in the second half, with Aircrete showing the strongest increase, driven by both changes in Building Regulations as well as production challenges faced by our competitors. Pricing remained broadly stable across our product range.



### Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA)

Adjusted EBITDA was £52.0m (2023: £58.1m) with profitability impacted not only by depressed demand, but also by the significant operating inefficiencies that we are forced to carry until demand recovers to normalised levels. As a reminder, our 2023 result benefited from the absorption of fixed costs as we increased our inventory levels, something we didn't do in 2024.

Our business is managed as two segments and we allocate our central overheads to each segment based on a historic revenue-driven allocation mechanism, with central overheads allocated to Bricks and Blocks and Bespoke Products in the ratio 80%:20% respectively. In practice, the allocation of overheads to Bespoke Products exceeds the level of overheads that are directly applicable to this segment, such that if this segment was to be discontinued or divested then the saving of overheads, would in reality, be modest. Accordingly, we also disclose the allocation of central overheads to give greater visibility of the underlying profitability of our segments, in particular Bespoke Products.

Bricks and Blocks segmental adjusted EBITDA was £49.0m (2023: £52.1m) and Bespoke Products contributed an adjusted EBITDA of £3.0m (2023: £6.0m).



#### Results for the year

	Revenue	EBITDA			2024 £m
	2024 £m	Adjusted EBITDA 2024 £m	Exceptional items 2024 £m	Adjusting items 2024 £m	
Bricks and Blocks	276.7	49.0	(0.1)	5.6	54.5
Bespoke Products	71.5	3.0	(0.1)	–	2.9
Inter-segment eliminations	(3.9)				
Unallocated exceptional items			(2.7)		(2.7)
<b>Group total</b>	<b>344.3</b>	<b>52.0</b>	<b>(2.9)</b>	<b>5.6</b>	<b>54.7</b>

#### Results for the prior year

	Revenue	EBITDA			2023 £m
	2023 £m	Adjusted EBITDA 2023 £m	Exceptional items 2023 £m	Adjusting items 2023 £m	
Bricks and Blocks	277.4	52.1	(13.7)	–	38.4
Bespoke Products	72.7	6.0	(0.3)	–	5.7
Inter-segment eliminations	(3.7)				
<b>Group total</b>	<b>346.4</b>	<b>58.1</b>	<b>(14.0)</b>	<b>–</b>	<b>44.1</b>



# CHIEF FINANCIAL OFFICER'S REVIEW

## CONTINUED

### Adjusted profit before tax

Adjusted profit before tax was £22.1m (2023: £31.1m) with the reduction driven primarily by the fall in EBITDA as highlighted on the previous page, along with an increase in both the level and cost of borrowing.

### Statutory profit before tax

On a statutory basis, profit before tax (PBT) was £24.8m (2023: £17.1m). This is stated after charging adjusting and exceptional items as set out under the sections for exceptional and adjusting items.

### Operating inefficiencies

Following the sharp fall in demand for our products in 2023, we successfully aligned our production with prevailing market demand. These actions were substantially completed in 2023 and in 2024 our brick production aligned to demand, albeit with a resultant but unavoidable operating inefficiency within our factory network.

Overall, in 2024 our brick production output was below 60% of our installed capacity (excluding Howley Park, which we have now closed permanently) leading to significant operating inefficiencies, with brick factories having a high percentage of fixed costs within their cost base.

We mothballed our brick factories at Howley Park and Cloughton in 2023 and we have since determined that our Howley Park factory will not reopen as it was approaching the end of its useful life when it was mothballed and would not be cost effective to reinstate, especially with the optionality of future development at our Swillington site only a short distance away.

Whereas in some cases mothballing is the most cost-efficient option to reduce output, this is not always possible. At other factories we have reduced output by reducing the number of shifts that we operate, most commonly in our concrete products factories where variable input costs are the largest component of our production costs. In other cases, it is more efficient to run factories at full output but for only part of the year.

Whilst we faced a number of commissioning challenges with the Desford factory, these were not entirely unexpected and are less severe than those faced when we commissioned our last new brick factory at Measham 15 years ago.

At Desford we undertook an extended shutdown in the summer to address a number of snagging issues and have made good progress since then. Whilst the factory is not yet able to achieve its designed level of efficiency, mainly because market conditions only allow us to run one of the twin kilns at

any one time, we have recently conducted a detailed review into factory performance and remain confident in its ability to achieve its target of £25m annual EBITDA, assuming a return to 2022 market conditions.

### Bricks and Blocks

	Adjusted 2024 £m	Statutory 2024 £m	Adjusted 2023 £m	Statutory 2023 £m
<b>Revenue<sup>1</sup></b>	<b>276.7</b>	<b>276.7</b>	277.4	277.4
EBITDA <sup>2</sup> before overhead allocations	<b>66.2</b>	<b>71.7</b>	70.0	56.3
Overhead <sup>3</sup> allocations	<b>(17.2)</b>	<b>(17.2)</b>	(17.9)	(17.9)
<b>EBITDA<sup>2</sup></b>	<b>49.0</b>	<b>54.5</b>	52.1	38.4
EBITDA <sup>2</sup> margin before overhead allocations	<b>23.9%</b>	<b>25.9%</b>	25.2%	20.3%
EBITDA <sup>2</sup> margin after overhead allocations	<b>17.7%</b>	<b>19.7%</b>	18.8%	13.8%

1. Revenue is stated before inter-segment eliminations.

2. Both EBITDA and adjusted EBITDA are APMs, as explained within note 30. EBITDA is presented above under the statutory heading, being calculated with reference to statutory results without adjustment.

3. Overhead allocations are costs centrally incurred by the Group, including general administrative expenses.

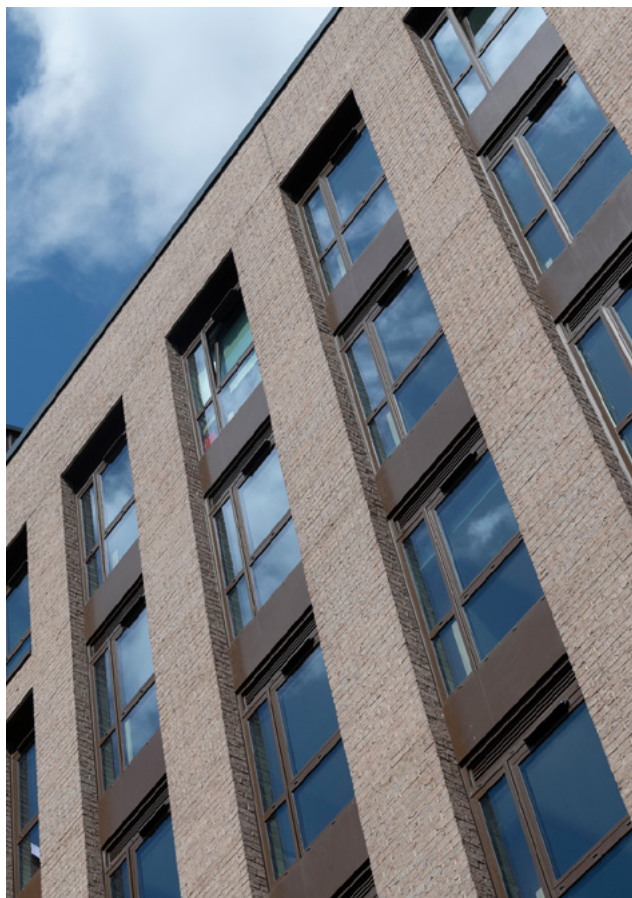
### Bespoke Products

	Adjusted 2024 £m	Statutory 2024 £m	Adjusted 2023 £m	Statutory 2023 £m
<b>Revenue<sup>1</sup></b>	<b>71.5</b>	<b>71.5</b>	72.7	72.7
EBITDA <sup>2</sup> before overhead allocations	<b>7.3</b>	<b>7.2</b>	10.5	10.2
Overhead <sup>3</sup> allocations	<b>(4.3)</b>	<b>(4.3)</b>	(4.5)	(4.5)
<b>EBITDA<sup>2</sup></b>	<b>3.0</b>	<b>2.9</b>	6.0	5.7
EBITDA <sup>2</sup> margin before overhead allocations	<b>10.2%</b>	<b>10.1%</b>	14.4%	14.0%
EBITDA <sup>2</sup> margin after overhead allocations	<b>4.2%</b>	<b>4.1%</b>	8.3%	7.8%

1. Revenue is stated before inter-segment eliminations.

2. Both EBITDA and adjusted EBITDA are APMs, as explained within note 30. EBITDA is presented above under the statutory heading, being calculated with reference to statutory results without adjustment.

3. Overhead allocations are costs centrally incurred by the Group, including general administrative expenses.



### Operating costs

Our cost base was broadly stable throughout the year although we did see a degree of labour cost inflation along with a substantial increase in business rates.

Our energy costs have stabilised as expected, but remain significantly above pre-pandemic levels, with the cost of our inputs, particularly those with a high energy component, such as cement, not reducing.

We take a risk-based approach to energy procurement, layering forward purchase positions where we see future value, to provide cost certainty. The Group generally purchases up to 80% of expected energy usage in this manner.

Under normal circumstances the Group takes delivery of, and consumes all the gas and electricity purchased under each forward contract, and in doing so the costs associated with the purchase of gas and electricity are accounted for in the income statement at the point of consumption.

### Adjusted profit before tax reconciliation

	2024 £m	2023 £m
Adjusted profit before tax	22.1	31.1
<b>Exceptional costs</b>		
Restructuring costs	(0.2)	(9.0)
Aborted corporate transaction	(2.7)	–
Impairment of plant and equipment	–	(5.0)
<b>Adjusting items</b>		
Realised loss on the sale of surplus energy	(1.5)	(0.8)
Derivative gains on future energy contracts	7.1	0.8
<b>Statutory profit before tax</b>	<b>24.8</b>	<b>17.1</b>

However, following substantial reductions in output, based on our revised expectations of production, we over-purchased energy and sold any surplus back to the market, crystallising a gain or loss. Forward contracts open at the balance sheet date, where a sell-back is expected to occur, are accounted for as derivative assets or liabilities with any associated fair value movements recognised in the income statement and presented as adjusting items.

Looking ahead, we have forward purchased around 85% of our energy requirement for 2025, providing a high degree of price certainty. From April 2025 we will gain the full financial benefit of the Forterra Solar Farm, having originally signed the 15-year Power Purchase Agreement (PPA) in 2022. Whilst we have been receiving power since May 2024, the first 11 months are chargeable at a higher prevailing market rate ahead of the formal commencement of the PPA providing price certainty over a 15-year period.

### Exceptional items

Exceptional items include redundancy and termination costs associated with the restructuring of our operations in response to the market downturn. Whilst the bulk of these actions were announced in 2023, modest further restructuring measures took place during 2024.

During the year, the Group incurred exceptional costs of £2.7m in respect of an aborted corporate transaction as announced at the time of the interim results. The Board actively considers opportunities for inorganic growth through acquisition, however will only proceed should opportunities not only meet our strategic objectives but also provide demonstrable value for our shareholders.

# CHIEF FINANCIAL OFFICER'S REVIEW

## CONTINUED

### Adjusting items

In addition to exceptional items, we have also identified further adjusting items, the separate disclosure of which allows us to present our results in a manner that will allow 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.

Adjusting items in the current and previous year relate to both realised and open energy positions where 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. 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. 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.

### Finance costs

Finance costs totalled £9.1m (2023: £7.0m). The increase in our finance costs relative to the prior year was primarily a function of increasing levels of borrowing through 2023 along with increasing interest rates through 2023, with these only falling slightly towards the end of 2024. In addition, an increased margin became payable as leverage increased. Finance costs are stated net of capitalised interest of £2.1m (2023: £nil) in respect of the capital investment projects at Wilnecote and Accrington.

Under the terms of the credit agreement, interest is payable according to a margin grid dependent on leverage starting with a margin of SONIA plus 1.65% applicable whilst leverage (net debt/adjusted EBITDA, as measured before the impact of IFRS 16) is less than 0.5 times, rising to a margin of 3.5% if leverage is greater than 3.5 times. A commitment fee of 35% of the margin was payable on the undrawn credit facility.



### Taxation

The adjusted effective tax rate (ETR) excluding the impacts of exceptional and adjusted items was 27.1% (2023: 24.5%). The increase in the ETR is partly driven by the full year effect of the increase in the UK statutory rate of corporation tax to 25.0% (2023: 23.5%). The ETR is higher than the UK main rate of corporation tax due to the permanent impact of non-deductible items such as depreciation on non-qualifying assets. With adjusted profits in 2024 being lower than 2023, the impact of permanent non-deductible items as a percentage of profit is higher and has increased the adjusted ETR. The statutory ETR was 29.5% (2023: 25.0%) with the increase attributable to the reasons laid out above, along with the impact of non-deductible professional fees incurred on an aborted corporate transaction.



### Earnings per share (EPS)

Adjusted basic EPS was 7.6p (2023: 11.4p). Statutory basic EPS was 8.3p (2023: 6.2p). EPS is calculated as the weighted average number of shares in issue during the year (excluding those held by the Employee Benefit Trust (EBT)) which in 2024 was 210.6 million shares (2023: 206.6 million).

### Cash flow

It is within our cash flow statement that our improved year-on-year performance is most visible. 2023 was characterised by a large increase in borrowings as inventories increased markedly as it took time to right-size our business in response to the sudden reduction in market demand. Cash and balance sheet management have been key focus areas and in 2024 we are reporting a return to a strong adjusted operating cash flow, demonstrating the success of our management actions in placing the Group on a firm financial footing.

Adjusted operating cash flow recovered to £60.1m (2023: adjusted operating cash outflow of 5.3m), a year-on-year improvement of £65.4m. This helped drive a £8.3m reduction in net debt before leases to £84.9m (2023: £93.2m) despite a total capital expenditure of £25.6m including £21.6m on our three strategic projects at Desford, Wilnecote and Accrington.

This improved performance is primarily a result of our ability to align production to demand, with inventories, particularly of our concrete products, reducing in the year, demonstrating that despite a continuation of challenging market conditions, we have successfully adapted our operations to current demand.

Inventories decreased by a total of £13.8m with brick inventories remaining broadly stable.

The cash flows driven by movements in receivables and payables are primarily a function of increasing sales activity, particularly in the final part of the year where the prior year comparatives were particularly weak.

Cash outflows in respect of adjusting items comprise restructuring costs of £3.8m, the majority of which were committed in the prior year, fees in respect of the aborted corporate transaction of £2.7m and payments to settle surplus gas contracts of £1.8m.

The Group received a net tax refund of £0.4m, driven by a refund of £2.2m received in respect of 2023. The corporation tax charge in respect of 2024 is £3.2m, this liability was satisfied by payments to HMRC of £1.8m and an estimated R&D tax credit claim for 2024 of £1.4m.

The new lease liabilities entered into in the year primarily relate to plant and equipment and vehicles with these assets renewed on a regular basis in the ordinary course of business.

Net receipts from the EBT in the year totalled £5.1m (2023: payment of £1.0m). With challenging trading conditions determining that Performance Share Plan (PSP) awards due to vest in 2024 will not do so, the EBT's current requirement for shares to satisfy awards is diminished, hence no contributions are being made to the EBT at present. During the year the Company received proceeds of £3.5m from the EBT in respect of the 2023 SAYE scheme that vested in late 2023.

As at the year end, the EBT held 1.9 million shares (2023: 5.5 million shares) with a market value of £3.1m (2023: £9.7m) with the decrease primarily attributable to the 2.3 million shares used to satisfy exercised sharesave awards.

It remains our policy to provide shares for settlement of our share-based employee reward schemes through open market purchases as opposed to the issue of new share capital.

Cash flow – highlights		
	2024 £m	2023 £m
<b>Adjusted EBITDA</b>	<b>52.0</b>	58.1
Purchase and settlement of carbon credits	<b>6.0</b>	3.1
Other cash flow items	<b>(6.5)</b>	(4.1)
Changes in working capital		
– Inventories	<b>13.8</b>	(52.8)
– Trade and other receivables	<b>(8.0)</b>	13.3
– Trade and other payables	<b>2.8</b>	(22.9)
<b>Adjusted operating cash flow</b>	<b>60.1</b>	(5.3)
Payments made in respect of adjusted items	<b>(8.3)</b>	(5.9)
<b>Operating cash flow after adjusted items</b>	<b>51.8</b>	(11.2)
Interest paid	<b>(10.0)</b>	(6.1)
Tax paid	<b>0.4</b>	(2.7)
Capital expenditure		
– Maintenance	<b>(4.0)</b>	(14.8)
– Strategic	<b>(21.6)</b>	(19.3)
Dividends paid	<b>(6.3)</b>	(25.7)
Net cash flow from sale and purchase of shares by Employee Benefit Trust	<b>5.1</b>	(1.0)
Repayment of lease liabilities	<b>(5.9)</b>	(5.9)
Other movements	<b>(1.2)</b>	(0.6)
<b>Decrease/(increase) in net debt before leases</b>	<b>8.3</b>	(87.3)
Debtor days	<b>41.3</b>	32.7

### Capital expenditure

The cash outflow in relation to capital expenditure excluding capitalised borrowing costs totalled £25.6m (2023: £34.1m) with strategic capital expenditure totalling £21.6m (2023: £19.3m) and maintenance capital expenditure totalling £4.0m (2023: £14.8m).

Strategic capital expenditure has been focused upon the projects at Wilnecote and Accrington. The Accrington project is nearing completion, and is expected to be delivered in line with both timetable and budget, with commissioning underway ahead of the year end. Cash spend was £8.0m (2023: £3.2m) in the year excluding capitalised borrowing costs of £0.5m (2023: £nil).

Each of our three strategic capital investment projects have been executed under fixed price contracts which have provided us with price certainty at a time of significant cost inflation. Were the Desford project to commence today, management estimate the cost would rise to approximately £120m compared to the budget of £95m which we set in 2019 and still expect to meet.

The Wilnecote project continues to progress although it has been subject to a number of supplier-driven delays. Whilst we have benefited significantly from a fixed price contract, this has placed significant pressure on our suppliers and has contributed to delays. Cash spend on Wilnecote in the year totalled £10.7m (2023: £10.9m) bringing total spend on the project to £28.6m, excluding capitalised interest. We still expect to deliver the factory broadly within its original £30m budget.

The reduction in maintenance capital spend reflects our balance sheet management and also the temporary reduction in our output. The prior year comparative also included around £6.0m of one-off items including solar panels at our Desford facility.

Our capex spend in 2025 is expected to reduce to around £15m, with approximately £8m of this related to the completion of the strategic projects.

### Borrowings and facilities

At 31 December 2024 net debt before leases was £84.9m equating to leverage of c.1.9 times on a banking covenant basis and an £8.3m reduction on 2023 (£93.2m) notwithstanding capital spend of over £20m on our strategic projects during the year. Net debt after adding lease liabilities of £20.9m (2023: £24.2m) was £105.8m (2023: £117.4m). These leases primarily relate to plant and equipment, in particular the fleet of heavy goods vehicles used to deliver our products to our customers.

The Group's credit facility comprises a committed revolving credit facility (RCF) of £170m extending to January 2027 with an option for an extension to June 2028 subject to lender consent. At the year-end a total of £100.0m was drawn on the facility, leaving headroom of £70.0m.

The facility is normally subject to covenant restrictions of net debt/EBITDA (as measured before the impact of IFRS 16) of less than three times and interest cover of greater than four times. The Group also benefits from an uncommitted overdraft facility of £10.0m.

The Group has traded comfortably within these covenants throughout 2024 although in order to ensure a sufficient degree of headroom, amended covenants were agreed with the Group's lenders. Accordingly, the Group's leverage covenant was increased to 3.75 times in December 2024 with interest cover decreasing to 3 times. In addition, quarterly covenant testing has been introduced for the period of the covenant relaxation. As such, in March 2025 leverage is set at 3.75 times and interest cover at 3 times.

The covenants return to normal levels from June 2025 with testing reverting to half yearly. The existing restriction prohibiting the declaration or payment of dividends should leverage exceed 3 times EBITDA was amended to 4 times EBITDA in 2024 before returning to 3 times in 2025.

The facility is linked to our sustainability targets with the opportunity to adjust the margin by 5 bps subject to achieving annual sustainability targets covering decarbonisation, plastic reduction and increasing the number of employees in earn and learn positions. Unfortunately, primarily as a consequence of our response to market conditions and the subsequent loss in operating efficiency, these targets were not achieved in 2024. Further information is included in our Sustainability Report.

We expect a further acceleration in debt reduction in 2025 with improving markets and strategic capex spend expected to total £8.0m (2024: £21.6m) as we complete the three projects at Desford, Wilnecote and Accrington.

In line with previous seasonal trends, this debt reduction is likely to be in the second half of 2025 with a modest increase in net debt likely at the half year. The Board reiterates its long-term leverage target of 1.5 times or below, and presently expects this to be achieved at the end of 2025.



### Pensions

The Group has no defined benefit pension liabilities. There is a defined contribution arrangement in place and pension costs for the year amounted to £5.9m (2023: £7.0m).

### Forward-looking statements

Certain statements in this Annual 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 have been 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.

[Ben Guyatt](#)

Chief Financial Officer

11 March 2025

### Dividend

Our established dividend policy had been to distribute 55% of our adjusted earnings. In light of current trading conditions and the Group's presently elevated levels of leverage, the Board has considered the Group's dividend policy and has elected to temporarily reduce the level of dividend distribution. The Board is proposing to distribute 40% of adjusted earnings for 2024 and accordingly is recommending a final dividend of 2.0p per share (2023: 2.0p) which, in addition to the interim dividend of 1.0p per share paid in October (2023: 2.4p), will bring the total dividend to 3.0p per share (2023: 4.4p). Subject to approval by shareholders, the final dividend will be paid on 4 July 2025 to shareholders on the register as at 13 June 2025.

The Board remains confident in the long-term prospects of the Group and in its ability to benefit from the recent capacity investments as the market recovers.

The Board expects borrowings to steadily reduce as our markets recover and our £140m programme of strategic capital investment draws to a conclusion.

The Board intends to keep its dividend policy under review and will look to return the level of distribution to the previous 55% as soon as market conditions and the balance sheet permit.



# SUSTAINABILITY REPORT

## In this section

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- 46 Letter to Stakeholders
- 49 Sustainability Framework
- 50 Planet – Our Transition Plan
- 70 Product
- 74 People
- 81 Our Reporting Retail



## TCFD DISCLOSURE NAVIGATION

**Governance**

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended Disclosure	Page
a) Describe the Board's oversight of climate-related risks and opportunities.	66, 68, 69
b) Describe management's role in assessing and managing climate-related risks and opportunities.	66, 68

**Strategy**

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended Disclosure	Page
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	69
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	69
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	55, 56

**Risk Management**

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended Disclosure	Page
Describe the organisation's processes for identifying and assessing climate-related risks.	54, 55, 69
Describe the organisation's processes for managing climate-related risks.	69
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	69

**Metrics and Targets**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosure	Page
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	65, 81, 82
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	53-54, 64-65
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	64, 65

The Group can state that in accordance with the Listing Rule 9.8.6 R, these Annual Report and Accounts include financial disclosures consistent with TCFD recommendations.

# LETTER TO STAKEHOLDERS



“

2024 has been a year of sustainability progress for our business, and one in which we are pleased to introduce for the first time, the Forterra Climate Transition Plan.”

— GINA JARDINE

Chair of the Sustainability Committee

I am pleased to present my first Sustainability Report as Chair of the Sustainability Committee and want to first thank Divya Seshamani for her invaluable contributions and leadership in this area throughout her time as Chair.

2024 has been a year of progress in our sustainability efforts as we work towards our 2030 targets and, ultimately, net zero. Our commitment to these goals remains strong, and while challenges persist – such as advancements in technology and the availability of alternative fuels like hydrogen – we continue to focus on what is within our control.

At the core of our ambition is the sustainability framework we have developed to support these targets. Built on three core pillars – Planet, Product, and People – this framework guides our decision-making, ensuring we fulfil our responsibility as a good neighbour and as an employer for future generations. It also plays a crucial role in delivering our Climate Transition Plan, which we are excited to introduce this year as a key milestone in our sustainability journey.

While many elements of this plan have been in place for some time, formally presenting them as a Transition Plan marks an important step in our commitment to environmental responsibility. Building on our existing efforts, the plan provides a clear path for achieving our decarbonisation goals, helping us to continue making meaningful progress towards a more sustainable future.



Absolute carbon emissions

44%

reduction (vs. 2019)





In 2024, lower production levels led to a 31% reduction in absolute carbon emissions compared to 2023 and a fall of 44% relative to 2019. Whilst absolute changes in emissions are distorted by market driven reductions in our output, we are also pleased to report a corresponding decrease in carbon emissions intensity – down 4% year-on-year for clay and 27% for concrete – resulting in a 16% reduction in overall emissions intensity at the Group level. This equates to an 11% reduction in carbon emissions intensity compared to the 2019 baseline. These improvements have been achieved despite ongoing operating inefficiencies across our manufacturing network, with 2024 brick production running at below 60% of installed capacity due to continued challenging market conditions. As markets recover and production increases, we expect further reductions in carbon emissions intensity, particularly as we make full use of our facilities, including recent investments.

A key factor in these reductions has been, and continues to be, improving efficiency across our operations. Our Desford factory, which is now operational, sets new industry standards for efficiency and serves as a strong example of our sustainability strategy in action. Beyond Desford, we are also investing in other projects with strong sustainability credentials. The redevelopment of our Wilnecote facility will lower the carbon footprint of each brick produced, while the construction of a new brick slip manufacturing facility at Accrington will enable us to bring a more sustainable product to market.

# LETTER TO STAKEHOLDERS

## CONTINUED



The importance placed on sustainability, both within our business and by our stakeholders, is further reflected in the inclusion of sustainability-related targets in the performance metrics for long-term incentives under the Performance Share Plan (PSP). These targets cover key areas such as decarbonisation and plastic reduction and while wider market challenges have meant that progress has not always met our ambitions, these targets remain in place and will continue to guide our sustainability efforts in the years ahead.

Included within this Report is an overview of our key sustainability initiatives and credentials highlighting the progress made in the year, along with providing everything necessary to understand our sustainability journey. As always, we welcome feedback regarding our approach to sustainability and the appropriateness and transparency of our disclosures.

[Gina Jardine](#)

Chair of the Sustainability Committee

In 2023, our emissions footprint was impacted by the decision not to purchase Renewable Energy Guarantees of Origin (REGO) certificates. We are pleased to see this reversed in 2024, with a large proportion of our power – around 70% as of May – now sourced from the Forterra Solar Farm. This marks a significant step forward, with renewable energy expected to account for over 90% of our electricity usage at the lower production levels seen in 2024.

Product innovation remains central to our sustainability strategy. In 2024, we made significant progress in using calcined clay, derived from waste in our London Brick production process, as a low-carbon cement substitute. We are proud to be among the first in the industry to commercialise this approach, already incorporating calcined clay into our aggregate blocks, reducing both cement usage and the carbon footprint of our products.

# OUR SUSTAINABILITY FRAMEWORK

Our sustainability framework guides all aspects of our approach to sustainability. Our framework identifies the key areas of focus to ensure we operate our business with sustainability at its core.



## PLANET

The Planet pillar frames our wider environmental responsibilities, with a particular focus upon greenhouse gas emissions. Material topics\* include:

- Climate change adaption
- Greenhouse gas emissions
- Water management
- Air quality
- Waste management
- Energy management
- Biodiversity

## PRODUCT

The Product pillar focuses upon some more specific industry and company level topics, including new product development, and the wider supply chain. Material topics\* include:

- Product lifecycle: environmental impacts
- Plastic packaging
- Ethical and sustainable procurement
- Product innovation
- Pricing integrity and transparency

## PEOPLE

The People pillar highlights our social responsibility objectives, including our utmost priority of ensuring health, safety and wellbeing across our business. Material topics\* include:

- Health, safety and wellbeing
- Employee experience
- Succession and skills development
- Community and charity engagement
- Data protection and privacy
- Equality, diversity and inclusion
- Human and labour rights

\*Material topics as identified from our previously completed materiality assessment. 2025 will see a new materiality assessment completed taking full account of double materiality concepts.



# PLANET

# OUR CLIMATE TRANSITION PLAN

## Introduction

### Purpose of the report

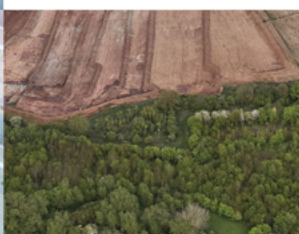
With the ultimate ambition of reaching net zero by 2050, our medium-term priority is to deliver a significant reduction in our emissions by 2030 and in this timeframe we have targeted to reduce our carbon intensity per tonne by 32% relative to 2019.

A key component of our decarbonisation strategy is our capital investment projects at our Desford and Wilnecote brick factories, more efficient and greener manufacturing capacity which alongside a number of other initiatives, including the manufacture of brick slips at our Accrington factory, fuel switching and renewal energy usage, will combine to deliver a meaningful reduction in emissions.

We are also looking to partner with technology providers to gain real live experience in factory environments within both carbon capture and storage and hydrogen fuel which will likely provide the longer-term pathway to net zero.

The Commission on Climate Change (CCC) sets out a recommended strategy for the UK to reach net zero by 2050 stating that 'most sectors will need to reduce emissions to close to zero without the use of offsetting.' Reliance on offsetting does not reduce the burning of fossil fuels which is the primary contributor to climate change.

Our plan for this transition is outlined across pages 51 to 69 of this Report.



## OVERVIEW OF THE TRANSITION PLAN TASKFORCE (TPT) DISCLOSURE FRAMEWORK LINKING TO OUR OWN FRAMEWORK

PLANET					
Principles	Ambition		Action		Accountability
	01 Foundations	02 Implementation strategy	03 Engagement strategy	04 Metrics & targets	05 Governance
Disclosure sub-elements	1.1 Strategic ambition	2.1 Business operations	3.1 Engagement with value chain	4.1 Governance, engagement, business and operational metrics and targets	5.1 Board oversight and reporting
	1.2 Business model and value chain	2.2 Products and services	3.2 Engagement with industry	4.2 Financial metrics and targets	5.2 Management roles, responsibility and accountability
Disclosure sub-elements	1.3 Key assumptions and external factors	2.3 Policies and conditions	3.3 Engagement with government, public sector, communities and civil society	4.3 GHG metrics and targets	5.3 Cultures
		2.4 Financial planning		4.4 Carbon credits	5.4 Incentives and remuneration
					5.5 Skills, competencies and training

PRODUCT

PEOPLE



# PLANET

## Ambition

### Scope and boundaries of the report

In disclosing our Transition Plan for the first time, this section of the report will provide details of where we are in our journey towards both net zero, but also our journey towards best practice disclosure.

01

02

03

04

05

### Foundations

#### 1.1 Strategic ambition

**Outline the overarching aims and objectives of the transition plan, including how the entity plans to contribute to a low GHG-emissions, climate-resilient economy.**

We have a clear strategy to grow our business and create shareholder value whilst at the same time reducing our impact on the environment. Our strategy recognises that sustainability is critical in ensuring our longevity as a business. Our long-held strategic priorities sit hand-in-hand with our goal of reducing our impact on the environment. Increased use of modern methods of manufacturing improves efficiency, reducing both energy use and waste, reducing not only our costs, but the impact we have on the environment. We have embedded challenging sustainability targets within our strategy (for more information please see our targets on pages 64 and 65).

#### 1.2 Business model and value chain

**Describe the current and anticipated implications of the strategic ambition on the business model and value chain.**

Our strategy focuses on maximising the investment in our own business to deliver a tangible and transparent reduction in carbon emissions. We will continue to evaluate the benefits carbon offsetting can provide and whilst it is possible that in the future there will be a need to use these in some form in order to reach net zero, we feel that at present we can have the greatest impact through investing to reduce our own emissions.

Using the latest technology as we are doing within our Desford, Wilnecote and Accrington factories, rather than purchasing offsets and allocating them to the emissions from a particular factory, is the most transparent and effective way of meeting our challenging carbon reduction targets and in the longer-term aiming for net zero by 2050.

More information on our approach and progress in this area is available in the 'Implementation Strategy' section of this Sustainability Report.

Our Business Model as well as 'Our Impacts' are detailed on pages 20 and 21 of this Annual Report, and how these manifest within our Climate Transition Plan is detailed here.

### Greenhouse gas emissions

We manufacture two broad categories of products – those made from clay and those made from concrete. These products are regularly supplied in tandem to our customers and are used together in building high-quality homes and buildings. However, the manufacturing processes are very different and their carbon footprints, whilst similar overall, are built up in different ways.

#### Clay products

Clay is the primary raw material used to make bricks. The clay is typically sourced locally from our own quarries, limiting the environmental impacts of transportation to factories. The clay is ground and then formed into a brick shape using a variety of methods. The grinding and forming process uses electrical energy.

At this stage bricks contain significant amounts of moisture which must be removed before they can be fired. This drying process utilises recycled heat from our kilns.

The next stage is the firing of the brick which transforms the relatively weak dried clay into strong durable bricks that will last for generations. During the firing process, the bricks are heated to temperatures of over 1,000°C, triggering chemical reactions in the clay. Our kilns are fired by burning natural gas, whilst the clay itself also emits carbon dioxide as a result of a chemical reaction; we refer to this as process emissions. Once cooled, the bricks are packaged ready for despatch to our customers.

As a result of the emissions created by the burning of gas, as well as the embodied carbon released from the clay during the firing process, the majority of emissions from our clay brick manufacture fall into scope 1.





### Concrete products

We make a range of concrete products, from aircrete blocks to precast concrete floor beams, using a number of different manufacturing techniques. Concrete is made by mixing aggregates, cement and water. It is then left to undergo a chemical reaction known as curing which can be accelerated by adding additional heat.

Our Thermalite lightweight aircrete blocks use pulverised fuel ash (PFA), a waste product from coal-fired power stations; with power generation from coal drastically diminishing in recent years, we now recycle previously landfilled ash in a process very similar to quarrying. Water, cement and other materials are mixed with the PFA. The cake, as it's known, undergoes a chemical reaction and begins to cure such that it can be removed from the mould and be wire-cut into blocks. The blocks are then cooked in a high-pressure steam oven known as an autoclave, which, like our brick kilns, is heated by burning natural gas. The blocks are removed from the autoclave, separated, packaged and once they have passed a strength test are ready to be supplied to our customers.

We purchase all of these raw materials, with cement having by far the largest carbon footprint. As such, the majority of the emissions from manufacturing concrete fall into scope 3.

It is important to emphasise that both our clay and concrete products contain similar levels of overall carbon dioxide emissions per tonne of product. However, the way in which these emissions are reported within the Greenhouse Gas Protocol scopes is very different.

The majority of the emissions associated with the manufacture of clay bricks are direct emissions under our control and are therefore disclosed in scope 1. The majority of the emissions associated with the manufacture of our concrete products are indirect emissions under the control of our suppliers and included in scope 3, and therefore not disclosed in our figures. Details of our scope 3 emissions are included later in this Report.

### Scope 1

When reporting our emissions and setting targets to reduce these emissions, it is necessary to consider our product mix. To ensure full transparency looking forward, and when reviewing our past progress, we provide emissions figures for both our clay and concrete businesses. The scope 3 emissions associated with our concrete manufacture (and to a lesser extent clay) make the direct comparison between our total clay and concrete reported emissions more challenging; more detail on our calculations of scope 3 emissions can be found later in this Report.

Any change in product mix in our output between clay brick and concrete products could materially distort the comparability of our total reported scope 1 emissions year-on-year. Accordingly, we disclose the carbon emissions for our clay and concrete businesses separately providing much greater transparency on our carbon reduction progress.

It is important to recognise the amount of carbon we emit is directly related to the volume of product we manufacture.

Our key markets have historically exhibited a trend of cyclicity and as such it would not be meaningful to measure our performance solely on absolute emissions. Never more relevant than the current period, where significant absolute emission reductions have been driven by the reduced output that market forces dictated, we believe the most transparent way of reporting our carbon footprint is to separately report our greenhouse gas intensity ratio CO<sub>2</sub>e (the carbon emitted per tonne of production output) for our clay and concrete products. We believe this will provide the most meaningful information from which to measure the reduction in our carbon emissions over time.

We recognise that carbon dioxide emissions are an inherent result of our manufacturing processes. The majority of our emissions are covered by the UK Emissions Trading Scheme (UKETS). The increasing cost of UKETS credits as well as a reduction in the number of freely allocated credits will increase our operating costs and by reducing our emissions we can deliver a reduction in these compliance costs.

# PLANET

## CONTINUED



### Scope 2

Having previously reported zero scope 2 emissions through the purchase of Renewable Energy Guarantees of Origin (REGO), in 2022, having acknowledged the requirement for further new capacity within the grid itself, working with a global leader in the management and development of solar energy projects, we committed to purchasing around 70% (at full production levels) of our electricity requirement from a dedicated solar farm, exceeding 150 acres in size situated in Nottinghamshire. The first power was taken from this site in May 2024; with this long-term agreement now in place we are again able to buy REGOs to 'green' the small portion of our usage not covered by the solar farm.

### Scope 3

2024 marks the second year of reporting calculated scope 3 emissions, using 2022 data as a baseline across the 15 scope 3 categories using an independent third-party provider to ensure that the exercise was carried out in a manner that was both accurate and in line with best practice (further information on the methodology used is available on our website). The goods and services that we purchase account for c.75% of our scope 3 emissions and we remain committed to working with our supply chain partners to continue minimising this where possible.

One of the interesting discussions raised during the exercise focused on 'end of life' treatment of our products. Currently our products would be recycled into secondary aggregate and whilst this is positive within the circular economy, we have

still accounted for the current emissions impact of recycled aggregate. However, due to the longevity of our products (>150 years) it is highly likely that there will be no carbon emissions associated with their recovery when the time eventually comes.

In 2024, cement continues to be the most significant contributor to our scope 3 emissions. Our technical team has been working alongside our procurement function and our suppliers to transition our concrete production from CEM I (regular Ordinary Portland Cement (OPC)) to CEM II (a mixture of OPC and various additives) cements where possible, and we are now in a position where more than half of our cement used is CEM II, saving around 4,200 tonnes of carbon in the last 12 months. We have also made significant strides in utilising calcined clay derived from our London Brick production waste as a low carbon cement substitute and are delighted to be one of the first in the industry to be commercialising calcined clay in this way.

As well as working with our cement suppliers (major global and UK-listed cement manufacturers including Heidelberg Materials and Breedon plc) to reduce carbon in this respect, our 'Product' section later in this Report gives further details around our innovations in cement reduction and replacement.

Looking ahead, sustainability will form an even greater element of our supplier selection and accreditation process into 2025 and beyond.

### 1.3 Key assumptions and external factors

**Highlight the key assumptions and external factors that influence the transition plan.**

#### Scenario analysis

##### Methodology

We have undertaken a scenario analysis exercise to better understand the external factors influencing our Transition Plan, and possible range of risks and opportunities our business could face under different future climate forecasts. The approach consisted of two stages, the first being a qualitative analysis to identify and assess the likely risks, and the second including quantitative modelling. In line with TCFD recommendations, we examined three scenarios (+1.5°C, +2.0°C, +4.0°C above pre-industrialised levels by 2100) in order to capture the widest range of plausible impacts on our business. Both qualitative and quantitative analyses included a thorough assessment of transition and physical risks, and were modelled around the widely recognised Representative Concentration Pathways (RCPs) and Shared Socio-economic Pathways (SSPs).

During the qualitative phase, granular assumptions about the policy (Government), built environment, technological and physical changes associated with each warming pathway were examined by a working group comprised of the respective heads of relevant business functions (Strategy, Operations, Finance, Sustainability, Marketing). The risks and opportunities identified in the qualitative phase were then transferred to the quantitative modelling in order to assess the scale of their potential impact.

The quantitative modelling was undertaken with support from a specialist corporate climate modelling consultancy, and interrogated the warming pathways, modelling impacts across four categories: Operations, Supply Chain, Demand and Physical Effects. The outputs of this quantitative process allow us to better understand the relative impacts and opportunities arising from climate change, and a shift to a lower carbon macroeconomic model.

#### **Steady path to sustainability ~ 1.5°C warming**

The 1.5°C pathway assumes significant proactive public and policy support for climate action, and a broadly unified global response. It assumes a wide range of factors including stronger regulatory interventions; enabling and disrupting technologies emerging sooner; and demand-led effects being more material. Rather than a predictive exercise in modelling, the scenario allows us to examine the various impacts of a faster shift towards addressing climate change.

#### **Fossil-fuelled global growth ~ 4°C warming**

The 4°C warming scenario assumes that the global growth continues to be driven by fossil fuels, with limited changes to current economic models. Regulatory interventions are delayed or absent, with a broad range of achievement of national decarbonisation targets. Towards 2050, the effects of climate change become readily apparent to electorates, and rapid reactive change is effected late in the period. The pathway has limited impact on Forterra's near and medium-term operations, with significant impact in the long-term.

#### **Implications for products (under 2°C – exaggerated under 1.5°C and delayed under 4°C)**

- Bricks and blocks that are manufactured at a lower carbon intensity are likely to gain popularity
- Environmental product declarations (EPDs) and lifecycle assessments are likely to become the norm as product labels become mandatory
- Products that are geared toward refurbishment are likely to gain popularity
- Products with strong thermal characteristics are likely to gain popularity as rising energy costs increase the drive for better insulation
- Production facilities that are close to carbon capture, utilisation and storage (CCUS) cluster zones, or that have hydrogen as part of their decarbonisation plans will likely benefit from lower costs as carbon prices increase

### **Middle of the road: 2°C warming**

The 2°C warming scenario is considered the most likely scenario, and assumes the UK remains on its current path to decarbonisation, broadly meeting its stated policy goals, with a range of adherence to targets by other nations. In specific terms, this means the UK achieves net zero by 2050 and meets its other environmental industrial strategy aims.

The scenario assumes some demand-led growth in low carbon masonry products, driven by carbon prices inflating the cost of emissions heavy products.

**Policy:** The UK integrates product carbon labelling across sectors in the near-term, although these labels do not become mandatory until the medium-term. The UK phases out coal usage completely by the mid 2020s and it establishes its first net zero industrial cluster by 2040. Building regulations stipulate that public buildings and infrastructure must meet both embodied and whole-life carbon targets.

**Built environment:** Building designs become more energy efficient, helping to drive down emissions and heating costs. Demand for high thermal mass products such as bricks and blocks continues to grow accordingly. Renovation and retrofitting increase in importance as growth drivers in the medium-term, especially as a response to green building regulations and rising electricity prices. As buildings become more thermally efficient, the component of embodied emissions from materials in the whole-life carbon footprint of buildings increases. This helps to drive steady demand for low carbon products and sustainable alternatives, with potential pricing premiums for the lowest emissions products.

**Technology:** The carbon intensity of the electricity grid is assumed to hit current targets, and is modelled on a linear basis to 2050. Within the building products sector, landfilled pulverised fuel ash (PFA) is being utilised as a raw material as coal fired power plants have closed and in the long-term, the UK's Government directs funds towards CCUS technology, CCUS-enabled 'blue' hydrogen, and electrolytic 'green' hydrogen. Carbon-cured concrete and lighter bricks become increasingly common.

**Physical:** Physical impacts of climate change appear gradually over the period, though effects on the UK are relatively minor to 2050. These effects include having eight days per month above 25°C in summer months. Damage to UK non-residential property is expected to increase by 26% and flooding damage to facilities in UK coastal regions is expected to increase by 48%.



# PLANET

## CONTINUED



### Resilience of our strategy

The scenario analysis we have undertaken has assisted in better understanding the risks and opportunities across a broad range of climate scenarios.

We would likely be subject to transition risks in a 1.5°C and 2°C warming scenario, which, if left unmitigated, would likely lead to potentially higher operational costs and lower revenues. This is especially true if demand for low carbon products rises, a Government penalty is implemented on high-carbon products, competitors are better able to access low carbon sources of energy and carbon costs rise. These financial impacts would be higher in a 1.5°C compared to a 2°C scenario as public and policy support for climate mitigation is assumed to be stronger. In order to avoid these risks, our strategy includes reducing the carbon intensity of our products, as demonstrated by our targets (on pages 64 and 65), and actively pursuing the opportunities outlined within this Report.

We would assume more physical risks in a 4°C warming scenario, resulting in increased cost from operational disruption. However, the majority of our factories are at low risks of extreme weather events such as flooding and so the overall financial impact of these risks is considered manageable.

We believe our strategy to be climate resilient, noting that it will continue to respond to evolving climate risk projections, with established procedures in place to identify and escalate climate-related risk as described on page 69.

## Action

Detail the specific activities and initiatives that will be undertaken to achieve the strategic ambition.

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### Implementation strategy

#### 2.1 – 2.4 Transition activities

We are committed to supporting the UK's ambition to reach net zero by 2050 and to demonstrate this we declared a near-term carbon reduction target of 27.5% (using the Science Based Targets initiative (SBTi) well below 2°C scenario) running from 2019 through to 2030.

This is supported by our Carbon Management Plan which maps out our decarbonisation plan, including both ongoing projects as well as the further technologies, infrastructure and process changes that will be required for us to meet this target – some of them are already commercially available such as solar panels and electric vehicles, whereas others, such as hydrogen and carbon capture are still, particularly from an infrastructure perspective, emerging within our sector.

Our vision is to take the learnings from the carbon journey of our existing factories and future proof any new developments to make sure all of the potential carbon savings can be incorporated, ultimately achieving a zero carbon production facility.

We acknowledge that significant reductions in our carbon footprint can be made by being proactive when designing our new factories; our Desford factory has reduced its energy consumption per brick by c.30% relative to the old factory it replaced. This is, however, only the start of our ambitions. Applying our Carbon Management Plan to this design process contributes to the blueprint for what could come next: the brick factory of the future.

### The Brick Factory of the Future

The conceptual 'Brick Factory of the Future' displays our implementation strategy and forms the core of this Transition Plan. Development and progress varies across individual areas, however the pathway is in place to achieve our long-term decarbonisation ambitions.

#### Raw materials

The clays we use can be responsible for up to 80% of the carbon emissions of a brick factory depending on the type of clay seam that the factory is situated on. Our technical team is working to identify inert materials, that when fired, will not emit carbon, that can be substituted for these clays without compromising the look and performance characteristics of our products.

There is a finite amount of substitution possible before the performance and the aesthetic appearance is compromised and as such this approach must be deployed in combination with other emerging technologies to further reduce our impact. As such, innovation at a product level is key.

#### Product innovation

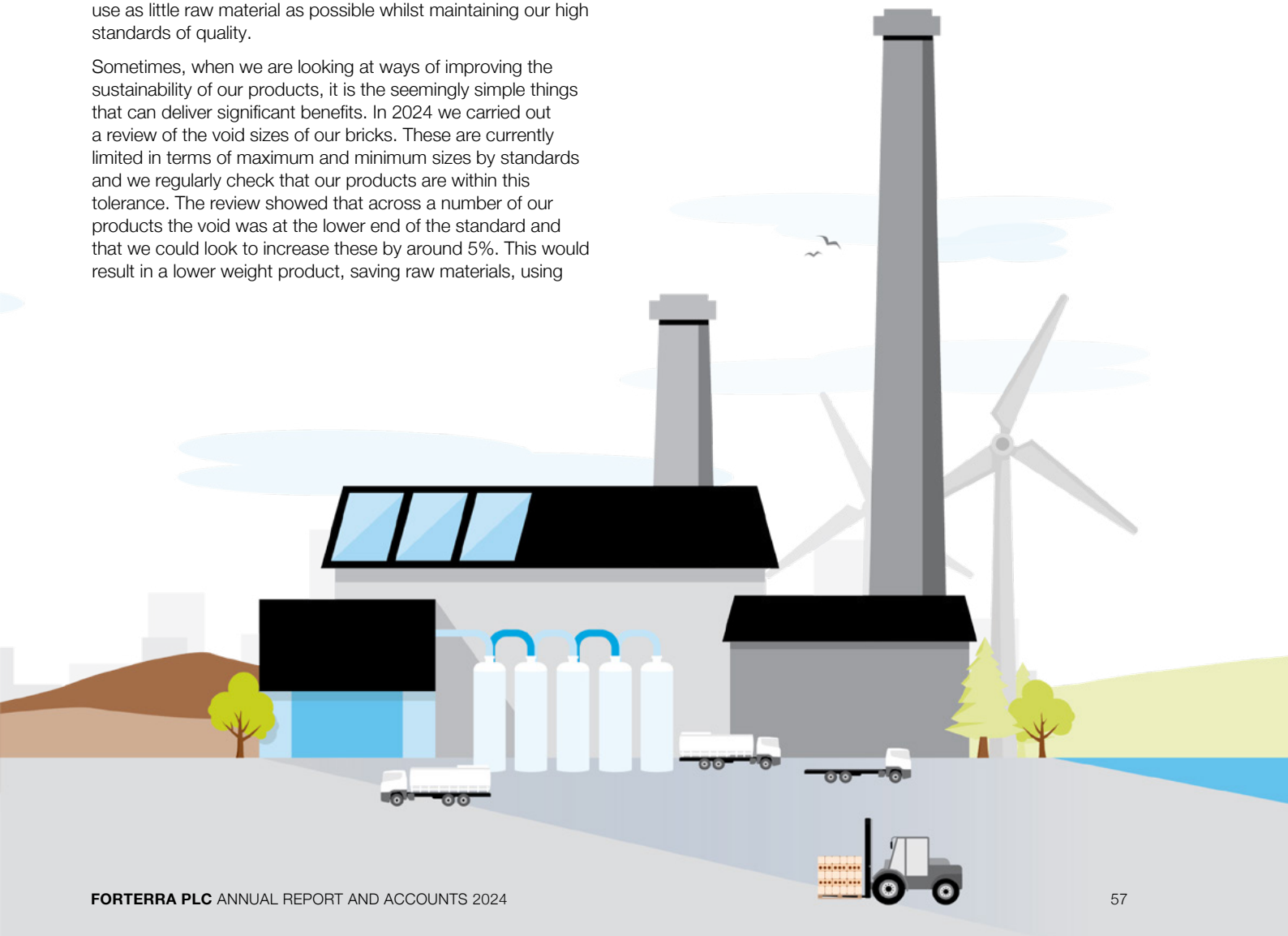
'As much from less' – the goal of our project to ensure that we use as little raw material as possible whilst maintaining our high standards of quality.

Sometimes, when we are looking at ways of improving the sustainability of our products, it is the seemingly simple things that can deliver significant benefits. In 2024 we carried out a review of the void sizes of our bricks. These are currently limited in terms of maximum and minimum sizes by standards and we regularly check that our products are within this tolerance. The review showed that across a number of our products the void was at the lower end of the standard and that we could look to increase these by around 5%. This would result in a lower weight product, saving raw materials, using

less gas during firing with lower payloads on delivery vehicles. Increasing the void is a simple process, though in order to ensure that product quality wasn't compromised, a number of trials were carried out, gradually increasing the size until the optimum was reached for each factory. As a result of this work we saved at least 1,000 tonnes of carbon in 2024.

#### Efficiency

In order to meet both our 2030 carbon reduction goals and achieve net zero, we must ensure that we operate our factories in the most efficient manner possible and minimise the use of all of the inputs into our process including energy and raw materials. As displayed in previous sustainability reports, we have undergone step changes in the efficiency of our plants through our capital investment projects, delivering the Desford factory utilising 30% less energy per tonne than the factory it replaces. We are continuing this programme with redevelopment of our Wilnecote factory, which will come back online in 2025 and is expected to save similar energy per tonne of production as Desford.



# PLANET

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Our brick slip production line at Accrington, where extrusion of slips and utilisation of an existing kiln will significantly reduce the waste associated with cutting traditional bricks into slips, is now nearing completion.

Beyond these projects we continue to review the energy performance of our factories either through our externally verified ISO 50001 Energy Management System or through the Energy Savings Opportunity Scheme, both of which focus our attention on areas for improvement. This sits at the heart of our manufacturing excellence programme; focusing on identifying inefficiencies in our business and developing plans to ensure they are addressed.

### Water usage

Water scarcity will become increasingly topical in future years, particularly during drier summer months. Our factories are generally in close proximity to the quarries that supply their clay and as such we can take advantage of quarry lagoons to capture and recycle rain and process water, installing water treatment plants using technologies such as reverse osmosis to clean any captured water for reuse in the manufacturing process or welfare facilities.

A potential challenge is that whilst water is currently a low-cost raw material, the high energy demand of treatment plants can increase this significantly, as well as the carbon footprint of producing water in this manner; however this could mostly be offset by the use of renewable energy generated on site.

### Packaging

We have continued to work towards our objective of halving the amount of plastic used to package our products. In 2024 this focused on the installation of a new 'belly banding' system at our Desford factory, which, after some initial commissioning issues, has resulted in a robust solution where our standard packaging offering will reduce the amount of plastic used by 50% across the brick business. We also accept that choice is key for our customers, and therefore much like supermarkets who still supply a plastic bag as required, we will continue to offer a wrapped solution to customers as an added cost option.

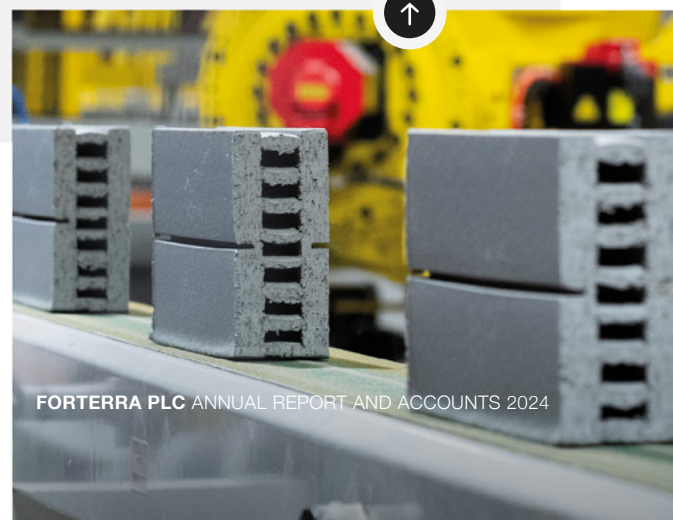
During the year we also continued our research into reducing the amount of packaging on our aircrete products. This is now at the transit trial stage ahead of final deployment as our primary goal for a packaging solution is that we do not compromise safety or the quality of products through this project.

Key to successful implementation is working with our customers to ensure that sites are ready to accept and handle our new packaging format with extra consideration required to ensure that the product is ready to use, for example the ability to store on clean and dry hard standing.

### Case study

## Brick slip production

Brick slips as a cladding material for buildings are becoming increasingly popular in the UK. The majority of these slips are currently produced by cutting traditional bricks. This is a very labour-intensive process and results in around 40-50% of the fired brick being discarded and therefore wasted. We have recently installed a state-of-the-art brick slip extrusion plant at our Accrington factory which can produce brick slips at various thicknesses and generate no additional waste from the process.





### Renewable energy

2024 marked an important milestone in our sustainability journey as we began to utilise power generated from the Forterra Solar Farm in Nottinghamshire. This significant step forward for us will 'green' a significant proportion of our power demand, paving the way for us to recommence purchasing REGOs to cover 100% of our electricity usage. 2024 is also the first full year of generation from the rooftop solar installation at our Desford factory, providing almost 4% of the overall Group's demand.

Beyond these two projects we have additionally entered into discussions with a leading provider of renewable energy to progress plans for a number of further projects across our network, some to provide further renewable energy for our own business, and others to facilitate generation for our neighbours.

### Mobile plant

The mobile plant we use at our factories (forklifts etc.) are responsible for c.2.3% of our carbon footprint and our aim for 2025 is to continue the rollout of the use of hydrogenated vegetable oil (HVO) across our business. Accepting that HVO is very much an interim solution ahead of the availability of future technologies, we have invested in alternative powered equipment such as electrically powered forklifts. We are pleased to report that the eight tonne forklift (the largest of its type in the UK upon delivery) at our Desford factory has performed well for over 18 months, proving further the potential to electrify large portions of this fleet.

### Zero carbon firing

Within a brick factory, the drying and firing process is responsible for up to 60% of the carbon emissions. This therefore forms a fundamental area of focus in our decarbonisation efforts and we have been undertaking trials of both biomass and hydrogen blends as we see both fuels playing key roles in the future.

We have previously referenced blending hydrogen into natural gas to mimic the Government's plan to blend gas into the national network, as well as carrying out a firing trial using biomass at our London Brick manufacturing facility. 2024 was very much a year of consolidation in both of these projects. Ahead of progressing the use of biomass we wanted to ensure that we identified a sustainable UK supply partner before continuing with our trial programme, this has now been completed and we are planning a wide scale trial firing of over half a million bricks in early 2025.

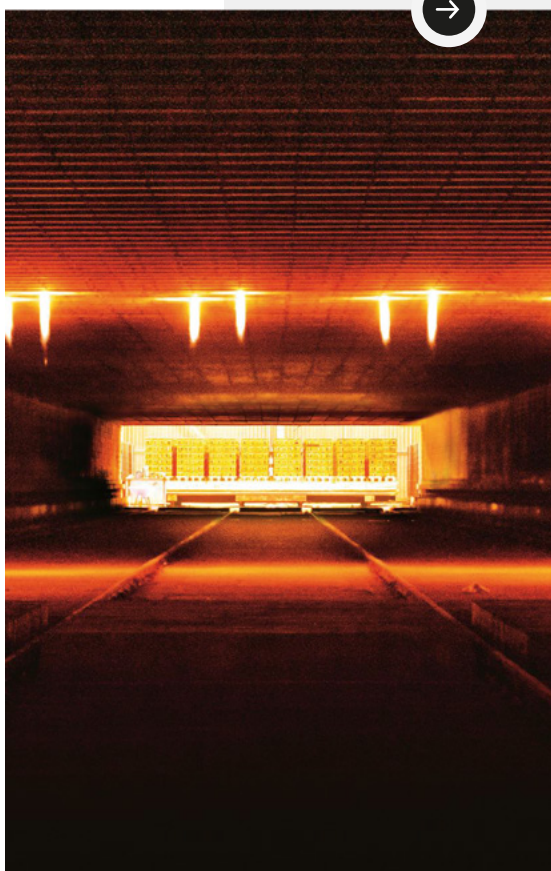


The work done during the year around hydrogen firing has also focused on supply, meeting with numerous developers of green hydrogen generation projects, all of whom are being supported by the hydrogen production business model. The majority of these will supply relatively low volumes to particular factories requiring the use of tankers for transportation. With more clarity in place regarding supply, we will be continuing our research and development work into the use of both 50 and 100% hydrogen blends on our test kilns during 2025.

Considering longer-term networked approaches, where the projects are being planned that would deliver grid supplied pipelined hydrogen direct to some of our factories, we have continued to support the East Coast Hydrogen project and in May 2024 were part of a delegation that met with the previous Government's energy advisors in Downing Street to discuss the need for grid supplied hydrogen for sectors unable to electrify their processes or move closer to a hydrogen producer.

# PLANET

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### Carbon capture

The ability to capture carbon despite the number of global projects being carried out at present remains an emerging technology for our sector as a result of the relatively low CO<sub>2</sub> concentrations in our exhaust streams. Over the last 18 months we have worked with engineering consultants to understand what the requirements of any system would be in terms of plant footprint and power requirements, whilst also engaging with leading suppliers of equipment as well as developers of innovative new solutions to ensure that when such solutions become available, these can be integrated into our plants.

### Case study

## The challenges of electrifying brick manufacturing

In many industrial applications decarbonising can and will be achieved through electrification. However, in brick making this presents a number of significant challenges and is as such not currently viewed as the primary solution.

Whilst the products can be fired using electricity, this has only been proven in small volumes to date. Our factories are generally located in rural locations (reflecting the location of clay seams used to produce our products). This means that increasing the electrical supply to our factories would be difficult and take a number of years to come to fruition as this would likely require a significant increase in electricity demand. Entire new kilns would also be required – a process which would take our factories out of operation for long periods. Switching to hydrogen we believe is a much more logistically feasible solution; whilst we would need new burners and pipework, this is work that can be carried out whilst existing kilns remain operational.

### Distribution

Around 5% of our carbon footprint can be attributed to our distribution fleet and we have made great strides over recent years in improving the fuel economy of our vehicles. In order to achieve zero carbon emissions we would need to transition to either electric or hydrogen powered vehicles.

Both electric and hydrogen delivery vehicles for our sector are in their early phase of development and as such are markedly more expensive than a diesel equivalent, and particularly in the case of electric vehicles, have significantly reduced range especially when carrying heavy loads. The weight of our products generally determines that the vehicles carrying our products reach legal maximum weights for UK roads, with electric vehicles currently better suited to delivering lighter products such as consumer goods.





#### Additional factors:

##### Air quality

Air quality is of growing concern in the UK and we understand that we must do all we can to minimise the impact on the communities around our sites. Our plants are subject to the Environmental Permitting Regulations and must operate in accordance with a permit issued by either the Environment Agency or the Local Authority. Each permit has at least one section focusing on emissions to air, with the regulating authority carrying out inspections to ensure compliance. In addition, the majority of our brick manufacturing facilities are required to carry out annual monitoring on the exhaust from the kiln to demonstrate compliance with any emission limits set out in the permit.

Our Kings Dyke brick factory is located in an air quality management area, and as a requirement of our permit we have installed, and operate, two ambient air quality monitoring stations. Since their installation in 2008 we have operated in accordance with our permits with no breaches of air quality limits.

##### Waste management

As a business we recognise the value of our raw material resources. Our waste quantities are low (c.100,000 tonnes) and represent about 5% of our production output, however large volumes of process waste streams are diverted and recycled for use in other products. For example, brick waste created at our Kings Dyke London Brick factory is crushed on-site and becomes a raw material for the neighbouring aggregate block plant, and is now also being further processed and used more widely as a cement substitute. All of our aircrete block production waste is recycled into other products in the business.

As a responsible operator, we comply with all waste management legislation and apply the waste hierarchy using segregation of wastes to ensure that the most appropriate disposal routes are utilised.

##### Biodiversity

Fragile habitats and associated biodiversity are at risk from climate change and deforestation across the globe. Within the UK, the Government has recognised our diverse range of natural landscapes and habitats, setting out a 25-year environmental plan focused on their protection and enhancement.

We are responsible for almost 2,000 acres of mineral bearing land and are therefore aware of our important role in supporting these national ambitions through the ongoing management, treatment and final restoration of this land after these minerals have been exhausted. Our quarrying operations are covered by planning consents, which include conditions for site restoration in accordance with the local mineral planning authority and taking into consideration local and wider environmental needs.

Depending on future use proposals, the quarry development will often lead to an improvement in the biodiversity value of the land involved, both during operation and when it moves into its restoration phase. The Kings Dyke nature reserve near Peterborough is an excellent example of how exceeding the requirements of the restoration plan has provided a local community asset and enabled a diverse range of habitats to thrive.

Whilst we are not yet reporting in line with the Taskforce on Nature-related Financial Disclosures (TNFD), a review group has been formed with the remit of considering our wider biodiversity agenda and the considerations required around future alignment in this area. We have identified a number of indicators to provide a framework for consideration of land use and environmental change as a result of our quarrying activities, and we support the Council for Sustainable Business Biodiversity commitment.



# PLANET

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### Engagement strategy

#### 3.1 – 3.3 Engagement strategy

**Outline the approach to engaging with stakeholders, including employees, customers, investors and regulators.**

We are proud of our progress and are keen to place our sustainability information in the public domain, ensuring the highest levels of transparency as we engage with our stakeholders.

Ensuring that all of our stakeholders are aware of the business's ambitions and values has never been more important to us and we communicate this through a number of different routes. For our employees we have regular stand down sessions and the CEO holds 'Town Hall Talks' at every site to inform our employees of business initiatives and receive feedback and answer questions relating to employee concerns. We also have quarterly employee forum meetings which are chaired by Martin Sutherland – one of our Non Executive Directors – allowing nominated representatives of the workforce to discuss issues. And finally, we have the 'Hear Me' engagement survey; a key platform for our team members to express their thoughts, challenges, and ideas. A number of our sites operate local liaison committees to ensure that the voices of the local communities are heard and all of our site operate an open door policy for the local community.

We engage with regulators and government directly or in conjunction with our trade associations where we are active members and chair a number of collaborative committees.



**Describe how progress and updates will be communicated to shareholders.**

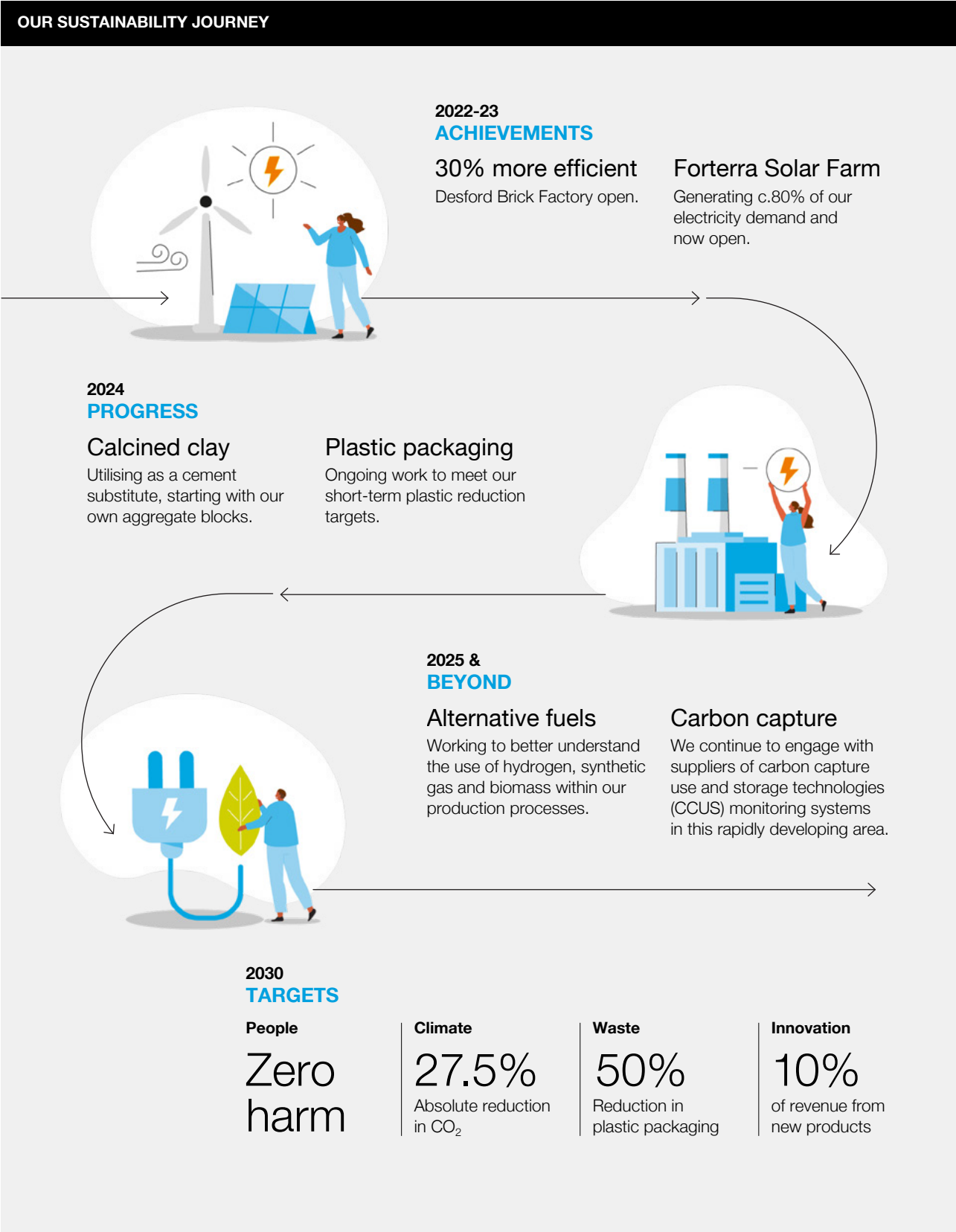
Since 2020 we have been producing a comprehensive Sustainability Report, both in standalone form and within our Annual Reporting. This allows the Group to showcase its sustainability efforts formally, giving shareholders and other stakeholders access to relevant updates regarding our progress.

As well as this formal sustainability report, sustainability progress forms a core part of our regular communications with shareholders, across investor roadshows, conferences and more ad hoc interactions across the year.

We are committed to actively engaging with a number of sustainability disclosure bodies and rating agencies including the Carbon Disclosure Project (CDP), MSCI and Sustainalytics.

In 2024, we are proud to have received a 'B' 2024 CDP Climate score, recognising the progress we have made not just in our sustainability efforts, but also how these are disclosed. Whilst our journey towards best practice disclosure is always evolving, this is an important landmark and one we strive to continue to improve from.





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### Accountability

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#### Metrics & targets

#### 4.1 – 4.2 Operational and financial metrics and targets

Collectively, our three pillars guide our future decision-making, ensuring we are successful in our overall objective of being a good neighbour and responsible employer, for generations to come.

It is important to note that our sustainability targets cover all three of our pillars, and whilst this Transition Plan is focused around Climate/Planet, a number of the targets highlighted in this section reference our equally important People and Product pillars, detailed later in this Report.

#### Our ambitions and targets

The ability to track our progress is essential to realising our sustainability goals and we have considered the most appropriate metrics and targets necessary for users to understand the impacts of our business.

#### 4.3 GHG metrics and targets

In addition to disclosing our absolute greenhouse gas (GHG) emissions, we also provide additional disclosure showing the GHG intensity ratio (level of emissions per tonne of output) for both our clay and concrete products, recognising that absolute emissions vary with the level of our production according to market demand, shown clearly in the current cycle, and as such are not necessarily a meaningful measure of our progress against our targets.

#### 4.4 Carbon credits

The majority of our emissions are covered under UK ETS and as such our efforts in emissions reduction are aligned with the financial incentives of reducing our compliance obligations under the scheme.

#### Streamlined energy and carbon reporting (SECR)

We have used the operational control approach to determine our organisational boundary for emissions purposes and calculated these emissions based on the UK Government's Environmental Reporting Guidelines (2019) and emission factors from the DEFRA 2024 Green House Gas (GHG) Conversion Factors for Company Reporting. Scope 2 emissions have been reported using both the location-based method of calculation and, to account for our use of renewable electricity through the purchase of REGOs in prior years, the market-based method for calculation. Our underlying energy use figure has been reported in GWh and includes fuel used in mobile plant, on-site generators and company vehicles. All our facilities are covered by the scope of our ISO 50001 certification which we have held since 2015. This is a third-party audited and certified scheme and has continual improvement at its core. We adopt a number of approaches to maximise energy efficiency; from LED lighting and the installation of variable speed drives on motors, through to the recycling of waste process heat from our kilns to power other areas of the plant.

Streamlined energy and carbon reporting	2024	2023	2022	2019
Scope 1 emissions (location-based) (tCO <sub>2</sub> e)	<b>177,246</b>	241,598	294,352	299,679
Scope 2 emissions (location-based) (tCO <sub>2</sub> e)	<b>10,812</b>	14,142	14,144	19,617
Scope 1&2 emissions (location-based) (tCO <sub>2</sub> e)	<b>188,059</b>	255,740	308,495	319,296
CO <sub>2</sub> e intensity kg per tonne	<b>117.1</b>	131.2	130.1	123.4
Total energy used GWh	<b>572.9</b>	791.6	969.7	956.3
Scope 1 emissions (market-based) (tCO <sub>2</sub> e)	<b>177,246</b>	241,598	294,352	299,679
Scope 2 emissions (market-based) (tCO <sub>2</sub> e)	–	14,142	–	19,617
Scope 1&2 emissions (market-based) (tCO <sub>2</sub> e)	<b>177,246</b>	255,740	294,352	319,296
CO <sub>2</sub> e intensity kg per tonne	<b>110.4</b>	131.2	124.1	123.4
Scope 3 emissions (tCO <sub>2</sub> e)	<b>196,806</b>	247,348	298,372	n/a



# OUR TARGETS

## Key

● Ahead of target/target currently met  
 ● Behind target on pro-rated basis  
 ● On track  
 ■ SLL target<sup>1</sup>  
 ■ PSP target<sup>2</sup>

Pillar	Topic	Target	Target year	Metric	2019	2023	2024	Target	Progress vs. 2019	Comment
PLANET	Group CO <sub>2</sub> emissions	27.5% reduction v 2019 baseline	2030	tonnes	319,296	255,740	<b>177,246</b>	231,489	<span style="color: green;">-44%</span>	Driven by market driven reduced production levels
	Group CO <sub>2</sub> emissions/tonne	32% reduction v 2019 baseline	2030	kg CO <sub>2</sub> /tonne	123.4	131.2	<b>110.4</b>	83.9	<span style="color: orange;">-11%</span>	2030 target remains reliant on hydrogen/carbon capture developments
	Clay products CO <sub>2</sub> emissions/tonne	33% reduction v 2019 baseline	2030	kg CO <sub>2</sub> /tonne	255.6	248.7	<b>239.7</b>	171.3	<span style="color: orange;">-6%</span>	2030 target remains reliant on hydrogen/carbon capture developments
	Concrete products CO <sub>2</sub> emissions/tonne	80% reduction v 2019 baseline	2030	kg CO <sub>2</sub> /tonne	21.0	25.6	<b>18.8</b>	4.2	<span style="color: orange;">-10%</span>	Reliant on factory upgrades at aircrete facilities, timing of which to be confirmed
	Power sourced from on site renewables	10% Group power usage	2025	%	0	0.7%	<b>3.7%</b>	10%	<span style="color: red;">●</span>	Progress slowed by market driven factors impacting our shorter term energy requirements
	Waste to landfill	Zero process waste	n/a	kg/tonne	0.16	0.09	<b>0.01</b>	0.00	<span style="color: orange;">-94%</span>	Negligible in 2024 and therefore seen as on track
PRODUCT	New product index	10% Group Revenue	2025	%	0.6%	3.3%*	<b>2.5%</b>	10%	<span style="color: red;">●</span>	New robust calculation established aligned to strategy
	Plastic packaging consumed	50% reduction v 2019 baseline	2025	tonnes	1,802	1,322	<b>963</b>	901	<span style="color: orange;">-47%</span>	Positive reduction partially driven by market demand factors
	Plastic packaging	50% reduction v 2019 baseline	2025	kg/tonnes	0.82	0.74	<b>0.66</b>	0.41	<span style="color: red;">-19%</span>	Positive reduction results to date though 2025 target in doubt as progress slowed to alleviate safety concerns
PEOPLE	Health and safety – Lost Time Incident Frequency Rate (LTIFR)	Zero harm ambition	n/a	no.	7.35	3.24	<b>2.25</b>	0	<span style="color: orange;">-67%</span>	Whilst zero harm is always our goal, 2024 was a pleasing performance
	Membership of 5% Club	5% of employees in earn & learn positions	2025	%	3.2%	3.6%	<b>3.7%</b>	5%	<span style="color: red;">16%</span>	Market downtime has impacted ability to hire into E&L positions whilst also making redundancies

1. Three of our targets have been incorporated into the Sustainability Linked Loan (SLL) following the refinancing completed in January 2023.

2. Two of our targets have been applied to the 2023 and 2024 Performance Share Plan (PSP) awards.

\* New product index calculation methodology amended in 2024. As a result of this more robust methodology, we have restated the 2023 comparator accordingly. Now measured as 'revenue from products launched within the last 5 years as a % of total revenue'.

# PLANET

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### Accountability

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#### Governance

##### 5.1 Board oversight and reporting

Sustainability sits at the heart of everything we do as a business, and as such is at the core of our strategy. Delivery on this strategy, as well as governance and oversight responsibility around climate-related risks and opportunities, ultimately sits with the Board. The Board's Sustainability Committee discharges this responsibility on behalf of the Board.

The Sustainability Committee receives progress updates as to the execution of the Group's sustainability strategy at each of the four committee meetings per year, reviewing ongoing compliance with TCFD requirements and progress against targets. As well as receiving feedback from the Executive Directors, and members of the Executive Committee, the Head of Sustainability and the Head of Health and Safety regularly attend Committee meetings.

The Board's Sustainability Committee includes the following within its terms of reference:

- Defining the level of the Group's ambitions with regard to reducing its environmental impact and addressing climate risk;
- Overseeing the development of the Group's sustainability policies, covering both environmental and wider social (people) matters;
- Setting challenging environmental targets in order to meet the Group's goals and monitoring progress against these;
- Monitor the Group's reporting under TCFD, Sustainable Accounting Standards Board (SASB) and other protocols as appropriate;
- Overseeing the Group's health and safety performance and progress against its strategy; and
- Ensuring that sustainability policy still satisfies its desired outcomes and evaluating management's performance in implementing policy and achievement against the targets set.



##### 5.2 Management roles, responsibility and accountability

The Group's Head of Sustainability leads the day-to-day sustainability activity and reports to the Chief Financial Officer. The Technical Projects Director, reporting to the Chief Executive Officer, holds accountability for delivery of the key investments that will facilitate the achievement of our sustainability targets, including reduction of greenhouse gas emissions and reducing our use of plastic packaging. The Group also utilises a monthly sustainability review, with a group comprising the Chief Executive Officer and Chief Financial Officer, as well as a number of senior managers representing other functions of the business including strategy, finance and marketing. This group is tasked with ensuring that the Company's sustainability ambitions and targets are on track, and that climate-related risks are reported upwards to the Sustainability Committee.



### 5.3 Culture

We have been reporting sustainability-related metrics and progress formally for over 20 years (including previous corporate structures and ownership) and therefore at site level it is business as usual that we strive to produce the best quality products with the minimum use of resources. However, to achieve the step change required to meet net zero we also have a strong leadership team starting at the top of the business with the Board providing oversight and ensuring accountability against our corporate targets.

This approach is underpinned by our corporate values which embrace innovation, collaboration and excellence, to enable us to produce the most sustainable products in the most efficient manner whilst being an important part of the communities we operate in.

### 5.4 Incentives and remuneration

The importance attached to sustainability both within our own business and by our stakeholders is evidenced by the inclusion of sustainability-related targets within the Group's remuneration structure. Sustainability-related targets may be included as personal objectives in the Annual Bonus Plan and targets covering decarbonisation and plastic reduction are also included within the performance targets applied to the long-term incentives granted under the Performance Share Plan.

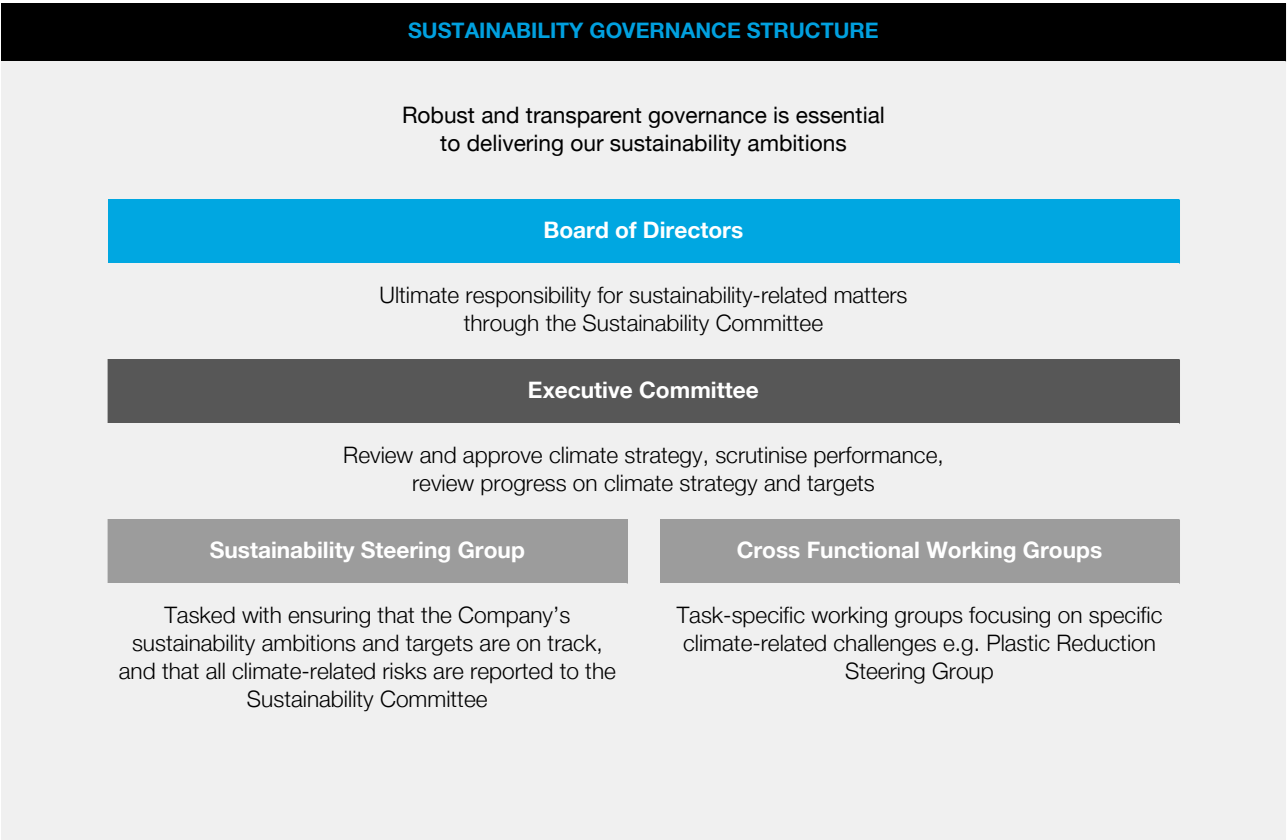
### 5.5 Skills, competencies and training

Our sustainability team has a vast experience of sustainability within the manufacturing sector and is a central resource which provides support to all aspects of our business from operations through to technical sales. Our business recognises that our people require the necessary knowledge and skills to carry out their tasks in a competent, responsible and safe manner. This is achieved by providing training to key personnel and then disseminating this information to site teams via toolbox talks. All of our sites have at least one person who has attended our three-day sustainability training course, which is accredited by the Institute of Environmental Management and Assessment (IEMA) but tailored to the challenges facing our business. We will continue to roll this training out to ensure that sustainability is firmly embedded within our business.



# PLANET

## CONTINUED



# RISK AND OPPORTUNITIES

## Risk Management

*Risk identification: Identify the key risks associated with the Transition Plan.*

Our wider risk management protocols are explained in detail within the Risk Management and Key Risks section of this Annual Report which can be found starting on page 84.

Climate-related risks are captured within our existing risk management process. As part of the work originally undertaken in 2021, we have amended our risk scanning horizon to allow the capture of longer-term climate-related risks which may not have an immediately measurable financial impact. In identifying climate-related risks, in accordance with the recommendations of TCFD, we have identified both the transitional risks associated with adapting our business to a lower carbon economy, along with both the longer-term acute risks associated with increasing severe weather events and the physical risks of long-term climate change such as rising sea levels. Our scenario-based analysis, as previously shown, considers both risks and opportunities as well as the different time horizons over which they may impact.

A full list of the risks and opportunities identified as part of this work is available on our website and in previous reports, and below summarised are what we deem the most material risks, and the timeframe within which they are deemed to relate under each climate scenario. The impact of these risks within our financial reporting has been additionally considered, and given the mid-long-term nature of the majority of our material risks below, we anticipate climate-related risks will not materially impact the Group in the short-term. Therefore, whilst considered, we do not believe there to be any impact within our modelling for viability purposes.

## Key

Short: 0-3 years  
Mid: 3-10 years  
Long: 10-25 years

Topic	Scenarios		
	1.5°C	2.0°C	4.0°C
<b>Transitional risk</b>			
<b>Policy and legal</b>	Short	Mid	Long
The most material risks relating to our business as a result of changes in policy or legislation relate to the potential for setting mandatory embodied carbon limits for construction products and an increase in financial liability as a result of increasing cost of carbon credits or reductions in free allowances.			
<b>Metric link:</b> relevant metrics around carbon intensity found on page 81.			
<b>Market</b>	Short	Short	Mid
As consumers become increasingly aware of the impacts of climate change and their ability to be a positive influence there is an expectation of a trend towards greener processes and products. This may however be offset by the opportunity that presents around thermal mass and the desire to make homes more energy efficient.			
<b>Metric link:</b> relevant metrics around carbon intensity and new products index found on pages 81 and 82.			
<b>Technology</b>	Mid	Mid	Long
Potential demand impact as we await low carbon technologies becoming available for our sector. This may then lead to reduced access to capital to implement the necessary changes in our production methods.			
<b>Metric link:</b> relevant metrics around carbon intensity, renewables and low emissions vehicles found on page 81.			
<b>Reputational</b>	Mid	Mid	Long
The Forterra brand could be materially impacted as a result of negative perceptions around our products should lower carbon alternatives become available with similar performance characteristics. This could lead to a shift in consumer preferences to these competing materials.			
<b>Metric link:</b> relevant metrics around carbon intensity found on page 81.			

Topic	Scenarios		
	1.5°C	2.0°C	4.0°C
<b>Physical risks<sup>1</sup></b>			
<b>Acute</b>	n/a	n/a	Long
There has been an increase in extreme weather events such as flooding over the last few years. While this poses a risk to our sites in terms of flash flooding in the longer-term, there is also a future opportunity where construction methods favour durable materials such as clay brick and concrete products.			
<b>Chronic</b>	n/a	n/a	Long
We recognise that the risk of rising sea levels triggered by increase in temperature will potentially lead to some area of the country becoming unsuitable for housing, leading to a requirement for increased housing elsewhere to compensate.			

1. Noting their long-term horizon, we do not currently report any relevant metrics in relation to our physical risks.

# PRODUCT



## Product innovation

Product development and innovation is a key pillar in our carbon reduction initiatives, crucial to our efforts in supporting the UK's ambition to transition to a lower carbon economy and meeting our target to be net zero carbon by 2050. Additionally, as the needs of our customers continue to change, we are working to adapt our product offer to meet these future requirements.

Housebuilder customers are increasingly focusing on build efficiency and waste reduction, with increasing interest in lifetime carbon implications of the materials and solutions being used. Alongside this, there is growing demand for lighter weight façade solutions which retain the aesthetic quality of brick and can be installed more rapidly onto buildings.

One of our primary objectives is to open new applications for our core product offering of clay facing bricks. Continuing development in construction technologies and growing focus on material efficiency is leading to some changes in the structure of the market. Adaptation of our core offer to take advantage of emerging trends has driven development of façade solutions such as SureBrick, a lightweight mechanically retained brick system, which meets all regulatory requirements for high-rise use and structural brick faced precast systems, designed for high-speed on-site assembly that retain the aesthetic of brick and form the structural element of a build.

These solutions have been developed specifically to meet the changing needs of construction and provide a brick aesthetic finish in an alternative manner where construction methodology has moved away from traditional bricklaying or where a lower carbon solution is being sought.

Many façade systems are reliant on using a brick slip or thin brick solution, to provide the aesthetic finish of a brick. Typically, this is achieved by cutting traditional bricks, removing the 'face' to use and disposing of the remainder, leading to high levels of waste. We are currently commissioning our new brick slip manufacturing facility in our Accrington factory, allowing manufacture of brick slips without the waste. This facility will save up to 75% of raw material and energy, offering a step change in sustainability. As we continue to develop systems and solutions for this emerging area, we are looking to continually optimise our products and designs to use less raw material and energy.

We continue to undertake numerous initiatives with the goal of reducing the material content of our products. Reducing the mass of traditional products can reduce the energy required in production, makes them easier to handle and use on site, and will also help to reduce vehicle mileage and the associated emissions through increasing the amount carried on each vehicle. Changes in building regulation also brings opportunity and our reduced section T-Beams for our Jetfloor insulated floor system are a great example; not only reducing the amount of concrete in the floor but providing an improved insulation performance, helping our customers meet the more challenging requirements of both Part-L and the future homes standard in 2025.

Cement is responsible for around 7% of global carbon emissions, and with many of our products utilising cement in their manufacturing process, is a significant contributor to our scope 3 carbon emissions. In order to reduce our overall impact we need to find lower carbon alternatives to this material. As part of this journey we reported last year that we had transitioned a number of our factories to using a lower carbon cement, CEM II, which is a blend of cement and limestone and has up to 16% lower embodied CO<sub>2</sub> per tonne. To further reduce the embodied carbon of our concrete products, our material scientists have been working with industry partners to commercialise the use of calcined clay produced from the



processed brick waste at our London Brick factory as a low carbon cement substitute. We are rolling out the use of this material across our concrete business in conjunction with a partner who will also be able to supply this innovative product to external users.

We continue to seek out opportunities to deliver further innovation to the market and are targeting 10% of our revenues to be delivered from new and sustainable products by 2025 (2.5% this year), having established a new more robust calculation methodology this year, restating the prior year figure accordingly. Our focus continues to be on new building solutions and raw material developments, both being areas where we can clearly demonstrate significant positive impacts upon our carbon footprint.

Continued investment in product development and innovation is critical to our future success. We continue to work to increase our spend in this area as previously communicated, as we suitably resource our business to dedicate additional time to our future state without having to compromise our current operational performance and customer service levels.

#### Case study

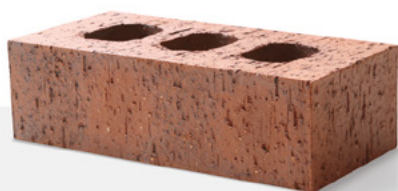
### Calcined clay

Calcined clays are increasingly being used as a lower carbon cement substitute due to their cementitious properties. They are produced by heating certain clays to high temperatures before finely grinding them until they have a similar particle size to cement. Due to the high temperatures that they are fired to, they can, if heated using fossil fuels, have an embodied carbon figure of around 42% of regular cement. After significant research and development, we discovered that when finely ground, our waste London Bricks have effectively the same properties as calcined clay but having already been fired avoid the most energy intensive step in the calcination process. As a result the associated embodied carbon is about 11% of a regular cement and is a compelling alternative to Ground Granulated Blast-Furnace Slag (GGBS).



# PRODUCT

## CONTINUED



### Case study

## The clay brick: inherently sustainable

The history of the clay brick can be traced back for centuries, its versatility and longevity proven through countless historic buildings that are centuries old. Development of new technologies and improvements in efficiency have significantly reduced the energy intensity required during manufacture.

Typical buildings constructed from clay brick have lifetimes exceeding 150 years, the streets of the UK are lined with homes constructed in Victorian times. These robustly built homes are now highly sought after due to their well-proportioned interiors, and typically larger than average outside spaces. The clay brick construction alongside the availability of outside space has allowed extension and structural adaption of these buildings, to modify and modernise them as needs have changed. The timeless beauty and longevity of these buildings is a continuous advert for clay brick construction, however, times do change and on occasion brick buildings reach the end of their useful life and are demolished. The bricks themselves can be reclaimed and reused if in good condition, or alternatively be crushed and fed back into construction activity as an alternative raw material.

Our latest factories are significantly less carbon intensive than previous generation facilities, however, the carbon intensity of clay brick manufacture remains significant, due to kilns that are fired by natural gas and the carbon released from the clay during the firing process.

When considering the longevity of a clay brick building, the full lifecycle impact of the embodied carbon is incredibly low, alongside this, brick structures require little to no maintenance through their lives, whilst other comparable materials may require additional applications of protective coatings or surface treatments to enhance their lifetime.

As our climate changes, with more extremes of temperature, clay brick is well placed to construct buildings suitable for such a changing environment. The thermal mass properties of clay bricks naturally absorb heat, creating a heat buffer and helping prevent the inside of buildings overheating during the summer. During the colder months, bricks store heat through sunny days and slowly release this back as the temperature falls, helping to warm the building.

It is apparent that clay brick is inherently sustainable when its longevity is considered against that of alternative solutions. Our challenge is to refine and develop this versatile building product, further reducing the embodied carbon. With this focused effort, we are confident that the clay brick will continue to be the sustainable building material of choice long into the future.



### Pricing integrity and transparency

We recognise that in many of our product categories our markets are characterised by a small number of large businesses, operating nationally, and enjoying large market share positions. In order to ensure the highest standards of integrity, we enforce a zero-tolerance approach to any anti-competitive activity.

All relevant managers and commercial employees are required to undertake annual online compliance training on both competition law and anti-bribery, with controls in place to record correspondence and communications with competitors.

The fines that can be levied on companies which are found to have breached competition law can reach 10% of annual turnover and companies can face damages claims from those wronged by anti-competitive actions. The risk of such fines, even if senior management were unaware of such behaviours, mean that compliance and monitoring obligations are taken extremely seriously.

### Ethical and sustainable procurement

The procurement of third-party materials and services are critical to our value chain. In 2024 this expenditure totalled over £261m, including materials such as steel, insulation, cement, aggregates, pulverised fuel ash (PFA) and products used in our flooring solutions. Our environmental footprint is minimised through a focus on local sourcing with the majority of our materials procurement (excluding capital items) being UK-sourced, minimising environmental impacts of cross border transport logistics.

Our procurement management system is audited as part of our ISO 14001 and ISO 9001 accreditations. Compliance plays a key role within the system, covering over 1,400 suppliers' strict adherence with a range of governance topics including anti-slavery, bribery, competition law, data protection and equal opportunities. We adopt the Ethical Trading Initiative code of practice to ensure that worker rights are protected as part of the supplier onboarding process, and this is continuously reviewed.

Larger suppliers are required to meet relevant ISO standards including ISO 9001, ISO 14001 and ISO 45001, or equivalent, for example, all timber procured is FSC accredited. Our health and safety team assists and develops suppliers' standards to help them improve their own safety procedures where necessary.



### Sustainable sourcing

Local sourcing of raw materials isn't always possible and where we do need to transport materials longer distances, we seek to do this in the most sustainable way possible. We utilise the rail network to transport PFA (a key raw material which is a waste product used in manufacturing our Thermalite aircrete blocks) to our factory. Since 2015 we have transported over half a million tonnes of material by rail, removing over 5 million heavy goods vehicle miles from the UK road network whilst also reducing carbon emissions.



# PEOPLE



Our people are at the heart of everything we do. With a workforce of c.1,500 employees across the UK, we are proud to foster a workplace that prioritises engagement, growth, and inclusivity. Over the last year we made significant strides in reinforcing a culture where every individual can thrive and contribute to our success.

## Health, safety and wellbeing

The continuous improvement of our health and safety performance remains our number one priority, working towards our goal of zero harm and an 'interdependent' safety culture where all colleagues actively look after not only their own safety and wellbeing but also that of others. We recognise that our workforce is our greatest asset, and strive to provide a working environment that is free of accidents and has a proactive awareness and support for positive physical and mental health.

2024 was the final year of our planned zero harm strategy that we set out in 2021. In this journey we have seen our All-accident Incident Rate (AIR) reduce by 43% and our Lost Time Incident Frequency Rate (LTIFR) by 43%. We have now embarked on the next phase of our journey, titled 'From base to brilliant' taking us from 2025 to 2030 in two phases, as we move health, safety and wellbeing from our new base level to brilliant, linked to both our manufacturing excellence programme and redefined values. This strategy will continue to ensure our continued compliance legislation, whilst moving the focus towards positive culture and behaviours.

## Culture

In 2024 we continued to build on our behavioural health and safety journey. With the goal of improving engagement at all levels and improving senior management visibility with colleagues, our senior management, including members of our Board, were trained to undertake safety observations with colleagues in a variety of environments. As a result of this training, over 334 observations were recorded, equating to over 328 hours of time spent with colleagues discussing health, safety and wellbeing. Most of these interactions were discussing the positive behaviours of those being observed and thanking them for the safe work, recognising that as a business we uphold the highest safety standards as a matter of routine.

To ensure the behavioural health and safety training we have provided to management and colleagues in recent years remains centre of mind, we have invested in a new H&S induction programme ensuring the key messages delivered to our workforce in recent years are imparted to our new starters and management as they join the business.

## Safety

In 2024, we maintained our certification to the ISO 45001 occupational health and safety management system standard with a programme of both internal and external audits to ensure continued adherence to the standard. Auditing is seen as a driver to continuous improvement and all sites were challenged throughout the year to drive continued compliance to procedures and ensure that documentation reflects the reality of work in operational environments.

Our LTIFR in 2024 showed a further improvement running at 2.25 incidents for every million-man hour worked, compared to 3.24 in 2023 and 3.79 in 2022. This is the lowest LTIFR the business has recorded in the last seven years and shows our continued focus on zero harm is really starting to take effect.

Of the 26 separate business areas monitored, 20 were Lost Time Incident (LTI) free during 2024, seven have been LTI free for over five years and three for over 10 years.



### Training

We continued to provide a range of health and safety-related training, with key highlights within the year being:

- Our visible felt leadership (VFL) and safety observations training programme;
- For the 8th successive year, running an in-house National Examining Board for Occupational Safety and Health (NEBOSH) Certificate course with seven delegates attaining the qualification within the year;
- Three Institute of Occupational Safety and Health Managing Safety courses run; and
- Our colleagues continued to be provided with training, specifically the Institute of Occupational Safety and Health (IOSH) one-day working safely course alongside the traditional risk assessment and standard operating procedure training.

We held another successful national health and safety day at our Measham facility with the theme of 'Look after yourself and others'. Over 100 colleagues and managers came together to cover topics including the importance of maintaining physical health, how exercise promotes good mental health, how teamwork promotes great safety culture and the importance of reducing stress and having good sleep. All the topics were designed to ensure we 'turn up right for work', reducing the likelihood of becoming injured by proactive management of our health and wellbeing.

### Health and wellbeing

We continued our journey to promote positive mental health and wellbeing throughout 2024. We again targeted three campaigns where the business brought colleagues together to discuss mental wellbeing and encourage healthy conversations. These were:

- Time to Talk Day, an event run by Mind and Rethink Mental Illness. The day promotes proactive conversations about mental health and how a conversation has the power to change lives.
- Mental Health Awareness Week, with the theme of 'no mind left behind' and the opportunity to raise money for the charity, Mind, and help ensure a future where everyone can get quality mental health care when they need it.
- World Mental Health Day, with the theme being workplace mental health. The theme highlights the importance of addressing mental health and wellbeing in the workplace, for the benefit of people, organisations and communities.

The Group continued to offer proactive support for physical health and wellbeing with its external partners including occupational therapy, health checks and physiotherapy to keep our colleagues physically fit and well. This is all part of our messaging focused on looking after ourselves, so we turn up to work right and are prepared to speak up and offer support to each other where a concern is identified. This was in addition to the statutory medicals received by all operational colleagues at our sites.

### Health and safety awards

**Ceramics UK Pledge** – As in previous years, we submitted best practice entries into the Ceramics UK pledge awards. In 2024 we received 11 individual recognition awards, seven open category awards and two awards in conjunction with our contractors. The combined entries were reviewed and we received the Ceramics UK Pledge Award of Excellence in recognition of our impressive efforts on health and safety across the Group, which is the highest award from the event.

**Mineral Products Association Health and Safety Awards** – We submitted several entries to the MPA best practice awards and participated in the online event in November 2024. Two employees were individually recognised for their active work on improving health and safety and we received one highly commended and six certificates of merit in the 'safer by sharing' categories.

# PEOPLE

## CONTINUED

### Case study

#### Visible felt leadership (VFL)

Our Executive Committee and Board members participated in our VFL training programme during 2024. The impact of having our most senior leaders attend these sessions was twofold. First, all colleagues knew that the initiative was supported at the highest level, and secondly, our colleagues got to see our leaders out in the factories and with the distribution fleet. Feedback was incredibly positive, having the opportunity to discuss safety with our leadership team and identify the positives of our proactive initiatives, as well as raising any concerns they might have.



### Case study

#### Kirton safety day

As part of the celebration of our Kirton factory reaching the milestone of 10 years (and approaching two-million-man hours) without a lost time incident, they held their own health, safety and wellbeing day at the site, where colleagues attended sessions covering energy awareness, manual handling, an interactive hazard spotting exercise and silica dust awareness. Our guest speaker gave a powerful awareness session about the impacts of his accident that resulted in him being paralysed from the waist down. His talk not only covered the impacts of his physical injuries, but also the effects on his mental health and wellbeing and how it affected so many other friends and family too. His message and that of his friend who also attended the event is a clear reminder of why we should all look out for one another and ensure the highest standards of health, safety and wellbeing.



## Equality, diversity and inclusion

Our commitment to developing a more diverse, equal and inclusive culture remains a key focus, as we continue to recognise the benefits a diverse workforce brings to our business. Further information about diversity at Board level can be found in the Corporate Governance Statement on page 113.

Whilst our industry continues to be male dominated, attracting female candidates into the sector remained a challenge but we have been successful in appointing a number of females to key roles.

The charts overleaf show our headline gender diversity statistics. Currently, 12% of our total workforce is female, with 18% of management positions (defined as direct reports to Executive Committee members) filled by females. Gender Pay reporting is detailed within the Annual Report on Remuneration on pages 155 and 156.

We are dedicated to fostering an inclusive and accessible workplace where individuals of all abilities can thrive. We recognise the value that people with disabilities bring to our team and are committed to providing equal opportunities and support. Our approach includes reasonable adjustments, ensuring physical and digital accessibility, and fostering a culture of understanding. We promote awareness of both visible and non-visible disabilities to create an environment where everyone feels valued and empowered. We have a zero-tolerance approach to any discrimination, harassment, or bias against individuals with disabilities. We are committed to treating every colleague with dignity, fairness, and respect, ensuring that all abilities are recognised, supported, and celebrated.

## Employee experience

The Employee Forum continued to run throughout the year and was expanded to enhance representation across the Group. Attending the Employee Forum meeting were CEO, Neil Ash, and Non-Executive Director, Martin Sutherland who provided feedback to the Board.

Employee engagement remains a cornerstone of our strategy. In 2024, we launched initiatives aimed at enhancing communication, collaboration and connection within our workforce.

Following the trend of improving employee survey participation rates, rising to 78% in late 2023, during 2024 the focus was on talking to our employees, holding over 30 engagement sessions across the Group to collectively agree on action plans, acting on feedback from the survey to continually improve upon our employee engagement levels. We continued to work on the area of recognition which has been a theme identified in the survey over the last couple of years and as a result of this work several initiatives have been launched, namely, enhanced long-service awards, a flexible holiday buy and sell scheme, financial wellbeing assistance, and we are in the process of launching an employee recognition scheme where employees are able to nominate their co-workers for recognition. Our 2025 employee survey will be run in early 2025, having extended the frequency to 18 months to allow sufficient time for actions to be taken in response to feedback and to allow time for the success and benefits of these actions to be judged.

## People development

We firmly believe that our employees are our most valuable asset, and investing in their growth and development is fundamental to our sustained success. During 2024 we commenced the rollout of competency frameworks within our manufacturing leadership teams, designed to align individual growth with organisational goals; this also included insights training and 360° feedback to provide our leaders with a holistic view of their strengths and areas for growth. This will provide clear role expectations and support our managers with their career development plans.

The inclusion of insights and 360° feedback has empowered our workforce to take ownership of their professional growth, strengthening their contributions to the Group's ongoing success. We are enhancing our annual review and appraisal PDP process to be more aligned with our strategic imperatives and Company values whilst encouraging development plans for all.

To ensure talent management remains high on the people agenda, in 2024 we continued work on our Forterra Talent Board and focused on career conversations to drive high performing teams across the business, streamlining our succession planning process to focus on senior management, employees with high potential and business critical roles.

In 2024, we expanded and enhanced our training and development initiatives to equip our team with the necessary skills and knowledge to excel in a fast-paced and ever-changing business environment. We introduced a wide range of courses designed to advance both technical and soft skills, including leadership, computer skills, HNC Level 4 Engineering, LEAN Six Sigma Black Belt, University Diploma in Concrete Studies, and the Certificate in Clay Drying and Firing, among others. These initiatives are integral to fostering a culture of innovation, collaboration and continuous professional growth, empowering our employees to thrive in their current roles while preparing them for future leadership opportunities within the Company.

We remain committed members of the 5% Club, a dynamic movement of employers committed to earn and learn as part of building and developing the workforce they need as part of a socially mobile, prosperous and cohesive nation. The Club exists to help its members and all employers increase the number, quality and range of earn and learn opportunities across the UK. By joining the 5% Club, members aspire to achieve 5% of their workforce in earn and learn positions (including apprentices, sponsored students and graduates on formalised training schemes) within five years of joining. Although challenging market conditions and the reductions we have needed to make to our workforce have hindered our progress in this area, we are proud to report some highlights of 2024, being that 17 employees successfully completed various training programmes in 2024. Additionally, three graduates from across the business completed the Graduate Rotational Excellence Program and the Junior Management Consultancy Level 4 Apprenticeship, all achieving Distinctions. At the close of the year, we had 25 active learners progressing through their respective training programmes.

# PEOPLE

## CONTINUED

### GENDER DIVERSITY



1. Company Secretary has been included under Executive Committee.

### Human and labour rights

We understand our responsibility to help eliminate slavery and human trafficking, both in our business and wider supply chain. We undertake our responsibilities under the Modern Slavery and Human Rights acts, including clear Company policies and relevant declarations. Our anti-slavery policy specifically covers the role of suppliers in meeting the same standards which we set ourselves.

The Board values and appreciates the contribution made by all employees at every level and is committed to protecting and respecting human rights. Each employee is treated fairly and equally, and the Group has measures in place to ensure that the Group is free from discrimination. Throughout the Group there is a zero-tolerance approach to any form of harassment or bullying, forced or involuntary labour, and child labour in any form. The Board is invested in the development of employees and has put in place measures to protect both their physical and mental wellbeing. The Group embeds its commitments to the protection of human rights through its Anti-Slavery and Human Trafficking Policy.

We are proud to be an accredited member of the Living Wage Foundation, with a firm belief that a hard day's work deserves a fair day's pay. Our commitment to pay the real living wage to all employees is unwavering and being a recognised Living Wage employer will help us attract and retain employees.

### Looking ahead

As we move into 2025, we are committed to:

- Expanding our competency frameworks;
- Increasing female representation in operational roles through targeted recruitment drives;
- Continuing to build our talent pipeline with the recruitment of apprentices and graduates;
- Achieving a year-on-year improvement in our engagement survey scores;
- Building on our equality, diversity, and inclusion (EDI) strategy to ensure equitable opportunities for all employees; and
- We remain committed to prioritising training and development as a key pillar of our strategy for long-term growth and organisational success.

We recognise that our success is built on the strength of our people. Together, we are laying the foundations for a brighter future.

### Local community and charity engagement

While our products help shape the built environment, we are also mindful of our impact on the communities near our factories – the towns and villages where many of our employees live. It is important to us that these communities thrive, and with this in mind, we support them through various initiatives.

#### Construction hubs

We take great pride in supporting further education colleges through our Construction Hubs scheme, which aims to build strong connections between education and industry. This programme helps young people embark on their careers in the construction sector.

The UK is currently experiencing a shortage of bricklayers due to several factors, including an ageing workforce, training gaps, the impact of Brexit and high demand for skilled tradespeople. To address this issue, we launched the Construction Hubs Scheme in 2023. As part of this initiative, Construction Hub status has been awarded to eight colleges and we have donated over 75,000 bricks at the start of each school year, along with blocks and other materials. This support helps train and inspire the next generation, enabling them to make a positive contribution to UK productivity.

#### Corporate charity and fundraising events

Each year, alongside supporting well-known national events like Red Nose Day, MacMillan Coffee Mornings, and the RBL Poppy Appeal, we organise a variety of fundraising activities across the Company to support our corporate charity. These events range from family and friends' gatherings to raffles, team challenges and charity shop donation stations.

All funds raised go to our chosen charity, which in 2024 was Cancer Research UK, selected by our colleagues. During our partnership we have raised £19,000, and this collaboration not only helps to raise awareness and promote understanding of the impact of cancer but also provides mutual benefits for both parties.

#### 2024 Community Fund initiative

To complement our fundraising activities, The Forterra Community Fund initiative invited local charities and projects to apply for a one-off community grant. Some examples include:

##### *Raising Health*

Raising Health, a charity for the Leicestershire Partnership NHS Trust (LTP), funds projects beyond standard NHS support. The LPT provides community and mental health services to over 1 million people in Leicestershire and Rutland. To enhance mental health care, the trust launched a pilot project using flow neuroscience headsets to reduce depression symptoms and we have donated funds for three headsets. With rising suicide rates, we are proud to support this vital initiative, contributing to innovative mental health solutions.



##### *Hope Centre Winter Shelter*

We actively support The Northampton Hope Centre through various initiatives. Each year, donations are collected for the winter shelter to aid the vulnerable street homeless during the coldest months. The shelter provides 24-hour support, including meals, showers, laundry services, clean clothes and personal care items. A recent donation from our Community Fund has been crucial in supporting long-term programmes that help individuals gain skills, find employment and rebuild their lives away from the streets.

##### *Measham Christmas Lights*

The Measham Christmas Lights switch-on event is a community celebration that marks the start of the holiday season. It brings together families, friends and neighbours to enjoy the festive lights and celebrate the spirit of togetherness. We donated £750 towards this popular event.

##### *Silhouette Youth Theatre*

Silhouette Youth Theatre, near our Northampton headquarters, offers affordable opportunities for young people in dance, drama, music and songwriting, fostering creativity and artistic expression. Our £1,000 donation from the Community Fund has been used to support the theatre's activities. This includes leadership development programmes that enhance employability and community productions that showcase young talents.

##### *Whittlesey Festival*

We supported the Whittlesey Festival by making a £1,000 donation. The annual festival is free to attend with either free or heavily subsidised activities, making it a budget-friendly event for families. Our contribution ensures the festival can continue to provide a fun and engaging experience for all ages to enjoy.



# PEOPLE

## CONTINUED



### *Kaotic Angel Foundation*

We supported the Kaotic Angel Foundation by donating £1,000. This contribution helped the foundation continue its vital work in the community, including providing food bank services, supporting survivors of domestic abuse and aiding veterans. The Kaotic Angel Foundation, established by the Kaotic Angels UK Nomads LEMC motorcycle club, focuses on preventing and relieving poverty within the local community.

### *Grass roots football*

Grass roots football clubs are essential to the community, fostering a sense of belonging and promoting a healthy lifestyle. We have provided financial support to several grassroots clubs nationwide, aiding their growth and development. For instance, Rossington Main Football Club used the funds to refurbish their clubhouse, Ollerton Town Football Club maintained and created new pitches, and Ibstock United Junior Football Club purchased new kits. These initiatives not only boost team morale but also enhance player performance. Additionally, Tamworth FC invested their donation in technology to support team development and provide training feedback.

### *Employee wellbeing*

To promote a healthy, happy and safe workforce, we conducted monthly internal awareness campaigns focused on wellbeing. These campaigns covered a range of topics, including early detection of various cancers, tips for better sleep, healthy eating habits, eye health, exercise and more.

Our 2024 Safety Day was dedicated to wellbeing, emphasising the importance of staying fit and healthy, and highlighting key warning signs to watch out for.

# SUSTAINABILITY REPORT

## OUR REPORTING DETAIL

### Group sustainability reporting

The following table covers our wider sustainability metrics, which are aligned where possible to the SASB disclosure for construction materials. We will continue to review this data suite on an ongoing basis for future reporting periods.

Additional disclosure					
Pillar	Topic	Metric	2024	2023	2019
Planet	Carbon emissions (scope 1, 2 and 3)	tonnes	374,052	503,087	
Planet	Group CO <sub>2</sub> emissions (scope 1 and 2)	tonnes	177,246	255,740	319,296
Planet	Carbon emissions (scope 1)	tonnes	177,246	241,598	299,679
Planet	Carbon emissions (scope 2)	tonnes	–	14,142	19,617
Planet	Carbon emissions (scope 3)	tonnes	196,806	247,348	
Planet	Group CO <sub>2</sub> emissions (scope 1 and 2)	kg CO <sub>2</sub> /tonne	110.37	131.18	123.40
Planet	Clay products CO <sub>2</sub> emissions (scope 1 and 2)	kg CO <sub>2</sub> /tonne	239.72	248.71	256.00
Planet	Concrete products CO <sub>2</sub> emissions (scope 1 and 2)	kg CO <sub>2</sub> /tonne	18.80	25.58	20.90
Planet	Scope 1 emissions covered under emissions-limiting regulations	%	86	87	88
Planet	Energy consumption (absolute)	mWh	572,931	791,638	956,266
Planet	Energy consumption (absolute)	GJ	2,062,552	2,849,897	3,442,558
Planet	Energy consumption (kWh/tonne)	kWh/tonne	357	406	369
Planet	Energy sourced from alternative sources		–	–	
Planet	Electricity sourced from on-site renewables	%	3.7	0.7	
Planet	Electricity from renewable sources	%	100.0	0.7	
Planet	Percentage energy from grid electricity	%	8.8	8.6	100
Planet	Percentage of power from grid electricity	%	96.3	99.3	100
Planet	Ultra low emission vehicles (cars)	% of fleet	95.4	80.5	
Planet	Delivery fleet efficiency	mpg	8.4	8.4	7.5
Planet	Air quality – NO <sub>x</sub> emissions	tonnes	152	203	
Planet	Air quality – SO <sub>2</sub> emissions	tonnes	3,267	4,746	5,783
Planet	Air quality – particulate matter (PM10)	tonnes	n/a		
Planet	Air quality – dioxins/furans	tonnes	n/a		
Planet	Air quality – volatile organic compounds (VOC's)	tonnes	n/a		
Planet	Air quality – polycyclic aromatic hydrocarbons (PAHs)	tonnes	n/a		
Planet	Air quality – heavy metals	tonnes	n/a		
Planet	Total water withdrawn	dm <sup>3</sup>	400,803	387,876	
Planet	Total water consumed	dm <sup>3</sup>	400,803	387,876	
Planet	Water withdrawn in areas with high or extremely high baseline water stress	%	48	50	
Planet	Water consumed in areas with high or extremely high baseline water stress	%	48	50	
Planet	Mains water (absolute)	m <sup>3</sup>	249,795	259,856	287,101
Planet	Mains water (litres/ tonne)	litres/tonne	155.54	133.29	111.00
Planet	Waste generated	tonnes	112,637	99,989	107,609

# SUSTAINABILITY REPORT

## OUR REPORTING DETAIL CONTINUED

Additional disclosure					
Pillar	Topic	Metric	2024	2023	2019
Planet	Waste to landfill	kg / tonne	0.01	0.09	0.16
Planet	Waste recycled	%	99.4	99.0	99.0
Planet	Hazardous waste generated	tonnes	116	376	88
Planet	Hazardous waste generated	%	0.1	0.4	
Planet	Terrestrial land area disturbed	hectares (ha)	527		
Planet	Impacted area storage	%	–		
Product	New product index (revenue from new products)	% revenue	2.5	3.3	
Product	Percentage of products that qualify for credits in sustainable building design and construction certifications	%	100	100	
Product	Total addressable market and share of market for products that reduce energy, water or material impacts during usage or production	%	n/a	n/a	
Product	Total amount of monetary losses as a result of legal proceedings associated with cartel activities, price fixing, and antitrust activities	£	–	–	
Product	Plastic packaging consumed	tonnes	963	1,322	1,802
Product	Plastic packaging kg per tonne of packaged product	kg/tonne	0.66	0.74	0.82
People	Health and safety – lost time incident frequency rate (LTIFR)	no. of accidents per million man hours worked	2.25	3.24	7.35
People	Total recordable incident rate (TRIR) (direct employees)	rate per 200,000 man hours worked	1.28	1.24	
People	Near miss frequency rate (NMFR) (direct employees)	rate per 200,000 man hours worked	9.70	10.25	
People	Total recordable incident rate (TRIR) (contract employees)	rate per 200,000 man hours worked	included within direct employees		
People	Near miss frequency rate (NMFR) (contract employees)	rate per 200,000 man hours worked	included within direct employees		
People	Number of reported cases of silicosis	no.	–	–	
People	% employees in 'earn and learn' positions	%	3.71	3.61	3.20
People	Apprentices	no.	22	36	31
People	Graduates	no.	1	4	7
People	Charitable contributions	£	34,194	63,517	41,370

Output Data					
Pillar	Topic	Metric	2024	2023	2019
Product	Output clay products	tonnes	665,659	922,642	1,129,173
Product	Output concrete products	tonnes	940,315	1,026,961	1,459,242



# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the strategic report constitutes Forterra plc's Non-Financial and Sustainability Information Statement, produced to comply with Section 414CB of the Companies Act 2006. The requirements are addressed in this section by means of cross referencing to indicate which sections of the narrative they are embedded. Our policies can also be found at [www.forterrapl.com](http://www.forterrapl.com).

Non-Financial Information	Section	Pages
Description of our Business Model	Our Business Model	20-21
Principal Risks and Uncertainties	Risk Management and Key Risks	84-91
Non-Financial KPIs	Key Performance Indicators / Sustainability Report	34-35, 65, 81-82
Climate Related Financial Disclosures	Sustainability Report	45, 66, 69

Area	Key policies	Further information regarding related risks and performance
Employees	Health and Safety Policy, Health and Wellbeing Policy, Flexible Working Policy, Maternity Leave Policy, Paternity Leave Policy, Adoption Leave Policy, Bereavement Policy, Diversity, Inclusion and Respect at Work Policy	74-82
Climate Related Matters including TCFD disclosures	Sustainability Policy	44-69, 81-82
Human Rights	Anti-Slavery and Human Trafficking Policy	78
Social matters	Code of Business Conduct Policy	74-82
Anti-bribery and corruption	Bribery Act Policy, Conflicts of Interest Policy, Whistle Blowing Policy, Competition Law Policy, Gifts and Hospitality Policy	73, 125
Business Model	—	20-21
Principal Risks	—	84-91

# RISK MANAGEMENT AND KEY RISKS

## RISK MANAGEMENT FRAMEWORK

### 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 this 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.

### Sustainability

Sustainability continues to be a key 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 extensive disclosure in this 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.

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 Sustainability Report.

Since January 2024, the Board's now standalone 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 in a consistent and appropriate manner.

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 in place procedures 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 the fact 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.

Top down

### BOARD OF DIRECTORS

The Board (through the Audit and Risk Committee and Sustainability Committee) have:

- Received updates from management on specific key risks;
- Continued to review progress against risk management actions and internal control priorities;
- Considered the effectiveness of the risk management and internal control environment;
- Regularly reviewed all principal risks, heat maps and emerging risks; and
- Engaged with management on internal project risks regularly

### EXECUTIVE COMMITTEE

The Executive Committee and the Risk Steering Group have:

- Met frequently to discuss the risk environment, Group risk management activity, identify risks and gaps, and appraise likelihood, impact and risk mitigation;
- Identified risk priority areas and focused on the key risks in these areas; and
- Accepted risk exposure in other areas to ensure appropriate prioritisation of key risks

### RISK AND INTERNAL AUDIT

Risk and Internal Audit have:

- Followed a risk-based internal audit plan;
- Supported appointed risk owners throughout the year; and
- Continued to track responses of monthly control self-assessments from operational control owners and closure of internal control improvement actions

### OPERATIONAL MANAGEMENT

Operational managers have:

- Taken ownership of key local risks;
- Completed internal control self-assessments monthly to evidence operational controls are in place; and
- Escalated risks as appropriate

Bottom up



# RISK MANAGEMENT AND KEY RISKS

## RISK MANAGEMENT AND KEY RISKS

### Link to strategy

● Safety and engagement

● Sustainability

● Strengthen the core

● Beyond the core

### Risk appetite

Ⓛ Low appetite

Ⓑ Balanced appetite

Ⓜ High appetite

### Change

⬆ Increased

⬇ Decreased

⊗ No change

### 1. Health, safety and wellbeing (HS&W)

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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>2024 has seen the final year of our zero harm strategy which focused on visible felt leadership, where our senior managers have been trained to undertake safety observations throughout the business. These proactive discussions with colleagues are designed so our leaders can understand the work they perform and be able to praise safe behaviours or provide assistance in identifying safer ways of completing a task. We continue to promote our Golden Rules as part of this process and drive our safety engagement aligned with our new Company values. The next stage of our health and safety strategy, covering phases 2025-2027 and 2028-2030, is linked to our manufacturing excellence programme and redefined values. This strategy will continue to ensure our compliance to core HS&amp;W legislation, whilst continuing to move the focus towards positive culture and behaviours.</p>	<p>Link to strategy ● ●</p> <p>Appetite Ⓛ ⊗</p> <p>Gross change ⊗</p> <p>Net change ⊗</p>	<p>Safety first is embedded in all decision-making and is never compromised.</p> <p>Reducing accidents and ill-health is critical to strategic success.</p>





**Executive sponsor:** [Neil Ash](#)

### 2. Sustainability / climate change

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/rating
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>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&amp;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 is included within this Annual Report and is also available as a separate document, 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 CO<sub>2</sub> emissions, but we also benefit financially from reducing the amount of energy and carbon credits we need to purchase.</p> <p>Market conditions in recent periods 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>Acknowledging the continued importance of the subject matter, since January 2024, all sustainability risks have been governed by the standalone Sustainability Committee.</p>	<p>Link to strategy ● ● ●</p> <p>Appetite Ⓛ ⊗</p> <p>Gross change ⊗</p> <p>Net change ⊗</p>	<p>Focus from all stakeholders has been maintained in 2024 and sustainability remains a high priority for management in the short, medium and long-term.</p>





**Executive sponsor:** [Ben Guyatt](#)

### 3. Economic conditions

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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>A cyclical downturn in the UK housing market is ongoing, driven primarily by Government economic policy and domestic drivers; impacting demand for housing in the short-term. However, we recognise that ultimately there remains a shortage of housing in the UK, financing is accessible (though now more expensive) 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 including the US as well as wider geopolitical issues adding uncertainty, something we remain watchful of moving into 2025.</p> <p>In a weaker demand environment in 2024 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>Link to strategy </p> <p>Appetite </p> <p>Gross change </p> <p>Net change </p>	<p>Weaker macroeconomic conditions in recent years have caused demand for our products to fall. However, with UK brick despatches having fallen to levels not seen since 2009, we expect this to be the bottom of the cycle. Having adapted our business to align production to sales and reduced this risk accordingly at December 2023, it remains unchanged at December 2024.</p>

Executive sponsor: [Neil Ash](#)

### 4. Government action and policy







Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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. Whilst the Labour Government is early in its term, the need for more quality housing has featured significantly across both the 2024 election campaign and within the political narrative since taking power. It is clear that the Government's 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 already 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>Link to strategy </p> <p>Appetite </p> <p>Gross change </p> <p>Net change </p>	<p>Recent investment in capacity and range has been made despite the uncertainty presented by changes in Government policy.</p> <p>With the Labour Government in the UK giving renewed focus and prioritisation to housebuilding, we have reduced this risk accordingly vs. December 2023.</p> <p>However, we remain watchful in the short to medium-term as the substance of these supportive policies are developed and implemented.</p>

Executive sponsor: [Neil Ash](#)






# RISK MANAGEMENT AND KEY RISKS

## CONTINUED

### 5. Residential sector activity levels





Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/rating
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 sector will affect profitability and in the longer-term, strategic growth plans.	<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 and we remain watchful entering 2025.</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><b>Executive sponsor:</b> <a href="#">Neil Ash</a></p>	<p>Link to strategy  </p> <p>Appetite  </p> <p>Gross change </p> <p>Net change </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>As demand levels in this turn of the cycle reduced to those seen in the global financial crisis, the risk of further reductions in residential construction was deemed reduced at December 2023. At December 2024 it remains at this level.</p>

### 6. Inventory management





Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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.</p> <p>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 are growing these relationships remain key, ensuring that visibility of our customers' needs and demand levels can accurately be matched to our production levels.</p> <p>Acknowledging the current weaker demand environment, it is crucial to effectively manage working capital levels, and in 2024 we have successfully managed production levels resulting in a fall in inventory, whilst ensuring sufficient levels are held to support the requirements of our customers whilst reducing our cost base and ensuring excessive cash is not tied up in inventory.</p> <p><b>Executive sponsor:</b> <a href="#">Adam Smith</a> and <a href="#">Mark Davies</a></p>	<p>Link to strategy </p> <p>Appetite  </p> <p>Gross change </p> <p>Net 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 have taken management actions to reduce production and realise fixed cost savings. Having successfully matched production to sales since increasing this risk at December 2023, it is deemed reduced again at December 2024.</p>







## 7. Customer relationships and reputation

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/rating
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>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.</p> <p>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>Link to strategy  </p> <p>Appetite  </p> <p>Gross change  </p> <p>Net change  </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.
<b>Executive sponsor:</b> <a href="#">Adam Smith</a>			

## 8. Attracting, retaining and developing employees

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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.	<p>We understand where key person dependencies and skills gaps exist and continue to develop succession, talent acquisition and retention plans.</p> <p>We continue to focus on safe working practices, employee support and strong communication/employee engagement.</p> <p>Notwithstanding a softer demand environment, 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.</p>	<p>Link to strategy  </p> <p>Appetite  </p> <p>Gross change  </p> <p>Net change  </p>	Our people have always been pivotal to our business and we must remain cautious of the previously increased risk associated with ensuring we attract, retain and develop our employees.
<b>Executive sponsor:</b> <a href="#">Sarah Renton</a>			






## 9. Innovation

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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.	<p>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 R&amp;D.</p> <p>In a period of softer demand for our products, providing innovative products for both our core markets to 'strengthen the core' and the wider construction market, 'beyond the core', is of increased importance and we strive to ensure that we are in a position to do so.</p> <p>New product development and related initiatives are therefore ongoing and we continue to commit to further investment in R&amp;D with clear links between investment in R&amp;D and the work undertaken in relation to sustainability.</p>	<p>Link to strategy  </p> <p>Appetite  </p> <p>Gross change  </p> <p>Net change  </p>	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.
<b>Executive sponsor:</b> <a href="#">Nicola Chapman</a>			

# RISK MANAGEMENT AND KEY RISKS

## CONTINUED








### 10. IT infrastructure and systems

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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><b>Executive sponsor:</b> Ben Guyatt</p>	<p>Link to strategy </p> <p>Appetite  </p> <p>Gross change </p> <p>Net 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, update and sponsor		Rationale for appetite/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><b>Executive sponsor:</b> Neil Ash and Ben Guyatt</p>	<p>Link to strategy </p> <p>Appetite  </p> <p>Gross change </p> <p>Net change </p>	<p>The potential for significant disruption dictates the low appetite for risk in this area, a risk that at December 2024, remains unchanged.</p>

### 12. Project delivery

Principal risk and why it is relevant	Key mitigation, update and sponsor		Rationale for appetite/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. Recommissioning of the new Wilnecote factory is now expected in 2025, a delay attributable to challenges faced by the Group's suppliers and connected to wider global economic and supply chain challenges. Despite the delay, 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><b>Executive sponsor:</b> George Stewart</p>	<p>Link to strategy   </p> <p>Appetite  </p> <p>Gross change </p> <p>Net change </p>	<p>Management and the Board are closely monitoring the ongoing expansion projects at Wilnecote and Accrington.</p> <p>Risk rating maintained recognising the strategic imperative of both projects to the future success of the Group.</p>

RISK HEAT MAP

Risk heat map reflecting evolving nature of certain risks

Recognising that impact and likelihood are equally important when assessing risk, the chart below demonstrates both of these characteristics. Net impact is a financial measure of severity and net likelihood reflects the chance of the risk occurring within the next three years. Given the risk environment that we are currently operating in, we have additionally highlighted those risks deemed to be evolving.

KEY RISKS

- 1

Health and safety
- 2

Sustainability/climate change
- 3

Economic conditions
- 4

Government action and policy
- 5

Residential sector activity levels
- 6

Inventory management
- 7

Customer relationships and reputation
- 8

Attracting, retaining and developing employees
- 9

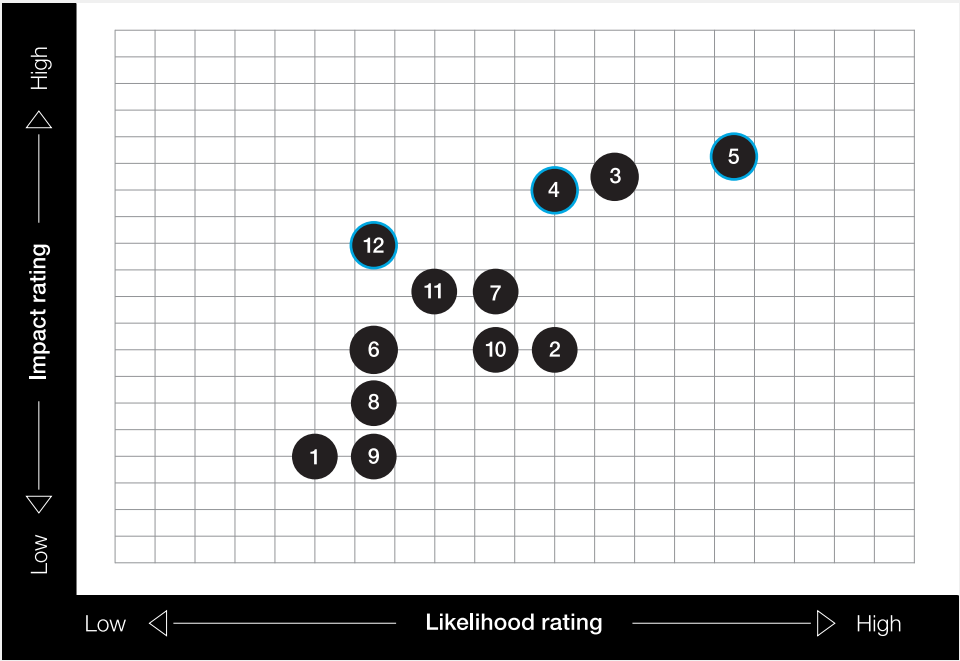
Innovation
- 10

IT infrastructure and systems
- 11

Business continuity
- 12

Project delivery

 Evolving risk





# VIABILITY STATEMENT

In accordance with the provisions of The UK Corporate Governance Code 2018, the Board has assessed the prospects of the Company in order to develop a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due. The Board has reviewed the Company's position and principal risks over a period of three years commencing from the balance sheet date in order to form this expectation. The Board believes that this is an appropriate timeframe to consider as it aligns with its current strategic and financial planning horizon. In making this statement, the Board has considered the principal risks facing the Group, as detailed within the Risk Management and Key Risks section of the Annual Report on pages 84 to 91, as well as the climate-related risks as detailed on page 69 of the Sustainability Report.

The Group's debt facility comprises a committed revolving credit facility (RCF) of £170m extending to January 2027 with an option for an extension to June 2028 subject to lender consent. The option is available to be requested in the period from 17 March to 16 April 2025. At the balance sheet date, borrowings against the facility totalled £100m with £70m of headroom remaining. The cash balance stood at £15.2m with reported net debt before leases of £84.9m (2023: £93.2m) (net debt is presented inclusive of capitalised arrangement fees). The Group also benefits from an uncommitted overdraft facility of £10m which was undrawn at the year end.

The facility is normally subject to covenant restrictions of leverage (net debt/EBITDA) (as measured before leases) of less than 3 times and interest cover of greater than 4 times. However, given the combination of the Group's reduced EBITDA and increases in net debt in 2023, driven by inventory build, capital outflows and higher interest rates, amended covenants were agreed with the Group's lenders in March 2024 to provide additional headroom during 2024 and to March 2025. Quarterly covenant testing was introduced for the period of these amended covenants. Accordingly, the Group's leverage covenant for March 2025 is set at 3.75 times, with interest cover at 3 times. The covenants return to normal levels from June 2025 with testing reverting to half yearly. The Group has comfortably traded with its original covenants throughout 2024 and anticipates remaining within these covenants throughout 2025.

The Board has reviewed the Group's financial forecasts and any consequential future funding requirements against committed external borrowing facilities regularly to confirm ongoing viability. The scenarios modelled include a base case, a severe but plausible downside scenario and a reverse stress test scenario, which is considered remote. These scenarios have been modelled using management's experience of the business, including the impact of the 2008 global financial crisis on the Group and more recently, the impact of the pandemic. The plausible downside scenario modelled for viability purposes is aligned to that used for going concern modelling, from the perspective of assumed EBITDA.

Assumptions underpinning these scenarios are detailed below. Under all scenarios it is assumed that financing will be available to the Group throughout the period modelled.

## Base case

- The base case scenario is aligned to our current demand expectations with short-term market conditions improving in 2025, reflected in sales volume growth.
- Following the production reductions made in 2023, management continues to align production to anticipated sales, minimising inventory growth. This in turn increases free cash flows and facilitates a reduction in net debt.
- Capital expenditure reduces from prior years, with the Group's spend on strategic projects largely complete. As above, this increases free cash flows and reduces net debt.
- The base case scenario is aligned to our current demand expectations with short-term market conditions showing signs of improvement. Sales volumes are modelled to increase, across the majority of our products, between 6% and 11% versus 2024, although they remain 3% to 32% lower than 2022 (product dependent). This market recovery is continued in 2026, but sales volumes remain up to 23% lower than 2022. 2027 sees a recovery in volumes to nearer 2022 levels for some products, however brick volumes remain 14% below 2022.
- Under this scenario, net debt is forecast to reduce over each year modelled, with minimal debt by the end of 2027.

*Plausible downside*

- As was the case in the prior year, the Group's plausible downside scenario takes into account the current levels of market demand which are already approximately 30% below levels last seen in 2022, meaning current demand is in line with levels last seen in the global financial crisis. As such, it is not considered plausible that demand could fall further than within this scenario.
- The plausible downside scenario assumes that sales volumes remain depressed in 2025, with no increase from 2024. Relative to 2022 this equates to a reduction of between 11% and 38% in 2025. Sales volumes begin to increase in 2026 but remain up to 35% behind 2022. Whilst nearing 2022 volumes on some products in 2027, brick volumes remain 32% below 2022.
- Under this scenario, net debt is still forecast to decrease to c.£65m by the end of 2027.

*Reverse stress test*

- The reverse stress test is modelled to support management and the Board in understanding what the quantum of fall in Group trading and financial performance would need to be to result in a covenant breach. The reverse stress test indicated that should volumes fall by a further 8% beyond those modelled in the plausible downside scenario, the Group would be at risk of breaching its covenants. This scenario is considered remote.

The scenarios above have been modelled with consideration given to several of the Group's key risks, and the quantitative impact of these risks should they occur. Potential contributing factors include Government policy, a continuing economic downturn, consideration of inventory management, a prolonged reduction in residential sector activity levels or new product development in the sector.

Management is comfortable confirming that the Group remains profitable under both the base and plausible downside scenarios. In addition, in the event of sales volumes falling in line with those modelled in the reverse stress test, the Group would seek to enact further mitigating actions including additional cost savings, production reductions, curtailment in the quantum of dividend distributions and the sale of surplus land and buildings.



# GOVERNANCE

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## GOVERNANCE AT A GLANCE

### Board composition and changes

Divya Seshamani stepped down from the Board in September 2024.

Attendance	B	AR	S	R	N
Justin Atkinson	7/8	n/a	4/4	3/3	2/2
Neil Ash	8/8	n/a	4/4	n/a	n/a
Ben Guyatt	8/8	n/a	4/4	n/a	n/a
Katherine Innes Ker	8/8	4/4	4/4	3/3	2/2
Vince Niblett	8/8	4/4	4/4	3/3	2/2
Divya Seshamani	6/6	3/3	3/3	2/2	1/1
Martin Sutherland	8/8	4/4	4/4	3/3	2/2
Gina Jardine	8/8	4/4	4/4	3/3	2/2



Board



Audit and Risk Committee



Sustainability Committee



Remuneration Committee



Nomination Committee

### Board skills matrix

Risk Management	<div><div></div></div>
Strategy	<div><div></div></div>
M&A	<div><div></div></div>
Construction Sector	<div><div></div></div>
Manufacturing	<div><div></div></div>
Finance	<div><div></div></div>
Corporate Governance	<div><div></div></div>
Commercial	<div><div></div></div>
Health & Safety	<div><div></div></div>
HR and Talent Development	<div><div></div></div>
Sustainability	<div><div></div></div>

# BOARD OF DIRECTORS

## Committee membership

- Audit and Risk Committee
- Sustainability Committee
- Remuneration Committee
- Nomination Committee
- ★ Chair



### JUSTIN ATKINSON

Chair

#### Appointment

Justin Atkinson joined the Board on 11 April 2016 and was appointed as Chair in May 2019.

#### Skills, experience and qualifications

Justin has a proven track record of driving performance with over 30 years of experience at senior management or director level of businesses, across a range of disciplines, including engineering and construction. Justin provides the Board with strong leadership skills having spent 11 years as CEO of Keller Group plc, the international ground engineering contractor, where prior to this he served as CFO and Chief Operating Officer. More recently, Justin has also gained a wealth of Non-Executive Director experience in a variety of industries. Justin is a Chartered Accountant and holds a Bachelor's degree in Accountancy from Glasgow University and the advanced management programme qualification from INSEAD. Justin will be stepping down from the Board in May 2025.

#### Other Directorships

- Non-Executive Director of James Fisher and Sons plc



### NEIL ASH

Chief Executive Officer

#### Appointment

Neil Ash was appointed to the Board as Chief Executive Officer on 25 April 2023.

#### Skills, experience and qualifications

Neil has almost three decades' experience in the building materials sector and an impressive track record of improving performance and delivering growth. Previously at Etex, the Belgian lightweight building materials manufacturer, he led the €2.4bn revenue Building Performance division. During his time at Etex, Neil oversaw major capex projects, significant acquisitions, and developed its sales approach which delivered strong top line growth.

His experience includes 15 years at Lafarge, where he undertook many roles, including the role of Vice President International Business Development and Sales and Commercial Director UK & Ireland of Lafarge Plasterboard.

Neil has attended executive education programmes at INSEAD (France) and IMD (Switzerland).

#### Membership



#### Membership



**BEN GUYATT**

Chief Financial Officer

**Appointment**

Ben Guyatt was appointed to the Board on 1 January 2020 and prior to this, served as Director of Finance and Company Secretary.

**Skills, experience and qualifications**

Prior to his appointment as CFO, Ben held the role of Director of Finance and Company Secretary, playing a key role in the separation of the business from HeidelbergCement and the subsequent listing on the London Stock Exchange. Drawing upon his extensive experience with the business and financial acumen, Ben keeps the Board updated, enabling informed decision-making. Ben joined Hanson plc in 2006 and held a variety of senior finance and strategy roles within Hanson and HeidelbergCement. Previously, Ben held financial management roles at insurance broker, Heath Lambert. Ben is a Chartered Accountant and holds a Bachelor of Arts degree with honours in Accounting and Finance from the University of the West of England.

**KATHERINE INNES KER**

Senior Independent Non-Executive Director

**Appointment**

Katherine Innes Ker was appointed to the Board on 1 September 2017 as an Independent Non-Executive Director and was appointed as Senior Independent Non-Executive Director in May 2019.

**Skills, experience and qualifications**

Katherine has gained extensive executive and non-executive experience across a range of sectors in a career spanning over 30 years. Katherine began her business career as a city financial analyst and has since held many non-executive directorships with a particular wealth of experience in the housebuilding sector. Katherine was a Non-Executive Director of Taylor Woodrow/Taylor Wimpey for 10 years and subsequently of St Modwen Properties and Vistry Group plc. This experience allows Katherine to provide valuable insight into our markets from a customer perspective. Katherine has over 20 years' experience as a Chair of Remuneration Committees, and as a Senior Independent Director. Katherine is a Graduate of Oxford University, holding a Masters degree in Chemistry and a Doctorate in Molecular Biophysics.

**Other Directorships**

- Non-Executive Director at Ground Rents Income Fund plc
- Senior Independent Director at Stelrad Group plc

**VINCE NIBLETT**

Independent Non-Executive Director

**Appointment**

Vince Niblett was appointed to the Board on 8 February 2019 as an Independent Non-Executive Director.

**Skills, experience and qualifications**

Vince was previously a Partner at Deloitte where he held a number of senior roles including membership of the UK Board of Directors and Global Managing Director, Audit & Enterprise Risk Services before retiring in 2015. During his career at Deloitte, he served some of the firm's most significant public company clients, working with them on commercial and strategic issues as well as providing audit services. Vince uses his significant financial experience to both guide and challenge the Board on important decisions as well as offering advice on governance and compliance matters. Vince is a Chartered Accountant and holds a Bachelor of Arts degree in Economics from Reading University.

**Other Directorships**

- Non-Executive Director at Big Yellow Group plc
- Non-Executive Director at Target Healthcare REIT plc

**Membership****Membership****Membership**



# BOARD OF DIRECTORS

## CONTINUED



### MARTIN SUTHERLAND

Independent Non-Executive Director

#### Appointment

Martin Sutherland was appointed to the Board on 23 May 2017 as an Independent Non-Executive Director.

#### Skills, experience and qualifications

Martin has over 20 years of international experience at senior management or director level in technology and manufacturing businesses, focused on the government and commercial sectors. Martin was previously CEO of IT security business Reliance ACSN. Prior to this Martin held the position of CEO at De La Rue plc and various roles at Detica plc, Andersen Consulting and British Telecom. Martin brings his experience as a CEO in both public and private companies to Board discussions on operational and strategic matters, as well as providing practical advice based on his expertise in the application of technology. As the Non-Executive Director responsible for employee engagement, he attends and feeds back from the Employee Forum. Martin holds a Masters degree in Physics from Oxford University, and a Masters degree in Remote Sensing from University College and Imperial College London.

#### Other Directorships

- Non-Executive Director at Alliance Pharma plc
- Non-Executive Director at XPS Pensions Group plc

#### Membership



### GINA JARDINE

Independent Non-Executive Director

#### Appointment

Gina Jardine was appointed to the Board as an Independent Non-Executive Director on 3 April 2023.

#### Skills, experience and qualifications

Gina has over 25 years of experience in senior human resources roles in both Australia, Canada and the UK. She has worked in publicly listed and private organisations across multiple sectors, from building products to mining, logistics, automotive and telecoms. Previously Gina held the position of Chief Human Resources Officer at global materials business CRH plc, and before that held roles at Kinross Gold Corp, Rio Tinto Group, Linfox Logistics, Sensis Pty Ltd and Honda Motor Co Ltd. Her global experience brings insight and helps guide the Board in the areas of corporate culture, talent management, organisation design and safety. Gina holds a BA in Social Sciences from Monash University and an MBA from Melbourne Business School.

#### Membership



### FRANCES TOCK

Company Secretary

#### Appointment

Frances Tock was permanently appointed to the position of Company Secretary on 14 December 2023 having previously held the position on a temporary basis.

#### Skills, experience and qualifications

Frances qualified as a Certified Accountant with Grant Thornton and worked in finance positions across a number of industries including leisure, renewable energy and IT services before joining Forterra in 2015. In her previous role as Group Financial Controller, Frances played a key role in the separation of the business from HeidelbergCement and the subsequent listing on the London Stock Exchange, more recently project-managing the Group's IT and business change projects before taking on the role of Company Secretary.



New Appointment

**NIGEL LINGWOOD**

Chair Designate

**Appointment**

Nigel Lingwood will be appointed to the Board on 1 April 2025 and will become Chair following the 2025 AGM.

**Skills, experience and qualifications**

Nigel is a highly experienced FTSE 250 chair and former CEO with significant knowledge of manufacturing and housebuilding. He spent the first 15 years of his career at PricewaterhouseCoopers, followed by a spell as Group Financial Controller at Unigate plc before becoming Group Finance Director at Diploma plc, where he spent 15 years overseeing significant business growth. Nigel has a track record of value creation in industrial environments and extensive mergers and acquisitions experience. He has a BSc in Economics from the University of Hull.

**Other Directorships**

- Chair of Volution Group plc
- Senior Independent Director at Dialight plc



New Appointment

**AYSEGUL SABANCI**

Independent Non-Executive Director

**Appointment**

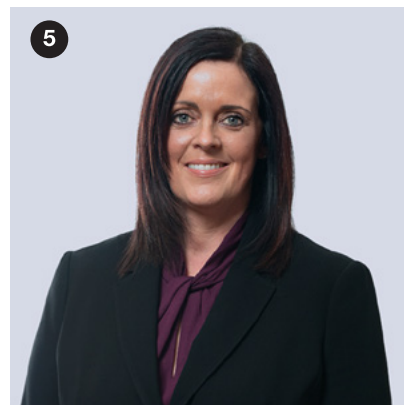
Aysegul Sabanci will be appointed to the Board on 1 April 2025.

**Skills, experience and qualifications**

Aysegul has held executive roles primarily in commercial, procurement and supply chain management, most recently at ISG as Group Head of Procurement and Supply Chain. She has extensive knowledge of the built environment and has held roles spanning every phase of construction. Aysegul has previous experience as a Non-Executive Director, through her role on the Board of T Clarke plc. Aysegul has a Master of Business Administration degree from Durham University and a Bachelor of Science degree in Mechanical Engineering for YILDIZ Technical University.

# EXECUTIVE COMMITTEE

## EXECUTIVE COMMITTEE





**NEIL ASH** – Chief Executive Officer

– See Neil Ash's biography on page 96.

**BEN GUYATT** – Chief Financial Officer

– See Ben Guyatt's biography on page 97.

**1 MARK DAVIES** – Chief Operations Officer

Mark joined the Group in July 2024 and has over 30 years of manufacturing and business experience and has held senior manufacturing roles in Tata Steel and more recently, Welsh Water. Mark holds a Master of Business Administration degree from Warwick Business School and a Bachelor of Science degree in Applied Mathematics from the University of Reading.

**2 ADAM SMITH** – Commercial Director

Adam joined the Group in 2016. Prior to this, Adam was National Sales Director at Jewson, Sales and Marketing Director at Tata Steel and held the role of Managing Director, as well as various other senior management positions at Corus Colorsteels. Adam holds a Master of Business Administration degree from Warwick Business School and a Bachelor of Science with honours degree in Physics from Manchester University.

**3 GEORGE STEWART** – Technical Projects Director

George joined Forterra in 2013 as Operations Director. Prior to this, George was UK Industrial Director for Monier Redland UK Limited, and held a number of senior operations roles, including with Nestlé UK, Smith and Nephew Medical and Motorola UK. George holds a Bachelor of Science with honours degree in Chemical and Process Engineering from the Heriot-Watt University, Edinburgh.

**4 NICOLA CHAPMAN** – Strategy & Marketing Director

Nicola joined Forterra in May 2024. Prior to joining Forterra, Nicola held Marketing Director, Head of Market Intelligence and Head of Products roles for the Etex Group. Nicola has a Bachelors degree in Business Administration and Management from the University of Bradford.

**5 SARAH RENTON** – Group People Director

Sarah joined Forterra in February 2025. Prior to joining, Sarah held senior leadership roles at SIG, Lyreco UK and TJX Europe. Sarah is a member of the Chartered Institute of Personnel and Development and has a Bachelor of Arts degree in Human Resources from Teesside University.

# CORPORATE GOVERNANCE STATEMENT

## CHAIR'S INTRODUCTION



The Board recognises that good corporate governance is essential to the long-term success of the business.

I'm pleased to present this statement which shows how Forterra have complied with all five areas of the Code for the year ended 31 December 2024."

—  
**JUSTIN ATKINSON**  
Chair

### Introduction from the Chair

The Board operates in accordance with the UK Corporate Governance Code 2018 (the Code) which was issued by the Financial Reporting Council and which is available on their website: [www.frc.org.uk](http://www.frc.org.uk)

The Board has embedded best practice governance throughout the business and is committed to delivering long-term sustainable value to our stakeholders whilst complying with the requirements of the Code.

This Corporate Governance Statement, together with the reports of the Nomination, Audit and Risk, Sustainability and Remuneration Committees on pages 116 to 157, sets out in detail how the principles and provisions of the Code have been fulfilled and how the Board and its Committees have discharged their responsibilities for ensuring robust governance practices operate across the Group.

### 2024 Board highlights

The Board and its Committees have played a key role in guiding the Group through another challenging year, both supporting management and, where appropriate, holding them to account. The following summarises the areas of specific Board focus during the year and is not intended to reflect the wide-ranging recurring responsibilities of the Board.

#### *Board succession planning and recruitment*

In September, we announced that Divya Seshamani would be stepping down from the Board, following almost nine years' tenure. Pursuant to the Corporate Governance Code rules regarding independence, in February 2025, we announced that I would be stepping down in May 2025. Our succession planning means we were able to announce the appointment of Nigel Lingwood as Chair designate, who will be appointed Chair following the AGM in May. In addition we have announced the appointment of Aysegul Sabanci as an Independent Non-Executive Director. Support from Board members on this process has led to the recruitment of two extremely competent individuals, who I am confident will complement the knowledge and experience of the current Board.

### **Strategic investment**

The completion of our redeveloped Wilnecote factory will allow us to diversify further into the commercial and specification markets and despite some further supply chain driven delays, the factory is expected to recommence production in H2 2025. The Board visited the site in May 2024, gaining good insight to the supply related challenges that the project has faced.

The Board has also provided oversight over the construction of our new brick slip facility at Accrington. With commissioning underway, the Board visited the factory in November to see progress for themselves.

### **Health and safety culture**

Health and safety continues to be our number one priority. In addition to the regular updates from management, the Board have actively supported the development of the Company's behavioural safety programme by participating in its Visible Felt Leadership (VFL) training.

### **Vision and values**

The Board received regular updates of the Group's progress towards achieving its goals and the embedding of its refreshed vision, mission, purpose and values.

The Board attended workshops with senior management, focusing on key areas within the Group's strategic imperatives. The workshops gave Board members the opportunity to build relationships with key members of the management team beyond the Executive Committee and support development of initiatives from the outset.

### **Corporate governance**

The Board has ensured that, through the work of the Audit and Risk Committee, it has continued to be fully apprised of the Group's response to the new requirements of the UK Corporate Governance Code 2024.

### **Sustainability**

Sustainability progress during the year is laid out in our comprehensive Sustainability Report included on pages 44 to 83. This Report includes for the first time, the Group's decarbonisation journey presented as a formal Transition Plan, demonstrating our commitment to environmental responsibility.

### **Board priorities for 2025**

In 2025 the Board expects to focus upon the following non-recurring priorities.

#### **Response to market conditions**

The Board will continue to closely monitor the Group's key markets ensuring management continues to take the necessary appropriate action to ensure the Group is in a good position to capitalise on what we expect to be improving market conditions.

#### **Induction**

The Board and the Company Secretary will work collaboratively with management to ensure Nigel Lingwood and Aysegul Sabanci both receive a personalised induction, tailored to their experience, background and understanding of the Group's operations. The programme will include visits to key sites and meetings with members of the Executive Committee and senior management as well as a full briefing on the Group's governance policies.

#### **Corporate Governance Code 2024**

The Board will work closely with management, via the Audit and Risk Committee, to progress the Group's strategy to formally document and test key controls ahead of changes to Provision 29 of the Corporate Governance Code due to take effect for our year ending 31 December 2026.

#### **Capital investment programme**

The Board will continue to receive updates on the progress of increasing efficiency and output at Desford. As the capital investments at Wilnecote and Accrington draw to a conclusion, the Board will continue to receive updates as we move to the next stage of these projects, commissioning and developing the product ranges, product testing and system certification.

### **Board effectiveness**

We monitor Board effectiveness in accordance with the requirements of the Code and conducted an externally facilitated review during the year. More information about this process is laid out on page 112.



# CORPORATE GOVERNANCE STATEMENT

## CONTINUED

### Culture

Our corporate values, being the principles of behaviour that will allow us to achieve our strategic goals, are defined below and having been rolled out to all employees in early 2024, our focus has been on building adherence to these values in everything we do:

- Innovate to Lead will empower us to continuously improve, never standing still. Through investment in carbon emission reductions, product innovation and energy efficiency, the business will strive towards a more sustainable future.
- Pride in Excellence indicates our continued aim to be the best for our customers, delivering unrivalled products and outstanding quality and relishing in our achievements.
- Collaborate and Care manifests our belief that we are one team and that we thrive when we are working together and supporting each other. People's safety is always our number one priority.

To monitor the success of our culture within the business and ensure compliance with the Code, Martin Sutherland has continued as the Non-Executive Director responsible for employee engagement, attending meetings of the Employee Forum and reporting back to the Board following each meeting. The Forum meets quarterly at different locations to discuss subject matters raised by our colleagues to their Forum constituency representative including culture, operational and commercial performance, customer feedback, health and safety and mental health awareness.

In addition Board members undertake regular health and safety walks, as well as Board site visits across the business. Each of these occasions provides Board members with opportunity for one-to-one engagement with the workforce. Supplementing the health and safety walks, each Director has already or will very shortly, complete a VFL and safety observation training course.

Board members also take the opportunity to attend and participate in health and safety related events including Building Safety Together (BST) meetings at factories.

### Diversity

The Board remains committed to furthering all aspects of diversity throughout the organisation and further information is included within this Corporate Governance Statement on page 113.

[Justin Atkinson](#)

Chair

11 March 2025

## COMPLIANCE WITH THE UK GOVERNANCE CODE 2018

The Code focuses on the application of principles and supporting provisions that emphasise the value of good corporate governance to long-term sustainable success. The relationship between companies, shareholders and stakeholders is critical to this, as is a focus on culture through alignment of purpose, strategy, integrity and diversity.

Certain provisions of the Code do not apply to smaller companies defined as those, like Forterra plc, outside of the FTSE 250. The Board is, however, committed to sustaining the higher standards of corporate governance and the application of these principles, provisions and outcomes achieved are disclosed in the Annual Report as required for companies in the equity shares (commercial companies) category. The Board confirms that throughout the year ended 31 December 2024, and as at the date of this report, the Company has complied with all relevant provisions set out in the Code.

#### The key components of the Code are:

##### 1. Board leadership and purpose

Led by an experienced Chair (with an equally experienced Chair to be appointed), supported by a decisive and diverse Board with a broad range of experience setting the values, culture and purpose which are embedded across the business.

Engagement with shareholders and stakeholders enables the Board to understand their views and promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society, particularly regarding sustainability and our roadmap to net zero.

##### 2. Division of responsibilities

The Board has an appropriate mix of Executive and Non-Executive Directors for balanced decision-making, with clear lines of communication to receive accurate and timely information to make informed decisions.

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business, and the Non-Executive Directors have sufficient time to meet their Board responsibilities.

##### 3. Composition, succession and evaluation

The Board and its Committees have a combination of skills, experience and knowledge to discharge their duties, and undergo an annual evaluation as to their effectiveness.

Succession planning remains high on the agenda for the Nomination Committee whilst acknowledging the increased need to promote diversity of gender, social and ethnic backgrounds and how effectively members work together to achieve objectives.

##### 4. Audit, risk and internal controls

The Board has a structured oversight of the internal and external audit function through the establishment of the Audit and Risk Committee. In addition, the Committee monitors the Company's risk register with a focus on emerging risks. The work of the Audit and Risk Committees is covered in more detail from pages 118.

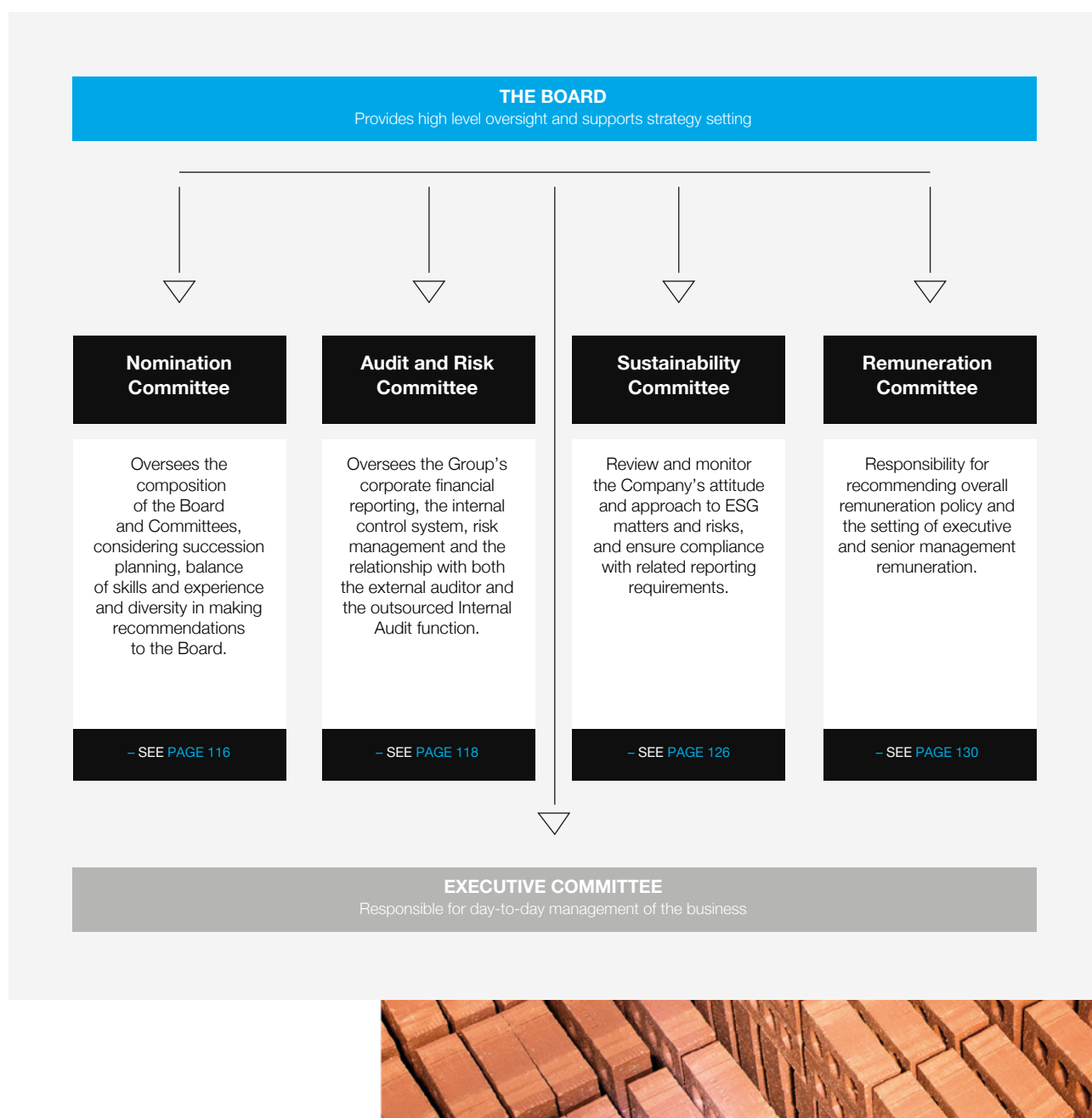
##### 5. Remuneration

The Remuneration Committee aligns executive remuneration to the Company's purpose and values by setting clear objectives, which are linked with the successful delivery of the long-term strategy, including environmental, social and governance (ESG) factors. This is covered in more detail on pages 130 to 157. The Committee also has the discretion to override formulaic outcomes to remuneration calculations.

The Remuneration Committee has retained remuneration advisors, Willis Tower Watson who are independent of both the Company and the individual Directors, to assist the Committee in making informed remuneration decisions.

# CORPORATE GOVERNANCE STATEMENT

## DIVISION OF RESPONSIBILITIES





### Board Committees

The Board operates four Committees to which it delegates responsibility: the Audit and Risk Committee, Nomination Committee, Remuneration Committee and Sustainability Committee. Each of these Committees provides a report within the Governance section of this Annual Report, detailing information as to their responsibilities, activities in the past year and future priorities.

### Chair

The Chair, currently Justin Atkinson, leads the Board and is responsible for its overall effectiveness. The Chair sets the Board's agenda, encourages the Directors to contribute openly to debate and ensures the Directors receive accurate, timely and clear information via the Company Secretary to stimulate this debate.

### CEO

The CEO, Neil Ash, is responsible for the day-to-day management of the Group, including embedding the purpose, values and strategic objectives established by the Board.

### CFO

The CFO, Ben Guyatt is responsible for the Group's financial matters and also supports the CEO in the achievement of the Group's strategic objectives and also manages the relationships with investors, lenders and research analysts.

### Executive Committee

The Executive Committee has been established to support the CEO in his management of the business and in exercising the authorities delegated to him by the Board. Membership of the Executive Committee is laid out on page 100.

### Senior Independent Non-Executive Director

In the Senior Independent Non-Executive Director role, Katherine Innes Ker provides a sounding board for the Chair, serves as an intermediary for the other Directors and meets the other Independent Non-Executive Directors without the Chair present to appraise the Chair's performance. The Senior Independent Director is available to shareholders if they wish to meet to discuss any matters related to the Group.

### Company Secretary

Frances Tock, in her role as Company Secretary, works closely with and supports the Chair, and the Chairs of the Board Committees in setting agendas and planning meetings, ensuring efficient distribution of the complete, accurate and timely information necessary to facilitate Board and Committee discussion. She also advises the Board and management on all matters relating to corporate governance and is responsible for the management of the AGM.

### Independent Non-Executive Directors

Independent Non-Executive Directors are not involved in the day-to-day running of the business and as such are able to provide an external perspective alongside sound judgement and objectivity. Non-Executive Directors receive a fixed level of remuneration for their services and do not benefit from variable remuneration based on Group performance. Given the size of the Group and its Board, it is thought appropriate and beneficial that each Non-Executive Director sits on each Committee. This better allows the Non-Executive Directors to effectively fulfil their responsibilities in providing constructive challenge, strategic guidance, specialist advice and holding Executive Directors to account for both the Group's and their own personal performance. All Non-Executive Directors have the required time to devote to Forterra with the Chair regularly keeping this under review.

# CORPORATE GOVERNANCE STATEMENT

## DIVISION OF RESPONSIBILITIES CONTINUED

### Independence of the Board

The Company recognises the importance of its Non-Executive Directors remaining independent throughout their appointment, as it enables them to provide objective advice and guidance to the Executive Directors and senior management.

In considering the independence of each Non-Executive Director, the Board has taken into consideration the guidance provided by the Code, and as such, considers all Non-Executive Directors to be independent in accordance with Provision 10 of such Code, as they each:

- Have not been employed by the Company or Group;
- Have no material business relationship with the Company or Group;
- Do not participate in the Company's employee share plans or pension scheme;
- Have not received additional remuneration beyond the Director's fee reported in this Annual Report;
- Have no close family ties with any of the Company's Directors, Executive Management, or advisors;
- Have no significant links with other Directors through involvement in other companies;
- Do not represent a significant shareholder; and
- Have not served on the Board for more than nine years from the date of their first appointment.

### Summary of matters reserved for the Board

The Board has a formal schedule of matters reserved for its decision which is reviewed annually to ensure it remains appropriate and which is summarised below:

- Approval of the Group's long-term objectives and strategy;
- Approval of the Group's business plans, operating and capital budgets;
- Approval of the Group's sustainability targets and reporting;
- Approval of the annual and interim accounts;
- Changes in the Group's capital or financing structure;
- Approval of significant transactions including acquisitions and disposals;
- Approval of the dividend policy and any changes thereto;
- Ensuring the maintenance of a sound system of internal control and risk management;
- Board appointments;
- Succession planning and setting terms of reference for Board Committees; and
- Approval of the Remuneration Policy and remuneration arrangements for the Executive Directors and senior management.

To assist in discharging its responsibilities the Board is supported by specialist Committees. The Board has established four such Committees: the Nomination Committee, the Audit and Risk Committee, the Sustainability Committee, and the Remuneration Committee. The terms of reference of each of these Committees are each reviewed on an annual basis. The Board believes each of the Committees has the necessary skills and resources to fulfil its brief and each of the Committees has access to appropriate legal and professional advice where necessary.

The Nomination Committee Report on pages 116 and 117 outlines the Board's approach to succession planning. The Audit and Risk Committee Report on pages 118 to 125 outlines how the Board has applied the Code in respect of financial reporting and internal controls. The Sustainability Committee Report on pages 126 to 129 explains how the Board has applied the Code in respect of risk management. The Remuneration Committee Report on pages 130 to 157 provides details of the Directors' remuneration received in the year.

Day-to-day management and implementation of strategies approved by the Board is delegated to the Executive Committee which currently comprises seven senior managers including the two Executive Directors. Membership of the Executive Committee along with biographies is detailed on page 100.

### Conflicts of interest

Directors have a statutory duty to avoid situations in which they may have interests which conflict with those of the Company. The Board has adopted procedures as provided for in the Company's Articles of Association for considering and if appropriate, authorising any potential conflicts of interest and for the consideration of, and if appropriate, authorisation of new situations which may arise.

The Company maintains a conflict register which is reviewed at every Board meeting. Currently the only situations authorised and listed on the register are the Directors holding directorships and other similar appointments in companies or organisations not connected with the Company where no conflict of interest has been identified.

### Board meetings

It is the intention of the Board to meet on at least eight occasions a year. In 2024 the Board met on eight scheduled occasions.

The Directors regularly communicate and exchange information regardless of the timing of meetings and should the need arise, a meeting of the Directors can be convened at short notice. In addition to the scheduled meetings the Board also held a number of updates and briefings by video conference during the year.

There were four meetings of the Audit & Risk Committee, four of the Sustainability Committee, three meetings of the Remuneration Committee and two of the Nomination Committee during the year under review.

The table below only includes attendance where each Director attended as a member. The Chair, CEO and CFO also attended certain Committee meetings, or parts thereof, as invitees.

Attendance	Board	Audit and Risk Committee	Sustainability Committee	Remuneration Committee	Nomination Committee
Justin Atkinson*	7/8	n/a	4/4	3/3	2/2
Neil Ash	8/8	n/a	4/4	n/a	n/a
Ben Guyatt	8/8	n/a	4/4	n/a	n/a
Katherine Innes Ker	8/8	4/4	4/4	3/3	2/2
Vince Niblett	8/8	4/4	4/4	3/3	2/2
Divya Seshamani	6/6	3/3	3/3	2/2	1/1
Martin Sutherland	8/8	4/4	4/4	3/3	2/2
Gina Jardine	8/8	4/4	4/4	3/3	2/2

\*Justin Atkinson missed the September Board meeting due to an unavoidable health issue.



# CORPORATE GOVERNANCE STATEMENT

## BOARD LEADERSHIP AND COMPANY PURPOSE

### Promoting long-term sustainable success

The Board is responsible for successfully leading the Group in delivering long-term sustainable value to shareholders and for making a positive contribution to wider society. The Board establishes the Company's purpose, values and strategic objectives and ensures that sufficient financial and human resources are in place for the Group to meet its objectives. The Board ensures that a framework of effective controls are in place to enable risk to be assessed and managed.

### Monitoring culture

The Board ensures that the Group's culture aligns with the Company's purpose, values and strategy and that Directors lead by example in promoting the right culture.

The Board has supported the business through a rollout of its refreshed values to all employees in early 2024 and has played a pivotal role in oversight of management's success at embedding them throughout the organisation.

The Board monitors culture through feedback from the Employee Forum, discussions with employees during site visits and evaluation of employee survey results.

### Stakeholder engagement

Board members engage with stakeholders directly to ensure that the Group is meeting its responsibilities towards them. This engagement with stakeholders allows any matters of concern to be raised and addressed by the Board. Stakeholders not only include shareholders but our workforce (many of whom are also shareholders), lenders, suppliers, customers and the communities in which we operate.

In performing their duties under S172(1) of the Companies Act 2006, the Directors give careful consideration to any concerns which the Group's key stakeholders may have, and how these matters are factored into decisions and proposals requiring Board approval.

### Shareholder engagement

The CEO and CFO meet regularly with major shareholders and work together with the joint corporate brokers to ensure there is effective communication with shareholders on matters including business performance, strategy and sustainability.

As part of the Group's investor relations programme, meetings with major shareholders are scheduled to discuss the Group's interim and full year results. The Brokers obtain feedback from these meetings and this is considered by the Board allowing all Board members to gain a better appreciation of shareholder views and expectations.

The Chair wrote to major shareholders in the year offering to meet them and held a number of meetings covering a variety of topics. The Chair and Senior Independent Non-Executive Director are always available to meet major shareholders on request.

Factory tours are provided for major institutional shareholders who express an interest in visiting our facilities.

### Engaging with employees

Engagement with our employees is an area which we have continued to develop throughout the year, enabled directly via the Employee Forum which met four times in 2024. Martin Sutherland is the Non-Executive Director designated with responsibility for understanding the views of the workforce, he attends meetings of the Employee Forum in this capacity and has built a rapport with the forum over his tenure. The CEO undertook a roadshow of town hall talks at each of the Group's facilities and the CEO supported by other members of the management team has continued to present regular podcasts to keep employees updated on the Group's progress.

Our last employee survey was conducted in September 2023. It achieved a record response rate and detailed action plans were created off the back of the findings. To allow time to implement the changes, and for the benefits arising from these changes to be visible, we will now complete our employee engagement survey every 18 months, with the next survey commencing in the coming weeks.

Details of how the Group engages with all of its stakeholders are shown on pages 26 and 27 alongside the Directors' statement in relation to their statutory duty in accordance with S172 (1) of the Companies Act, however engagement specifically at Board level is detailed in the below table:

Attendance	Board	Board engagement
<b>Employees</b>	Health, safety and wellbeing Culture, equality and diversity Talent development	<p>Board members undertake regular health and safety walks, as well as full Board site visits across the business. Each of these occasions provides Board members with opportunity for one-to-one engagement with the workforce.</p> <p>Board members also take the opportunity to attend and participate in health and safety related events including training courses and Building Safety Together (BST) meetings at factories.</p> <p>Non-Executive Director Martin Sutherland attends the Employee Forum meeting up to four times per year.</p> <p>Defining culture and leading from the top is core to the Board's activities.</p> <p>The Board considers the results of employee engagement surveys.</p> <p>The Board meets with senior managers at Board meetings and workshops and working dinners including an annual dinner with high potential employees.</p>
<b>Customers</b>	Customer service and satisfaction New product development	<p>The Executive Directors regularly meet with customers.</p> <p>An annual corporate event is held where Non-Executive Directors meet with key customers.</p>
<b>Suppliers</b>	Sustainable and ethical sourcing Maintaining supply chain security	<p>Sustainability is a key focus for the Board and delivering against the challenging targets set in 2020 remains a priority. Scope 3 emissions are becoming an area of increased focus which will prompt additional supplier engagement.</p> <p>The Executive Directors regularly meet with key suppliers with a focus on health, safety and wellbeing and on occasion, it may be appropriate for other Board members to meet with key suppliers.</p>
<b>Community</b>	Being a good neighbour	Delivering against the sustainability targets approved by the Board will improve the environment we live in.
<b>Shareholders and lenders</b>	Group performance ESG matters Strategy	<p>Executive Directors, along with the Chair and Senior Independent Director, regularly meet with large shareholders. Executive Directors regularly meet with lenders.</p> <p>Our full Sustainability Report is included within this Annual Report on pages 44 to 83.</p>

# CORPORATE GOVERNANCE STATEMENT

## BOARD COMPOSITION, SUCCESSION AND EVALUATION

### Board evaluation

In 2024, in line with our review cycle, we undertook an external evaluation of the Board and its Committees.

The Company Secretary and Chair considered a number of external board reviewers and from a shortlist of three, the Chair recommended Genius Boards based on their experience within the sector and proactive approach. Their appointment was unanimously approved by the Board. Genius Boards are accredited as a Board Reviewer by the Chartered Governance Institute UK & Ireland, to perform external evaluations. The Board deliberately selected a provider with no prior experience of the Group to gain maximum benefit from a fresh perspective. Following a kick-off meeting with the Chair and the Company Secretary to finalise the scope of the review, they conducted interviews with each member of the Board and the Company Secretary, performed a review of Board and Committee papers and other governance documents, and observed Board and Committee meetings.

Their findings were summarised in a report to the Chair and then presented at a meeting of the Board in December 2024.

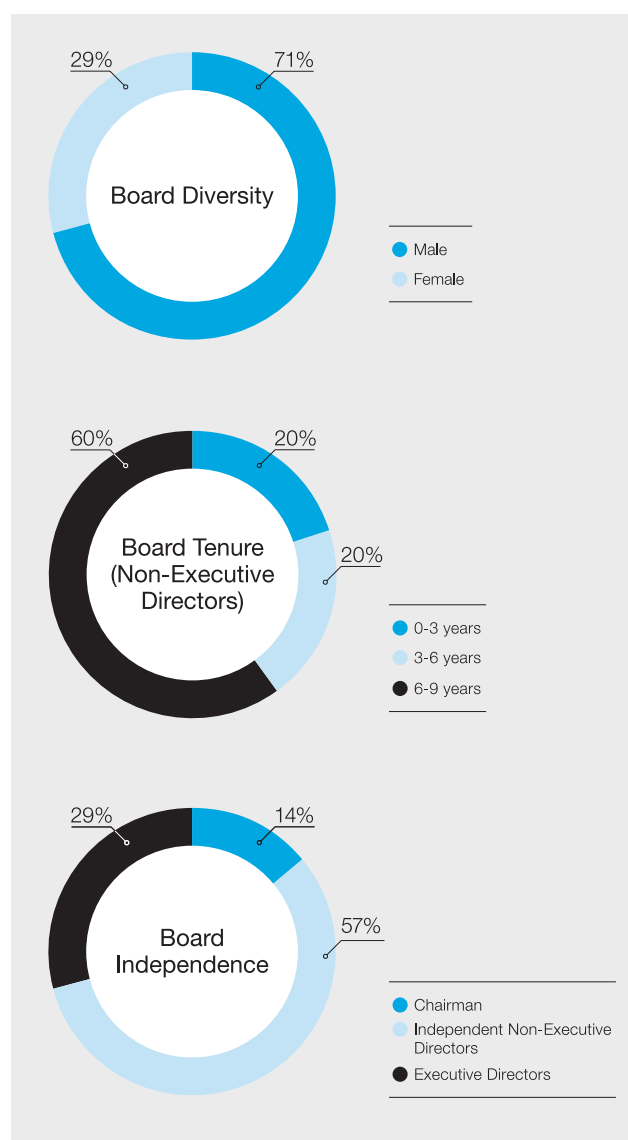
The review found the Board to be operating effectively and strategically, with strong leadership from the Chair and positive boardroom dynamics.

The review identified further opportunities to further improve Board effectiveness including:

- Implementing more regular reviews of Board papers to ensure content continues to be relevant and strategic in nature; and
- Development of its skills matrix and succession plan.

An action plan has been developed and progress will be reviewed during the year.

Notwithstanding these actions, the Board can conclude that its composition and that of its Committees is appropriate, procedures in place are effective, responsibilities are clearly divided, and that the Directors have the skills, experience, independence and knowledge to allow the Board and its Committees to successfully and effectively discharge their duties.





During the year the Senior Independent Non-Executive Director met the other Non-Executive Directors without the Chair being present; and the Chair met at least once with each Director on a one-to-one basis. These meetings allowed a full discussion of each Board member's contribution, any feedback from the Board evaluation process and a focus on personal development.

#### Appointment and re-election of Directors

The Company's Articles of Association contain certain powers of removal, appointment, election and re-election of Directors and provide that each Director should retire at the Annual General Meeting if they had been a Director at each of the two preceding Annual General Meetings and are not re-appointed by the Company in the general meeting or since such meeting. A retiring Director shall be eligible for reappointment. In practice it is intended that all Executive and Non-Executive Directors will retire and put themselves forward for re-election annually at each Annual General Meeting and as such all Directors will stand for re-election at the 2025 Annual General Meeting.

On appointment, Board members disclose their other commitments and agree to allocate sufficient time as necessary to the Company in order to discharge their duties effectively. The current disclosable external commitments of the Board are shown on pages 96 to 99. Any conflicts of interest are dealt with in accordance with the Board's conflict procedures, however this situation has not arisen this year.

#### Induction

A structured induction programme is in place to ensure new Directors are quickly integrated into the Board and given the necessary insight and information to allow them to quickly become effective. The induction programme includes:

- Meetings with the Directors, Company Secretary, members of the Executive Committee and other members of management;
- Guided visits to the Group's manufacturing facilities;
- Meetings with external advisors including corporate brokers, auditors and remuneration consultants as appropriate; and
- Being given access to historic Board papers and minutes.

Individually tailored programmes are currently being developed for both Nigel Lingwood and Aysegul Sabanci.

#### Board diversity

The Board is committed to furthering diversity at all levels. The Board acknowledges the recommendations of the Hampton-Alexander Review which recommends that at least 33% of the Board should be female. In addition, the Board recognises that the Financial Conduct Authority (FCA) Listing Rules targets for at least 40% of the Board to be female, at least one senior member of the Board to be a woman and at least one member of the Board to be from a non-white ethnic minority background.

At present 29% of the Board are female. One of the senior Board members is a woman and Aysegul Sabanci joining the Board in April 2025, will increase this to 38%. Diversity covers many facets other than gender and race. The Board has a strong balance of diverse skills, knowledge, experience, upbringing and education.

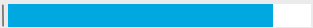






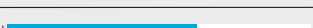
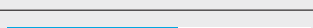
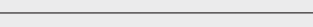
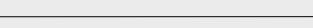
The Hampton-Alexander Review also recommends that at least 33% of senior managers (defined as Executive Committee and their direct reports) should be female. Within Forterra this figure currently stands at 18%. With the appointment of Nicola Chapman and Sarah Renton, the percentage of females on the Executive Committee will increase from 25% in 2023 to 38%.

Gender diversity is a wider issue within our industry. Presently only 12% of our employees are female with many of our roles, especially those which are factory based, traditionally being less popular with women, and we remain committed to further improvement of our diversity statistics.

The Company does not presently track statistics of ethnicity below Executive Committee level.

# CORPORATE GOVERNANCE STATEMENT

## BOARD COMPOSITION, SUCCESSION AND EVALUATION CONTINUED

BOARD SKILLS MATRIX		
Risk Management		Provides a practical understanding of risk management in a listed organisation.
Strategy		Experience of developing and implementing successful strategy in large corporations.
M&A		Experience of mergers, acquisitions, disposals and investing.
Construction Sector		Senior Executive experience in the construction and housebuilding industry, with indepth knowledge of markets, strategy, operational issues and regulatory concerns.
Manufacturing		Senior executive experience in a large manufacturing organisation.
Finance		Able to support the oversight of our financial statements and strategy and financial reporting to investors and other stakeholders.
Corporate Governance		Experience on the Board of a major listed corporation subject to vigorous corporate governance standards.
Commercial		Experience of developing and leading commercial strategy in a large corporation.
Health & Safety		Experience related to workplace health and safety at an executive level.
HR and Talent Development		Experience in overseeing the management and development of labour and human resource at a large corporation.
Sustainability		Experience in overseeing environmental compliance and overseeing responsible, long term value creation.

### Board and Executive Committee reporting on ethnic background

	No. of Board members	% of the Board	No. of senior positions on the Board	No. in the Executive Committee (inc. Company Secretary)	% of Executive Committee
Male	5	71%	3	5	62%
Female	2	29%	1	3	38%
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>4</b>	<b>8</b>	<b>100%</b>

	No. of Board members	% of the Board	No. of senior positions on the Board	No. in the Executive Committee (inc. Company Secretary)	% of Executive Committee
White British or other White	7	100%	4	8	100%
Asian/Asian British	–	–	–	–	–
Black/Black British	–	–	–	–	–
Other ethnic groups, including Arab	–	–	–	–	–
Mixed/Multiple ethnic groups	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>4</b>	<b>8</b>	<b>100%</b>

# CORPORATE GOVERNANCE STATEMENT

## RISK MANAGEMENT

### Internal controls and risk management

The Board acknowledges its responsibility under Principle O of the Code for establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks it is willing to take to achieve its long-term strategic objectives.

In order to allow the Board to discharge its obligations, the Board has, either directly or through the Audit and Risk Committee, reviewed the operation of the risk management and control systems for the Group throughout the year. In addition to the work undertaken to review opportunities to develop, strengthen and improve the effectiveness of the Group's risk management and internal control systems ahead of changes to the 2024 UK Corporate Governance Code, the Audit and Risk Committee reviewed a management prepared paper which outlined the effectiveness of the risk management and internal control systems within the Group, along with any areas for improvement identified. In conducting this work, the Audit and Risk Committee acts on behalf of the Board, and its activities remain the responsibility of the Board.

The Board confirms that:

- There is an ongoing process for identifying, evaluating and managing the principal risks faced by the Group;
- The systems have been in place for the year under review and up to the date of the approval of the Annual Report and Accounts;
- They are regularly reviewed by the Board along with the Audit and Risk Committee where appropriate; and
- The systems accord with the Financial Reporting Council (FRC) guidance on risk management, internal control and related financial business reporting.

The key risks faced by the Group together with their potential impact and mitigating actions are laid out in the Risk Management section of the Strategic Report on pages 84 to 91.

### Directors' and Officers' insurance

The Company maintains Directors' and Officers' liability insurance policies to cover against legal proceedings taken against its Directors and Officers acting in their capacity as such. The Company has also granted indemnities to its Directors to the extent permitted by the law in respect of liabilities incurred as a result of their office. Neither the insurance cover or the indemnities would provide any coverage in the event that a Director is proven to have acted fraudulently or dishonestly.

### Share dealing code

The Company has adopted a code of securities dealings in relation to the Ordinary Shares which is based on, and is at least as rigorous as, the Model Code as previously published in the Listing Rules. The code adopted applies to the Directors and other relevant employees of the Group.

Approved by the Board and signed on its behalf by:

[Justin Atkinson](#)

Chair

11 March 2025



# NOMINATION COMMITTEE REPORT



**JUSTIN ATKINSON**  
Committee Chair

## MEMBERSHIP

The members of the Committee are appointed by the Board. At 31 December 2024 the members of the Committee were as follows:

-  Justin Atkinson (Chair)
-  Katherine Innes Ker
-  Martin Sutherland
-  Vince Niblett
-  Gina Jardine



The Nomination Committee has overseen the appointment of two high calibre individuals in 2025, who will complement the existing Board and help drive the long-term success of the Group.”

## Dear Shareholder

I am pleased to present the report of the Nomination Committee (the Committee) for 2024. The content below describes the main responsibilities of the Committee. I chair Nomination Committee meetings but did not participate in meetings when the Committee was dealing with my succession as Chair.

## RESPONSIBILITIES

The principal responsibilities of the Committee are as follows:

- To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and to make recommendations to the Board with regard to any changes;
- To plan for succession for both Executive and Non-Executive Board roles along with senior management positions; to identify and recommend to the Board for approval candidates to fill Board and senior management vacancies as they arise; and
- To make recommendations to the Board in respect of the performance of Directors standing for election or re-election in advance of the Annual General Meeting.

The full responsibilities of the Committee are set out in its terms of reference which are available on the Company's website.

The terms of reference are approved by the Board and are reviewed annually to ensure they remain appropriate.

### Activities during the year

The Committee has two standing meetings a year. There were an additional two meetings held during the year to support the Chair and Non-Executive Director search processes.

### Board appointments

The Committee adopts a formal and transparent procedure for the appointment of new Directors to the Board.

The Board undertook a selection process to appoint executive search agencies to assist with identifying and subsequently recruiting a new Chair and Non-Executive Director. Lygon Group were appointed to support the recruitment of the Chair and Nurole Ltd to support the Non-Executive Director recruitment. Neither company has any other connection with the Company or individual Directors.

The consultants identified suitable external Board candidates based on written specifications for each appointment. Katherine Innes Ker, in her role as Senior Independent Director, led the search for my replacement as Chair, and I led the Non-Executive Director search.

In February 2025, we announced the appointment of Nigel Lingwood as Chair Designate, with effect from 1 April 2025 and he will stand for election at the upcoming Annual General Meeting. Nigel is an experienced FTSE 250 Chair, and former Group Finance Director, with experience of new build and residential construction markets in the UK, Continental Europe and Australasia.

In March 2025, the Company announced the appointment of Aysegul Sabanci as Non-Executive Director, also with effect from 1 April 2025. Aysegul has held primary roles in commercial, procurement and supply chain management, most recently at ISG as Head of Procurement.

### Executive performance and succession planning

The Committee reviewed the Executive Committee and each member's departmental structure to identify for the purpose of succession planning, future potential candidates for the Executive Committee and how those candidates could develop into the role over time with the appropriate training and support.

### Priorities for 2025

Board succession planning will continue to be a significant focus area for the Committee in 2025. It is now nine years since the IPO in 2016, with the Board initially formed at this time, and with other Directors joining in the following year. Accordingly, following my retirement at the conclusion of the AGM in May, Martin Sutherland and Katherine Innes Ker will both reach their nine-year appointment anniversaries (after which, by the requirements of the Code, they are no longer deemed to be independent), during 2026.

The Committee will maintain a structured process to ensure that succession plans are developed for all Board appointments and that recruitment processes commence in good time. Our succession planning will consider the composition and mix of skill sets and backgrounds represented on the Board, along with the importance of gender and ethnic diversity.



### Executive skills and succession planning

A key role of the Committee is ensuring the effectiveness of the Board and its ability to deliver long-term success for the business. Included in this is the continual review of the skills, experience, independence and knowledge required to ensure the right individuals are in place to support the Company's continued progression and effective implementation of the Group's strategy. See the Board Skills Matrix on page 95.

As described above, the executive succession plan is monitored by the Committee, alongside the development initiatives to identify and nurture future leaders for the business.

### Diversity and equality

The Group has an Equality and Diversity Policy and is committed to encouraging diversity across the business at all levels and to being inclusive. Following the departure of Divya Seshamani in the year, the percentage of females on the Board reduced to 29% but will revert to 38% on appointment of Aysegul Sabanci on 1 April 2025. In addition, one of our senior Board members is a woman.

Approved by the Board and signed on its behalf by:

[Justin Atkinson](#)

Chair of the Nomination Committee

11 March 2025


# AUDIT AND RISK COMMITTEE REPORT



—  
**VINCE NIBLETT**  
Committee Chair

## MEMBERSHIP

The members of the Committee are appointed by the Board. At 31 December 2024 the members of the Committee were as follows:

-  **Vince Niblett (Chair)**
-  Katherine Innes Ker
-  Martin Sutherland
-  Gina Jardine



The Group will continue to review opportunities to develop, strengthen and improve the effectiveness of our risk management and internal control systems, moving towards compliance with the new 2024 UK Corporate Governance Code as required from 2026.”

### Dear Shareholder

I am pleased to present my Audit and Risk Committee Report, which sets out how the Audit and Risk Committee (the Committee) has discharged its responsibilities during the year and provides an understanding of work done to provide assurance over the integrity of the Annual Report and Accounts for the year ended 31 December 2024.

## RESPONSIBILITIES

The principal responsibilities of the Committee as follows:

### Financial reporting

- Monitor the integrity of the Financial Statements, interim report, and any other announcements relating to the Group's financial performance or position;
- Review significant estimates and judgements disclosed within the Financial Statements and how each was addressed;
- Review and challenge where necessary the consistency of, and any changes to, significant accounting policies; and
- Review the Annual Report and Accounts and provide assurance to the Board that they present a fair, balanced and understandable assessment of the Group's position and prospects.

## RESPONSIBILITIES CONTINUED

### External audit

- Review the effectiveness and independence of the external auditors, negotiate and agree their remuneration and make recommendations to the Board in respect of their appointment.

### Internal audit

- Review and approve the Group's internal audit plan and monitor progress against it; and
- Determine the structure and operating model of the Group's Internal Audit function and evaluate its effectiveness.

### Risk management and internal control

- Define and keep under review the Group's appetite for risk;
- Review the effectiveness of risk management processes in determining whether risks are being identified, evaluated, monitored and managed appropriately;
- Review the Group risk register and consider its appropriateness and completeness, along with the appropriateness of the mitigating actions being taken;
- Consider emerging risks which have the potential to impact the business;
- Keep under review the adequacy and effectiveness of the Group's internal financial control and risk management systems;
- Monitor the effectiveness of the Group's procedures on whistleblowing, anti-bribery, corruption and anti-money laundering; and
- Review modelling and analysis used to support the going concern assessment and long-term viability of the Group.

The full responsibilities of the Committee are set out in its terms of reference which are available on the Company's website. The terms of reference of the Audit and Risk Committee are approved by the Board and are reviewed annually to ensure they remain appropriate.

### Meetings

During 2024 the Committee formally met on four occasions. In addition to the members of the Committee, other members of the Board and senior management, including the CEO, CFO, Group Financial Controller, Head of Corporate Finance and Investor Relations and both the External and Internal Auditor were invited to, and attended each meeting of the Committee in 2024. The Company Secretary provided secretarial services to the Committee and attended meetings in this capacity.

In addition to the scheduled meetings, the Committee Chair meets regularly with the CFO, Group Financial Controller, the Internal Audit function and External Auditor, providing additional opportunity for open dialogue and feedback.

### Key activities and highlights during the financial reporting cycle

During the year under review and to the date of this Annual Report the agenda items and principal activities of the Committee are outlined below.

#### Financial reporting

- Review of the Group's annual and interim Financial Statements and preliminary results' announcements, including accounting policies and compliance with accounting standards;
- Review of significant financial reporting issues and matters of judgement within the Financial Statements (further details can be found on pages 121 and 122);
- Review and approval of the viability statement, including the scenarios modelled and assumptions made within;
- Review and approval of the going concern statement for the Group, and recommendation to the Board that the Directors can justifiably state that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities in the period to June 2026;
- Review of the Annual Report and Accounts and advice to the Board on whether, taken as a whole, these are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy;
- Consideration and challenge of the Group's use of alternative performance measures (APMs) and their appropriateness within the Annual Report and Accounts; and
- Following the inclusion of the Company's Annual Report and Accounts to 31 December 2023 in a corporate reporting review by the Financial Reporting Council (FRC), the FRC wrote to the Chairs of both the Board and Audit and Risk Committee setting out the scope of its review and findings. Recommendations were considered by the Committee and adopted where appropriate in the 2024 Financial Statements.





# AUDIT AND RISK COMMITTEE REPORT

## CONTINUED

### *External audit*

- Consideration of the 2024 external audit plan including the scope of audit work and approval of the audit fee for both audit and non-audit services;
- Review and approval of reports presented by the External Auditor following the half year review and year end audit;
- Consideration of the annual letter to those charged with governance and other reports prepared by the external auditor; and
- Receipt of updates from the External Auditor on published changes to the Corporate Governance Code, in particular Provision 29, and understanding of the implications this may have for the Group and Committee going forward.

### *Internal audit*

- Monitoring of progress against the approved 2024 internal audit programme and review of reports prepared by the Internal Audit function;
- Setting of the 2025 internal audit programme;
- Monitoring of the Group's first year operating with a fully outsourced Internal Audit function, and reviewing the performance of PwC as outsourced provider;
- Review of the audit reports prepared by the Internal Audit function with subsequent oversight of the implementation of recommended improvements; and
- Receipt of updates from the Internal Auditor on published changes to the Corporate Governance Code, in particular Provision 29, and understanding of the implications this may have for the Group and Committee going forward.

### *Risk management and internal control*

- Review and challenge of the Group Risk Register as presented by management, with developments monitored through the year;
- Review of emerging risks for the Group at each Audit and Risk Committee, using risk heat maps to monitor risk likelihood and impact. Challenge to management on actions and monitoring;
- Review and approval of external disclosures in relation to risk management and internal controls, primarily principal risk disclosures;
- Receipt of regular updates from management on the progress of the Group's strategy to formally document and test key controls ahead of changes proposed in the 2024 Corporate Governance Code, specifically those relating to risk and internal control management, as due to take effect for all periods from 1 January 2026 onwards. Further detail on this is provided on page 123 of this Committee report; and
- Received a report detailing the risk and internal control systems operating in the business and their effectiveness, along with areas for improvement to support the proposed changes outlined in the 2024 Corporate Governance code.

### *Other*

- Received compliance updates from the Company Secretary in relation to whistleblowing; and
- Reviewed an update of the Committee's terms of reference, ensuring they remain in line with best practice.

### Significant financial reporting risks and judgement areas considered

The Committee, in carrying out its responsibilities, is required to assess whether suitable accounting policies have been adopted and consistently applied in the preparation of the Financial Statements.

The Committee considers the following to be the most significant financial reporting matters based on their potential effect on the Group's Financial Statements. During the year and to the date of this report, the Committee has reviewed and challenged papers prepared by management, confirming these remain appropriate for the Group and relevant in the approval of the Financial Statements for the year ended 31 December 2024.

#### Revenue recognition

The Group recognises revenue on a point in time basis when performance obligations are met, which is usually on delivery to the customer, but may vary by product and under different agreements. In addition to this, a number of contracts also contain volume driven rebate mechanisms.

#### Committee action

The Committee reviewed and understood the Group policy covering the recognition of revenue and the recording of rebate obligations, recognising this was unchanged from prior periods.

Following discussions and after considering the summarised results of substantive testing and data analysis performed by the External Auditor, the Committee concluded that the point at which control passes to the customer has been suitably considered and reflected. They are also satisfied that appropriate systems and controls are in place to ensure revenue is recognised appropriately.

#### Restoration and decommissioning provisions

The Group makes provisions for liabilities in respect of restoration and decommissioning based upon both third-party advice and management's judgement of the appropriate level of liability likely to arise in the future.

#### Committee action

The Committee reviewed the efforts and steps undertaken by management to ensure the accuracy of provisions. This included the involvement of third-party experts, comparisons between estimated and actual costs, and management's estimations of both discount rates and the useful lives of sites. Alongside this, the External Auditor's report was presented, detailing the work performed to assess the appropriateness of discount rates, useful lives, management input data and the efforts of independent experts.

This approach enabled the Committee to review the basis and amounts of provisions as of 31 December 2024, understand Group policy, and be confident that appropriate systems and controls are in place to ensure the restoration and decommissioning provisions are accurately represented in the Financial Statements.

### Inventory valuation and provisioning

Inventory carrying value in the Financial Statements is stated after recognising inventory provisions, with particular reference to the judgemental nature of the obsolescence and capping provisions. These provisions use past sales data, with manual adjustments as determined necessary (an example of this being new product ranges) to calculate a provision at the balance sheet date. This requires a degree of commercial judgement when determining saleability and price of certain finished goods.

#### Committee action

The Committee reviewed a summary of management's work on the Group's valuation of its finished goods inventory, including the provisions recognised against potential obsolescence. Provisions were discussed in light of current economic uncertainties and their potential to impact Group stock values.

In addition to this the Committee considered the work of the External Auditor, which included procedures performed over the carrying value of the Group's inventory. This involved attending stock counts, challenging the reasonableness of provisions, including management adjustments, and performing sample testing.

Based on the information presented, the Committee concurred with management's assessment that there are appropriate policies, systems and controls in place to ensure the carrying value of the Group's inventories is accurately stated.

#### Impairment

The Group holds significant assets in the form of brands, land and buildings, and plant and machinery. At the interim and year-end balance sheet dates, these assets were considered for indicators of impairment. In considering this, management performed an assessment of impairment indicators, followed by full assessments for certain cash-generating units (CGUs) within the Group as required. These assessments relied on either value-in-use calculations or estimates of fair value, as deemed appropriate at a CGU level. Each detailed assessment determined that no impairment of any brand, land and buildings, or plant and machinery was necessary in the current year.

#### Committee action

The Committee critically reviewed the processes adopted by management in assessing whether any indicators of impairment existed, and whether any detailed impairment testing should be undertaken, against the backdrop of continued market uncertainty. The Committee has carefully considered the impairment assessments undertaken by management, as well as the assumptions and sensitivities applied in undertaking the impairment testing.

Following this review, the Committee concurred with management's conclusion that no impairment was necessary in the current year, and is satisfied that the estimates adopted, and the accounting treatments applied in the preparation of the Financial Statements are appropriate.

# AUDIT AND RISK COMMITTEE REPORT

## CONTINUED

### *Alternative performance measures (APM): exceptional items*

Exceptional items have historically been disclosed separately in the Financial Statements where management believes it is necessary to show an APM in presenting the financial results of the Group. Management assesses the nature, size and incidence of items when judging what should be disclosed separately.

#### *Committee action*

The Committee assessed the categories of items proposed for inclusion as exceptional and considered their appropriateness in line with regulatory guidance. In doing so the Committee sought views from the External Auditor as to the appropriateness of items categorised by management as exceptional. Upon conclusion of this review, the Committee concurred with management's analysis of proposed items and their disclosure as an APM.

### *Alternative performance measure (APM): adjusting items*

In addition to exceptional items, as in the prior year the Group is disclosing certain adjusting items separately within the Annual Report and Accounts. This has led to the presentation of 'adjusted' results, which are presented before both exceptional and adjusting items. Management believes the presentation of this APM is beneficial and necessary in allowing users of the accounts to understand the performance of the Group.

In both the current and prior year, the Group has presented the below as adjusting items.

- The realised loss recognised within the Statement of Total Comprehensive Income for the sale of excess energy in 2024, where committed volume exceeded actual consumption by the Group, totalling £1.5m; and
- The impact of fair value accounting for forward energy contracts held, whereby committed future volume is expected, as at 31 December 2024, to exceed total consumption by the Group. For these future contracts, the Group can no longer apply the own use exemption under IFRS 9 and instead recognise these as derivatives held at fair value on the balance sheet at 31 December 2024.

#### *Committee action*

The Committee assessed the categories of items proposed for inclusion as adjusting items and considered their appropriateness. In doing so the Committee sought views from the External Auditor as to the use of adjusted results within the Annual Report and Accounts. Upon conclusion of this review, the Committee concurred with management's analysis of proposed items and their disclosure as an APM.

### *Alternative performance measure: 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 Group's 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 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. 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 the operationally aligned method for measurement recognises these free allowances over the full financial year using a weighted average basis, aligned proportionately with the production which drives carbon emissions, in line with management reporting. This weighted average basis is presented as an APM in the interim financial statements.

The interim statutory results showed carbon credits as being utilised on a first in, first out basis, fully utilising the Group's free allocation of carbon credits before recognising any liability to purchase further credits. The above differing treatments only affect the interim results for the Group and have no impact on the full year Financial Statements.

#### *Committee action*

The Committee received an update from management and the external auditor on the appropriateness of the Group accounting policy for the treatment of carbon credits, including the measurement basis at both interim and year-end reporting dates. The Committee reviewed and understood the relevant accounting standards underpinning the policy and discussed with both the external auditor and management the appropriateness of disclosing measurement on a weighted average basis as an APM within the interim Financial Statements.

The Committee concluded that its presentation continued to provide additional clarity on performance and that sufficient reconciliation and disclosures were provided by management with sufficient prominence.

### Risk management and internal controls

Following changes made to Committee structure from January 2024, the Audit and Risk Committee assumed responsibility for financial, operational and compliance risk across the Group.

Throughout the year and to the date of this Annual Report, the risk register for the Group has been reviewed and updated by management, considering completeness, likelihood and impact of risks, along with controls and actions in place to mitigate risks. Emerging and principal risks for the Group (as described in the Strategic Report on pages 84 to 93) are reviewed regularly and the full risk register is presented to the Board at least annually.

During 2024, the Committee received regular updates on emerging and evolving risks, with continued focus on the risks surrounding, and subsequent responses to, current market conditions. The Committee considered the likely implications and potential mitigations of each risk and reviewed the Group's overall approach to determining risk appetite.

In reviewing emerging risks and management's response to the changing risk environment, the Committee considered how risk management was embedded throughout the business, and how increasing focus on risk management is better equipping the business to identify and respond to the rapidly emerging threats posed by the fast-evolving market and supply chain conditions. The Committee continues to review emerging risks alongside the Group's principal risks to provide assurance that all risks continue to be afforded proper attention.

Further information regarding the risks faced by the Group is included in the Strategic Report on pages 84 to 91.

#### *Strategic response to the revisions to the UK Corporate Governance Code covering risk management and internal control effectiveness*

During the year, assisted by both the Internal Audit function and an assembled working group of senior management, the Committee continued to closely monitor the UK Government's response to the 'Restoring Trust in Audit and Corporate Governance' consultation so as to determine the potential future impact upon the Group and any additional obligations this may place on the Board and the Committee.

Following revisions to the Corporate Governance Code, published by the FRC in January 2024, the Committee will support the Board in ensuring the Group is aligned and ultimately compliant with the provisions outlined within the Code ahead of the effective dates.

This response has focused on the Group's control framework as well as future disclosure considerations. Management's working group has given consideration to key risks and associated material controls beyond just those presented as principal risks, with guidance taken from various advisors including the Internal Audit function as to how best to achieve this.

The working group updated the Audit and Risk Committee on multiple occasions across 2024, including presentation of a high-level assurance map in October 2024. In January 2025 the Committee were presented with a deep-dive illustrative reporting approach for two key risks, which was approved for further development in 2025.

The Group will continue to review opportunities to develop, strengthen and improve the effectiveness of our risk management and internal control systems, moving towards full compliance with the 2024 UK Corporate Governance Code in 2026, as well as any further amendments to policy and legal requirements that are implemented by the new Government.

### Internal audit

The Internal Audit function exists to provide the Board and management with independent assurance that internal controls and risk management processes are both appropriate and operating effectively.

At the beginning of 2024, the Audit and Risk Committee oversaw the Group's transition to an outsourced Internal Audit function, with this coming into effect from January 2024. The outsourced Internal Audit function is supported by members of the senior finance team. The Committee believes this operating model provides the Group with a wide pool of external experience and specialist skill sets to deliver the most effective and responsive solution, alongside strong internal business support provided by the senior finance team.

The Internal Audit function operates to an agreed 12-month audit programme which is set by the Committee after considering recommendations from the outsourced Head of Internal Audit as well as senior management. Internal audit programmes are designed following an assessment of risk and materiality. The Committee retains the ability to bring in independent specialists to assist with audit work where more specialist knowledge and understanding is required.

During 2024 and to the date of this report the Internal Audit function performed work covering areas including: PAYE compliance, governance and controls; an assessment of the Group's compliance programme; a manufacturing quality review and a workshop with members of management to discuss the Group's proposed approach ahead of the changes to the UK Corporate Governance Code.

The outcomes of these reviews were presented to the Audit and Risk Committee ahead of approval of the Financial Statements for the year ended 31 December 2024. These set out any control weaknesses identified as well as management's actions to address control recommendations. A report on the status of open management actions was presented by the Internal Audit function at each meeting of the Committee during 2024 and challenged as necessary.

Overall the Internal Audit function operated effectively and contributed strongly to the Group's overall governance framework.

The Chair of the Audit and Risk Committee regularly met with the Internal Audit function during the year and the function had confidential access to the Chair of the Committee as required.



# AUDIT AND RISK COMMITTEE REPORT

## CONTINUED

### *Committee experience and competence*

Provision 24 of the revised Code requires that the Board should satisfy itself that at least one member of the Audit and Risk Committee has recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which it operates.

The Board has concluded that Vince Niblett meets the recent and relevant financial experience requirement. Vince Niblett was previously Partner at international professional services firm, Deloitte, where he held a number of senior roles including membership of the UK Board of Directors and Global Managing Director, Audit & Enterprise Risk Services before retiring in 2015. Vince is a Chartered Accountant and also a Non-Executive Director and Chair of the Audit Committee at Big Yellow Group plc and Target Healthcare REIT plc.

The Board also considers the wider Committee to have the required competence, skills and experience, and that it is operating effectively and is providing robust challenge to the Executive Directors and the wider business.

### **Fair, balanced and understandable**

At the request of the Board, the Audit and Risk Committee has considered whether the 2024 Annual Report is fair, balanced and understandable and whether it provides the necessary information for the Group's shareholders to assess the Group's position, performance, business model and strategy.

As part of its review the Committee considered:

- The messaging and balance of key disclosures in the Strategic Report;
- Presentation of APMs, including the balance between statutory and non-statutory measures;
- Advice from external professional advisors on complex matters where appropriate;
- Reviews performed by senior management over the Annual Report and Accounts;
- Disclosures related to the Group's sustainability objectives, as well as climate risk and opportunities; and
- Consistency of reporting within the Annual Report and Accounts, including disclosure of judgements and estimates.

The Committee has concluded that the disclosures, and the process and controls underlying their production, were appropriate to enable it to determine that the 2024 Annual Report and Accounts is fair, balanced and understandable.

### **Viability statement and going concern**

Ahead of the publication of the full year financial results for 2024, the Committee undertook a detailed review of the prospects of the Group to ensure ongoing viability. A viability statement was prepared which carefully considered possible adverse scenarios resulting from continued economic uncertainties, against a budgeted base case. This was used to support a recommendation to the Board that the Directors can justifiably state that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities to the end of 2027. The viability statement is included in the risk management and key risks section of the Strategic Report.

The Committee also reviewed and challenged the going concern statement included in the Directors' Report along with the underlying assessment prepared to support this statement.

### **External audit, auditor independence and objectivity**

The Committee is responsible for making recommendations to the Board regarding the appointment, re-appointment, and removal of the external auditor. It keeps under review the scope of the audit, the audit findings, its cost effectiveness and the independence and objectivity of the auditor.

The Company has complied with the Competition and Markets Authority final order on mandatory tendering and the requirements of the Audit Directive (2014/56/EU). It is the Company's intention to put the audit out to tender at least once every 10 years. Ernst & Young has held the appointment as auditor since the Company was incorporated in 2016.

Ernst & Young rotate their lead audit partner every five years. Anup Sodhi was appointed as audit partner in 2021.

The Committee receives the formal letter addressed to those charged with governance provided by the External Auditor on completion of the annual external audit, which summarises the key findings and observations arising from the audit along with how management has responded to these findings. In addition, the External Auditor provides confidential feedback to the Committee as to how members of the management team have conducted themselves during the audit process.

In addition, the Chair of the Committee meets with the external audit partner outside of the formal Committee meetings.

**Non-audit services policy**

The Group's non-audit services policy restricts the external auditor from performing certain non-audit services in accordance with the Revised Ethical Standard 2016 issued by the Financial Reporting Council. The Revised Ethical Standard 2019 introduced further restrictions on services not closely linked to the audit, law or regulation and the Group is operating in compliance with these regulations.

The amounts paid to Ernst & Young for non-audit services during the year are disclosed in note 5 of the Financial Statements. Non-audit services provided in the year were in respect of the review of the Group's interim financial statements and results announcement, along with services necessary as reporting accountant during a subsequently aborted transaction. Ernst & Young also has its own policies and procedures in place to ensure it maintains its independence and objectivity and regularly reports to the Committee on its independence.

**Whistleblowing, fraud and the Bribery Act**

The Board has reviewed and approved the Group's policies and procedures covering whistleblowing, anti-bribery and corruption including the controls in place to detect fraud and to ensure compliance with both competition and anti-bribery legislation. The Group maintains a zero-tolerance approach to breaches of this legislation and certain employees in commercial roles, selected using a risk-based approach, are provided with dedicated training and guidance appropriate to their roles.

The Group operates a MySafeWorkplace anonymous incident reporting system, allowing employees to report any wrongdoing or concerns with confidentiality assured. There were no concerns notified to the Group that required the attention of the Committee during the year and up to the date of this report.

Approved by the Board and signed on its behalf by:

[Vince Niblett](#)

**Chair of the Audit and Risk Committee**

11 March 2025

# SUSTAINABILITY COMMITTEE REPORT



**GINA JARDINE**  
Committee Chair










I'm proud of how the Committee has really pushed the sustainability agenda in the year, supporting the Group's progress towards its targets and encouraging sustainable thinking across many areas of the business."

## Dear Shareholder

I am pleased to present the report of the Sustainability Committee (the Committee) for 2024. The purpose of the Committee is to guide the business towards successful long-term sustainability, overseeing the effective management of risks and opportunities across areas of environmental, social and governance.

## MEMBERSHIP

The members of the Committee are appointed by the Board. At 31 December 2024 the members of the Committee were as follows:

-  **Gina Jardine (Chair)**
-  Justin Atkinson
-  Neil Ash
-  Ben Guyatt
-  Katherine Innes Ker
-  Vince Niblett
-  Martin Sutherland

## RESPONSIBILITIES

The role of the Committee is to review and monitor the Company's attitude and approach to sustainability matters and risks and ensure compliance with sustainability reporting requirements under relevant frameworks. As part of this it is responsible for the review and monitoring of health and safety policy and performance, along with the process for compliance with applicable laws, regulations and ethical codes of practice.

## RESPONSIBILITIES CONTINUED

The principal responsibilities of the Committee are as follows:

- Oversee the Group's sustainability policies;
- Review of the health and safety policy, considering whether it complies with legislation and best practice, and recommend improvements as appropriate;
- Define the level of the Group's ambitions with regards to reducing environmental impact and addressing climate-related risk;
- Set challenging environmental targets and monitor progress against these;
- Monitor the Group's compliance with the requirements of TCFD and other reporting protocols as appropriate;
- Ensure that the Group's sustainability policy satisfies its desired outcomes and monitor achievement against the targets set; and
- Implement changes in the health and safety policy as necessary.

The Committee's full terms of reference are available on the Company's website.

The terms of reference of the Sustainability Committee are approved by the Board and are reviewed annually to ensure they remain appropriate.

## Meetings

During the year under review, the Committee held four meetings. In addition to the Committee members, other members of the management team with responsibilities covering health and safety, sustainability, commercial and operations regularly attended and actively contributed to the meetings.

## Activities during the year

During the year under review and to the date of this Annual Report the agenda items and principal activities of the Committee are outlined below.

### Health and safety strategy

Health and safety remains our number one priority as a Group and accordingly continued to be an area of significant focus for the Committee during the year.

In 2024 we continued to build on our behavioural health and safety journey in delivering the Road Map to Zero Harm. With the goal of improving engagement at all levels and improving senior management visibility with colleagues, our senior management, including members of our Board, were trained to undertake safety observations with colleagues in a variety of environments as part of our Visible Felt Leadership (VFL) training programme. This ensured the Board continued to remain highly visible in the business and were seen to sponsor this important training rollout. Those that have already completed the training have already started to utilise these skills in undertaking the two factory health and safety walks that each Director completes annually. In addition, the Board as a whole completed four group site visits scheduled around Board meetings in the year, including visits to the key strategic project sites at Wilnecote and Accrington.

These health and safety walks are well received by our employees and demonstrate the Board's commitment towards VFL. In addition, consistent with the objective of fostering a greater awareness of, and responsibility for risk management at a factory level, the visits also consider wider site-specific risks and mitigations without diminishing the importance placed on health and safety.

We have now embarked on the next phase of our journey which focuses on behavioural safety titled 'From base to brilliant' incorporating the rollout of a full behavioural health and safety programme through the business. Starting at the 'base', where 'we do the right thing' then moving to taking responsibility through a dependent 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.





# SUSTAINABILITY COMMITTEE REPORT

## CONTINUED



### *Decarbonisation*

Reducing our carbon emissions is a core focus for the Group, with the ultimate ambition of reaching net zero by 2050, our medium-term priority is to deliver a significant reduction in our emissions by 2030.

The Committee continues to play a key role in the Group's decarbonisation activities, receiving regular updates as to performance against key carbon reduction targets and helping to shape the Group's carbon management plan, presented for the first time this year as a formal Climate Transition Plan.

Our Transition Plan, split between Ambition, Action and Accountability, provides detail of the implementation strategy and the individual projects driving our decarbonisation journey. Whilst weaker market conditions have driven absolute reductions, increased efficiency resulting from the Group's strategic projects as well as the now fully operational Forterra Solar Farm have contributed to reduced emissions at intensity level. The Committee has provided regular review and challenge to this process, ensuring accountability for the ultimate delivery against the Plan.

### *Product innovation*

The Committee received updates regarding the Group's 'as much from less' project, adapting void sizes within industry specification saving 1,000 tonnes of carbon in 2024, as well as progress in the development and utilisation of calcined clay from waste bricks.

Our material scientists have further been working with industry partners to commercialise the use of calcined clay produced from the processed brick waste at our London Brick factory as a low carbon cement substitute. We are rolling out the use of this material across our concrete business in conjunction with a partner who will also be able to supply this innovative product to external users.

The Committee continues to challenge and guide the Group's innovation strategy acknowledging that continued investment in product development and innovation is critical to our future success.



### *Packaging*

The Committee continued to receive updates on the Group's progress towards its objective of halving the amount of plastic used to package our products. In 2024 this focused on the installation of a new 'belly banding' system at the majority of our brick factories, which, after some initial commissioning issues, has resulted in a robust solution where our standard packaging offering will reduce the amount of plastic used by 50% across the brick business.

The rollout of this project is a prime example of the Group, and the Committee's focus on health and safety as priority number one; our primary goal for a packaging solution is that we do not compromise safety or the quality of products through this project and as such its implementation will be conducted at a rate that does not compromise this.

### **Focus for 2025**

The Committee's focus in 2025 will remain in the governance of the Group's sustainability strategy, with health and safety, decarbonisation and the Group's wider sustainability targets at its core.

2025 will mark the halfway point towards our 2030 sustainability targets and will offer a key opportunity to review and reflect on progress against these.

Approved by the Board and signed on its behalf by:

[Gina Jardine](#)

**Chair of the Sustainability Committee**

11 March 2025

# REMUNERATION COMMITTEE REPORT



**KATHERINE INNES KER**  
Committee Chair

## MEMBERSHIP

The members of the Committee are appointed by the Board. At 31 December 2024 the members of the Committee were as follows:

-  Katherine Innes Ker (Chair)
-  Justin Atkinson
-  Martin Sutherland
-  Vince Niblett
-  Gina Jardine



On behalf of the Board, I am pleased to present our Directors' Remuneration Report for the financial year ended 31 December 2024, which sets out our role and provides details of our application of the Remuneration Policy which was last approved by shareholders in 2023. This Report provides details on the link between remuneration and the Group's long-term strategic goals, and how it aligns to the interests of the Executive Directors, senior management, employees and our shareholders."

## RESPONSIBILITIES

The principal responsibilities of the Committee are as follows:

- Design and implement remuneration policy and practices of the Company to support strategy and promote long-term sustainable success;
- Ensure executive remuneration is aligned to Company purpose and values and linked to delivery of the Company's long-term strategy;
- Ensure the engagement and independence of external remuneration advisors; and
- Review workforce remuneration and related policies and the alignment of incentives and rewards with culture.

The full responsibilities of the Committee are set out in its terms of reference which are available on the Company's website.

The terms of reference are approved by the Board and are reviewed annually to ensure they remain appropriate.

## Structure of the report

- Remuneration Committee Report, pages 130 to 133
- Remuneration at a Glance, page 134
- Summary of Remuneration Policy, pages 135 to 144
- Annual Report on Remuneration, pages 145 to 157

## Dear Shareholder

I am pleased to present, on behalf of the Board, the 2024 Directors' Remuneration Report.

The Group aims to attract and retain talented people to deliver sustainably high levels of performance ensuring the ongoing success of the Group. Our Remuneration Policy aligns the Group's strategic goals with the pay and incentives of Executive Directors, senior management, employees, and with the long-term interests of our shareholders. Alongside this, the Policy is designed to create an environment of achievement and delivery, with appropriate reward for good performance and for behaviours which support the culture promoted throughout the Group, without incentivising the taking of unnecessary risks, and is designed to be both transparent and understandable.

The Remuneration Policy was approved by Shareholders at the 2023 AGM, and received 98.14% of the votes cast in favour. Full details of the Policy can be found on pages 135 to 144.

The Committee is comfortable that the Policy has operated as intended during the year and that no major changes are required. The Policy shall continue to apply until the 2026 AGM at which point the Committee shall review its contents and table the Policy, including any revisions, for Shareholder approval.

## 2024 overview

### Trading performance

2024 was another challenging year for the Group and the wider housebuilding and building products industries more generally, with a continuation of the depressed trading conditions seen in the prior year. With our production output running at around 60% of capacity, our performance was impacted by unavoidable operating inefficiency.

Adjusted EBITDA was £52.0m (2023: £58.1m) a fall of £6.1m or 10%, although it is important to emphasise that the 2023 result benefited from absorption of fixed costs into inventory as our inventory levels increased.

Management actions to align production with demand have been successful and in 2024 the Group has reported a strong adjusted cash flow from operations of £60.1m (2023: outflow of £5.3m).

The Committee has given due consideration to wider market conditions and is comfortable that the remuneration outcomes outlined in this Report are consistent with the performance of the business.

## Strategic progress

Notwithstanding the market driven headwinds and uncertainty that we faced, we made continued progress on our strategy with our £140m programme of capital investment in our three projects at Desford, Wilnecote and Accrington nearing completion. We made excellent progress with the commissioning of our new £12m brick slip production facility at Accrington, which will be delivered both on time and on budget.

Under the 'strengthening the core' arm of our strategy, we continue to make progress with ramping up production and increasing efficiency at our Desford brick factory, where we successfully addressed a number of snagging and efficiency issues during an extended shutdown in the summer of 2024. We are also making progress on the reinstatement of our Wilnecote factory despite setbacks with our supply chain, that will offer us greater diversification through strengthening our offering to the attractive commercial and specification market.

In addition, we have made continued strong progress with our sustainability initiatives including making significant strides in utilising calcined clay derived from our London Brick production waste as a low carbon cement substitute. 2024 also saw the commencement of generation by our solar farm with around 90% of our electricity supplied by this and our other renewables since going live in May 2024.

## Remuneration in context

In making decisions in relation to the Executive Directors' remuneration outcomes for 2024, the Committee has taken into account key measures of the Group's performance, as well as the experience of wider stakeholders as outlined below.

### Employees

We are committed to the provision of an inclusive working environment and ensuring the fair reward of all employees, regardless of seniority across the business. In addition to the Executive Directors and senior management, the Committee considers wider workforce remuneration and conditions.

The Committee also continued its commitment to encouraging employee share ownership by approving the offer and subsequent grant of share options under the Forterra Sharesave Plan. There was continued uptake of this offer from employees with over half of our workforce continuing to save in this way.

In line with established protocols, wages and salaries were reviewed at the beginning of 2024 with an increase of 2% awarded to salaried and hourly paid employees from January 2024.

During the year, management met with representatives from the Employee Forum on a quarterly basis, with discussion topics including employee reward amongst many others.



# REMUNERATION COMMITTEE REPORT

## CONTINUED

### *Shareholders*

We remain in close contact with major shareholders with the Executive Directors regularly meeting shareholders to discuss business performance, strategy, capital allocation, sustainability and other matters. During 2024, shareholder discussion was focused upon market conditions, the balance sheet and the success of management actions in addressing the prior year increase in the Group's inventories and borrowings.

The Chair of the Board is always available to discuss matters with major shareholders and held a number of meetings during the year.

### **2024 salary and fees**

The base salaries of the Chief Executive Officer, Neil Ash; the Chief Financial Officer, Ben Guyatt; the Chair's fee; and the Non-Executive Directors' base fee were all increased by 2% in January 2024 in line with the increase for salaried employees.

### **2024 annual bonus**

Reflecting the fulfilment of personal objectives and Company performance, the 2024 annual bonus will be paid in March 2025.

The adjusted profit before tax (PBT) of £22.1m fell between the maximum and minimum thresholds of £31.5m and £16.1m and will result in the Executive Directors receiving 41% of their maximum profit-related bonus entitlement.

The maximum and minimum thresholds were set by the Committee in early 2024 and reflected the Board's expectations at the time for the Group's 2024 performance, recognising the significant market uncertainty and also that the 2023 result benefited from an unsustainable inventory build which has been addressed by effective management action.

The achievement against the personal objectives element has been determined at 70% for the Chief Executive Officer, Neil Ash, making his total bonus earnings 48.3% of his maximum potential annual bonus for 2024.

Ben Guyatt, Chief Financial Officer (CFO) was also determined to have achieved 70% of his personal objectives, also making his 2024 bonus earnings 48.3% of his maximum potential annual bonus.

No adjustments or discretion have been applied to the formulaic outcome for the 2024 annual bonus.

Under the rules of the annual bonus plan the first 10% of salary is payable in cash, with half of the remainder of any bonus being normally deferred into shares under the Deferred Annual Bonus Plan (DABP).

### **Performance Share Plan (PSP) awards vesting in 2024**

The 2021 PSP award was due to vest on 30 April 2024. The award was granted with half of the award subject to an earnings per share (EPS) performance condition and half subject to a total shareholder return (TSR) performance condition, both measured over three financial years from grant. Neither the EPS nor the TSR performance conditions were met and therefore the 2021 PSP awards did not vest.

### **Performance Share Plan (PSP) awards vesting in 2025**

The 2022 PSP award is due to vest on 17 March 2025 although each of the performance conditions are assessed as at 31 December 2024. The award was granted with half of the award subject to an earnings per share (EPS) performance condition and half subject to a total shareholder return (TSR) performance condition, both measured over a period ended on 31 December 2024. Neither the EPS nor the TSR performance conditions were met and therefore the 2022 PSP awards will not vest in March 2025.

### **Performance Share Plan (PSP) awards granted during the year**

The 2024 grant of awards under the PSP was made in accordance with the Policy at 150% of salary for the CEO, Neil Ash, and 125% of salary for the CFO, Ben Guyatt.

The performance targets applicable to this award are disclosed within this Report. The awards are structured with 40% of the awards granted subject to an EPS performance condition, 40% of the awards granted subject to a TSR performance condition and 20% of the award subject to sustainability targets.

## 2025 overview

### 2025 salary and fees

In line with the Policy, the Committee considered the base salaries of the Executive Directors, Neil Ash (CEO) and Ben Guyatt (CFO) and awarded a 2.75% increase effective 1 January 2025. This was in line with the increase awarded to salaried employees. At the date of this report, the increase to be awarded to hourly paid employees subject to collective bargaining arrangements had not yet been agreed.

The Executive Directors determined that the base fee payable to the Non-Executive Directors should be increased by the same percentage. The additional fees payable for chairing a Committee and for the Senior Independent Director remained unchanged.

In line with the increases awarded to the salaried employees of the Group, the Committee recommended that the fee payable to the Chair was increased by 2.75% effective 1 January 2025.

Therefore in 2025 the Executive and Non-Executive Directors received annual increases in line with the wider workforce.

### 2025 annual bonus

The Committee reviewed the operation of the Annual Bonus Plan during the year. The objective is to achieve a balance between financial performance and, through a clear link with objectives and reward, ensure that the right behaviours are being driven. It was agreed that financial performance and personal business objectives continue to form the basis of the 2025 annual bonus.

The following metrics and weighting will apply for the 2025 annual bonus:

- 75% of maximum opportunity: profit before tax; and
- 25% of maximum opportunity: non-financial/strategic objectives.

Whilst some improvement in market conditions is anticipated during 2025, this remains subject to considerable macroeconomic uncertainty. Industry analysts are currently forecasting only modest market improvement through 2025 and this is reflected in their expectations of 2025 performance for the Group. Annual Bonus Plan thresholds have been set accordingly with a significant stretch to the maximum opportunity. These targets will be reported retrospectively following the end of the performance period, as they are considered to be commercially sensitive.

### 2025 Performance Share Plan (PSP) awards

Grant levels for the 2025 PSP are expected to be at 175% of salary for Neil Ash (CEO) and 150% of salary for Ben Guyatt (CFO) to reflect the stretch in the performance criteria.

The performance targets to be applied to the 2025 PSP awards have yet to be finalised by the Committee, although these measures are expected to be consistent with the 2024 PSP awards which incorporate performance targets based on sustainability metrics accounting for 20% of the award with EPS at 40% and TSR at 40% respectively.

As in previous years, the EPS target measure will be set based upon the Board's expectations for market recovery, recognising the inherent uncertainties in being able to predict this. The Committee will consider the expectations and forecasts of sell-side analysts who produce independent research on the prospects of the Company. In respect of the portion of the award subject to a TSR performance condition the index is again expected to comprise the unweighted FTSE 250 participants (excluding investment trusts).

Once finalised the 2025 PSP targets will be communicated by way of a Regulatory News Services (RNS) announcement.

### Shareholder engagement

We take a keen interest in our shareholders' views on executive remuneration and welcome any feedback on the Remuneration Committee Report.

This Remuneration Committee Report will be subject to an advisory vote at the 2025 AGM. Our goal has been to be clear and transparent in the presentation of this report and I look forward to your support on these resolutions.

Approved by the Board and signed on its behalf by:

[Katherine Innes Ker](#)

**Chair of the Remuneration Committee**

11 March 2025

#### Note:

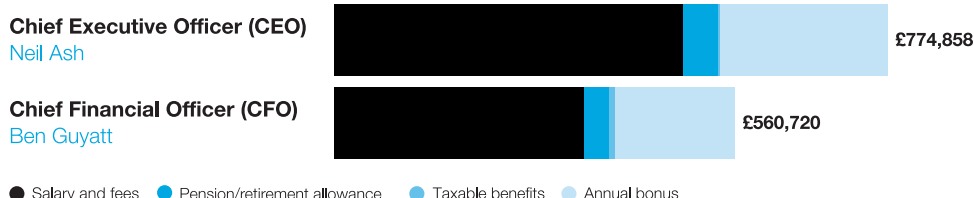
This report has been prepared in accordance with Schedule 8 to the large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in 2013, the provisions of the UK Corporate Governance Code and the Listing Rule.

## REMUNERATION COMMITTEE REPORT

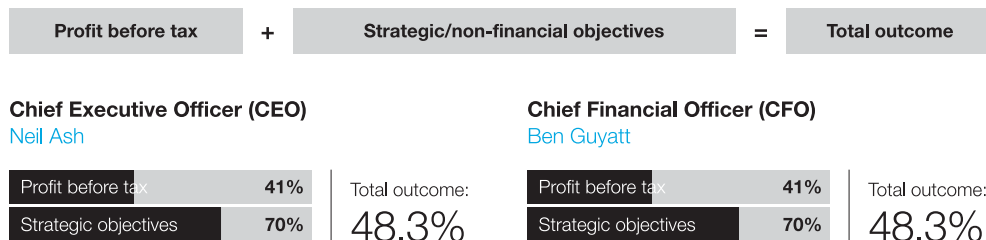
### CONTINUED

## REMUNERATION AT A GLANCE

## Single total figure of remuneration



## Annual bonus

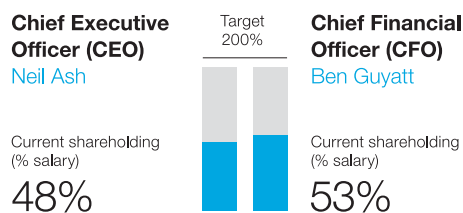


## Performance Share Plan (PSP)

TSR for 2022 Performance Share Plan	0%								
EPS for 2022 Performance Share Plan	0%								

## Directors' shareholdings

Share ownership plays a key role in aligning the interests of our Executive Directors with the interests of shareholders. Our Executive Directors are expected to build up and maintain a 200% of salary shareholding in Forterra.



# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY

### Introduction

This Directors' Remuneration Policy provides an overview of the Company's policy on Directors' pay that was applied in 2023 and will continue to apply until the 2026 AGM. It sets out the pay structures that the Company will operate and summarises the approach that the Committee will adopt in certain circumstances such as the recruitment of new Directors and/or the making of any payments for loss of office.

### Policy overview

The Committee has responsibility for determining the remuneration of the Chair, Executive and Non-Executive Directors and other senior management. The Committee's terms of reference are available on the Company's website.

The Company's Remuneration Policy has been designed based on the following key principles:

- To promote the long-term success of the Group, with stretching performance targets which are rigorously applied;
- To provide appropriate alignment between the Group's strategic goals, shareholder returns and executive reward; and
- To have a competitive mix of base salary and short and long-term incentives, with an appropriate proportion of the package determined by stretching targets linked to the Group's performance.

The remuneration arrangements have been structured with due consideration of the UK Corporate Governance Code and both best practice and market practice for UK-listed companies.

Factor	How our remuneration policy aligns
<b>Clarity</b> Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	<p>Martin Sutherland remains the designated Non-Executive Director to represent the views of employees to the Board, and when appropriate this will include decisions on remuneration across the business. This is facilitated through the Employee Forum.</p> <p>We proactively consult our shareholders on any changes to the Remuneration Policy and seek their views.</p>
<b>Simplicity</b> Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	<p>The Remuneration Policy includes a single annual bonus plan and a single long-term incentive plan (the Performance Share Plan) which are clearly communicated.</p> <p>The rationale for each element of the Policy is clearly explained in the Remuneration Policy tables.</p>
<b>Risk</b> Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	<p>The Committee has discretion to override formulaic out-turn of performance incentives and scale back if it considers it appropriate to do so.</p> <p>Awards made under long-term incentive plans are subject to malus and clawback provisions.</p> <p>Post-vesting holding periods and shareholding requirements align the interests of management and shareholders and promote a long-term approach to performance and risk management.</p> <p>Performance metrics are aligned with the Company's strategy, incentivising delivery of sustained performance over the long-term.</p> <p>Defined limits are set on the maximum awards which can be earned.</p>
<b>Predictability</b> The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	<p>The Remuneration Policy sets out potential levels of vesting available for varying degrees of performance.</p> <p>The Remuneration Report illustrates the total remuneration opportunity for Executive Directors under various performance scenarios.</p> <p>There is full and transparent retrospective disclosure of targets within the Remuneration Report and the degree to which long-term incentive awards were achieved.</p>
<b>Proportionality</b> The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	<p>The use of long-term incentive plans and post-vesting holding periods ensure focus on sustained performance over the long-term.</p> <p>The Committee has discretion to override formulaic out-turn of performance incentives and scale back if it considers it appropriate to do so to ensure poor performance is not rewarded.</p>
<b>Alignment to culture</b> Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	<p>The Remuneration Policy places a focus on share ownership through shareholding requirements and incentive plans, incentivising delivery of sustained, long-term performance in the Company.</p>



# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY CONTINUED

### The Remuneration Policy for Directors

The following table summarises the key aspects of the Company's Remuneration Policy for Executive and Non-Executive Directors.

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
<b>Salary</b>	Salary is a fixed payment that reflects an individual's experience and role and may be increased to reflect capability and performance. To recruit and retain executives.	Salaries are paid monthly and are normally reviewed annually with changes effective from 1 January but by exception may be reviewed more frequently if the Committee determines this is appropriate. In reviewing salaries, the Committee considers: <ul style="list-style-type: none"> <li>• Remuneration practices within the Group;</li> <li>• Market benchmarks based on companies of broadly comparable size and/or operating in similar sectors;</li> <li>• Role, competence and performance; and</li> <li>• The general increase awarded to salaried employees.</li> </ul> Higher increases may be awarded to new Executive Directors who were hired at below-market rates but with the intention to move to a market competitive rate over time, subject to individual performance.	It is anticipated that salaries will generally be increased in line with increases awarded to salaried employees. However, in certain situations such as where there has been an increase in the scope, responsibility or complexity of the role or there has been a significant change in the size, value or complexity of the Group, increases may be higher to remain market competitive.	Individual and Group performance is taken into account when determining the annual increase. The rationale for any such increase will be disclosed in the Annual Report on Remuneration.
<b>Benefits</b>	The Company's aim is to offer competitive and cost-effective benefits valued by participants and to help recruit and retain executives.	A range of benefits are provided to Executive Directors that may include a company car (or car allowance), private medical and permanent health insurance, business travel insurance and life assurance/death in service cover. Relocation (or other related expenses) and tax equalisation arrangements may be offered as appropriate to ensure Directors are no worse or better off in a case of relocation. Any reasonable business-related expenses (including tax thereon) may be reimbursed if determined to be a taxable benefit. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms.	The cost of providing market-competitive benefits may vary from year-to-year depending on the cost to the Company from third-party providers. The Committee will continue to monitor the cost of benefits to ensure that the overall benefit costs do not increase by more than the Committee considers appropriate in the circumstances.	No performance metrics apply.

**The Remuneration Policy for Directors** continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
<b>Pension</b>	To provide a market-competitive cost-effective contribution towards post-retirement benefits.	Executive Directors receive a contribution towards their retirement provision which may be paid as a contribution to a personal pension scheme or a cash allowance in lieu of pension or a mix of both.	The Company contribution to retirement allowances is up to 10% of salary, which is aligned to that offered to all employees.	No performance metrics apply.
<b>Annual bonus</b>	<p>The Annual Bonus Plan is to incentivise Executive Directors to achieve annual financial and/or strategic targets.</p> <p>Bonus deferral provides a retention mechanism and provides further alignment with shareholders' interests.</p>	<p>Bonus payments are determined by the Committee after the year end, based on performance against the targets set around the start of the year. The Committee aims to set out in the Annual Report on Remuneration the nature of the targets and their weighting for the forthcoming financial year and details of the performance conditions, the weightings and targets applied and the level of achievement against these targets for the financial year being reported on.</p> <p>The first 10% of salary is payable in cash. Up to half of any remainder of the bonus may then be deferred into shares as either conditional awards or nominal cost options under the Deferred Annual Bonus Plan (DABP). Such awards vest after a period of three years subject to continued employment. No further performance conditions apply.</p> <p>In line with good practice, recovery and withholding provisions apply (see note 1).</p> <p>An additional payment (in the form of cash or shares) may be made in respect of shares that vest to reflect the value of dividends that would have been paid on those shares during the vesting period.</p>	<p>The maximum opportunity under the annual bonus scheme is 100% of salary.</p> <p>Bonus starts to be earned at the threshold level (up to 25% of the maximum depending on the performance metric).</p>	<p>The bonus may be based on the achievement of an appropriate mix of challenging financial, operational or strategic measures. Typically, financial measures will account for the majority of the bonus opportunity and may include measures such as profit or cash flow. Other financial measures that support the key short-term priorities of the business may be used. The targets applying to financial metrics will take into account the internal plan and external expectations of the business at the time they are set.</p> <p>If operational, individual or strategic measures are included, where possible a performance range will be set although this will depend on the measure chosen.</p> <p>The measures, targets and weightings may be varied by the Committee year-on-year based on the Company's strategic priorities at the time (see note 2).</p> <p>The payment of any bonus is at the absolute discretion of the Committee which may scale back the formulaic out-turn of the bonus if it considers it appropriate to do so.</p>

# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY CONTINUED

### The Remuneration Policy for Directors continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
<b>Long-term incentives</b>	<p>The Performance Share Plan (PSP) incentivises Executive Directors and selected senior management to deliver sustained performance over the long-term.</p> <p>The Plan also acts as a method of retaining key management over the medium-term.</p> <p>Aligns the interests of the Executive Directors and shareholders and assists Executive Directors in building up a substantial shareholding.</p>	<p>Awards are granted annually in the form of nominal or nil cost options under the PSP and vest after no less than three years.</p> <p>Stretching performance conditions measured over a period of three years determine the extent to which awards vest.</p> <p>A holding period may apply to vested PSP awards under which Executive Directors will be required to retain the net of tax number of vested awards for at least two years from the date of vesting. In exceptional circumstances, the Committee may, at its discretion, allow participants to sell or dispose of some or all of these vested shares before the end of the holding period.</p> <p>Details of performance conditions for grants made in the year will be set out in the Annual Report on Remuneration.</p> <p>Award levels are reviewed annually (subject to the PSP individual limits) taking into account matters such as market practice, overall remuneration, and the performance of the Company and the Executive Director being made the award.</p> <p>In line with good practice, recovery and withholding provisions may apply (see note 1).</p> <p>Dividends may accrue based on the value of dividends paid during the three-year vesting period and two-year holding period (if applicable).</p>	<p>The maximum annual award under the PSP that may be granted to an individual in any financial year is 200% of salary in normal circumstances (250% of salary in exceptional circumstances).</p> <p>The Committee expects to increase the grant levels to 175% of salary for the CEO and 150% of salary for the CFO and these will be kept under review over the life of the Policy.</p> <p>For each measure, up to 25% of the relevant part of the award would vest for achieving the threshold level of performance, normally increasing on a straight-line basis to 100% for achieving maximum performance.</p>	<p>Vesting is based on the achievement of one or more challenging performance targets set by the Remuneration Committee at the time of grant and measured over a three-year period.</p> <p>Measures may include EPS growth (or another financial metric) or TSR. TSR will apply for at least part of each award under the life of this policy.</p> <p>In addition, from 2023 part of the award will be assessed on sustainability-driven targets such as decarbonisation and plastic reduction.</p> <p>In determining the target range for any financial measures that may apply, the Committee ensures they are challenging by taking into account current and anticipated trading conditions, the long-term business plan and external expectations.</p> <p>The Committee retains the flexibility to vary the mix of metrics for each year's award in light of the business priorities at the time or to introduce new measures to support the long-term business strategy (see note 3).</p>
<b>All-employee share plans</b>	<p>To increase alignment between employees and shareholders in a tax efficient manner.</p>	<p>All-employee share schemes may be operated.</p> <p>Current schemes include:</p> <ul style="list-style-type: none"> <li>• Sharesave Plan (SAYE);</li> <li>• Share Incentive Plan (SIP); and</li> <li>• Other HMRC approved all-employee schemes may be introduced at the Committee's discretion.</li> </ul>	<p>Consistent with prevailing HMRC limits.</p>	<p>No performance metrics apply.</p>

## The Remuneration Policy for Directors continued

Element	Purpose and link to strategy	Operation	Maximum opportunity	Framework used to assess performance
<b>Share ownership policy</b>	To align interests of management and shareholders and promote a long-term approach to performance and risk management.	<p><b>In-post</b> Executive Directors are required to build up a shareholding in the Company equal to 200% of salary. Half of the net of tax number of vested PSP and DABP awards are expected to be retained until the guideline is met.</p> <p>The value of vested but unexercised awards subject to a two-year holding period will count towards the guideline on a net of tax basis.</p> <p><b>Post-cessation</b> Leavers will be required to hold the lower of 200% of their in-post share ownership requirement or their actual holding on departure for two years post-cessation.</p> <p>Shares acquired by or granted to an Executive Director prior to 1 January 2020 will not be counted towards the requirement. Shares purchased by an Executive Director, along with shares granted or acquired prior to appointment to the Board will also not be counted towards the requirement.</p>	Not applicable.	No performance metrics apply.
<b>Non-Executive Directors' fees</b>	To attract and retain high-quality and experienced Non-Executive Directors.	<p>The fees of the Non-Executive Directors are set by the Board and the Chair's fee is set by the Committee (the Chair does not take part in any discussion regarding his own fees). Fees are reviewed periodically.</p> <p>Non-Executive Directors receive a fee for carrying out their duties. Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board Committee and/or a Senior Independent Director or other designated Non-Executive Director role.</p> <p>The Chair and Non-Executive Directors are entitled to reimbursement of reasonable business-related expenses (including any tax thereon). They do not participate in any incentive arrangements and they do not receive a pension contribution.</p> <p>The level of fees reflects the time commitment and responsibility of their respective roles.</p>	<p>Details of current fees are set out in the Annual Report on Remuneration.</p> <p>As set out in the Company's Articles of Association, the total fees paid to Non-Executive Directors must not exceed £1m a year or any higher amount agreed by ordinary resolution at a general meeting.</p>	No performance metrics apply.

Note 1: Recovery and withholding provisions. Recovery and withholding provisions apply to the Annual Bonus Plan, the DABP and the PSP. If, within three years of the payment of a bonus, grant of a deferred bonus award and/or vesting of a PSP award, it transpires that payment or vesting should not have occurred as a result of a material misstatement, error in calculation, gross misconduct has been discovered, corporate failure, material damage to the Company's reputation, failure of risk management, or any other circumstances that the Board considers to have a similar nature or effect the payment or vesting can be recovered or withheld, in part or in full, as appropriate.

Note 2: Annual bonus performance metrics. The annual bonus measures are reviewed annually and reflect key financial, strategic and operational priorities of the Group. Stretching financial targets are set by the Committee by taking account of the Company's business plan and external expectations. For 2025, it is intended that these will be based on profit and non-financial/strategic objectives reflecting the short-term priorities of the Group.

Note 3: PSP metrics. For 2025 awards the performance condition is expected to be relative TSR, EPS and sustainability-driven targets of decarbonisation and reduction in plastic packaging. The use of relative TSR provides a measure of the long-term success of the Company relative to appropriate peer or index comparators. EPS growth is a measure of the overall profitability of the business for investors over the longer-term and therefore helps align the interests of management with shareholders. The sustainability targets are aligned to the Group's previously stated sustainability targets and are also consistent with those recently incorporated into the Group's sustainability-linked credit facility.



# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY CONTINUED

### Recovery and withholding provisions

Recovery and withholding provisions apply to the Annual Bonus Plan, including the DABP, and the PSP. If, within three years of the payment of a bonus, grant of a deferred bonus award and/or vesting of a PSP award, it transpires that payment or vesting should not have occurred as a result of a material misstatement, error in calculation, gross misconduct has been discovered, corporate failure, material damage to the Company's reputation, failure of risk management, or any other circumstances that the Board considers to have a similar nature or effect the payment or vesting can be recovered or withheld, in part or in full, as appropriate.

### Incentive plan discretions

The Committee will operate the Annual Bonus Plan, including the DABP, and the PSP according to their respective rules as summarised in the policy set out on previous pages. The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation and administration of these plans. These include, but are not limited to, the following:

- Who participates in the plan;
- The timing of grant and/or payment;
- The size of an award and/or payment;
- The choice of performance measures and targets for each incentive plan in accordance with the policy set out on previous pages and the rules of each plan;
- The ability to vary any performance conditions if circumstances occur which cause the Remuneration Committee to determine that the original conditions have ceased to be appropriate provided that any change is fair and reasonable and in the Committee's opinion, not materially less difficult to satisfy than the original condition;
- Discretion to override formulaic outcomes and scale back outcomes under the annual bonus and PSP;
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction; and
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes based on the rules of each plan and the appropriate treatment under the plan rules.

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration and may, as appropriate, be the subject of consultation with the Company's major shareholders.

### Remuneration policy for other employees

The Policy described above applies specifically to the Company's Executive and Non-Executive Directors and is designed with regard to the policy for employees across the Group as a whole. The Company aims to apply similar principles to the design of the remuneration arrangements for all employees. Executive Directors are entitled to receive a similar package of benefits and participate in the pension plan at the same level as other employees. However, differences do exist between the Company's policy for the remuneration of the Executive Directors and its approach to the payment of employees generally, reflecting market practice and different levels of seniority:

- There are differences in salary levels and in the levels of potential reward depending on seniority and responsibility, although a key reference point for executive salary increases is the average increase across the general workforce;
- A lower level of maximum annual bonus opportunity (or zero bonus opportunity) may apply to employees;
- Performance metrics attached to the annual bonus may differ to reflect the precise roles and responsibilities of the employee; and
- Participation in the PSP is limited to the Executive Directors and certain selected senior employees.

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of employee. They also reflect that, in the case of the Executive Directors and selected senior employees, a greater emphasis is placed on performance-related pay reflecting their influence over the Company's performance.

### How the views of employees and shareholders are taken into account

In setting the remuneration for the Executive Directors, the Committee takes note of the overall approach to reward for employees in the Group, and salary increases will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. The Committee does not formally consult directly with employees on executive pay but does receive periodic updates on employee remuneration within the Group as necessary. In line with the UK Corporate Governance Code, Martin Sutherland remains the designated Non-Executive Director to represent the views of employees to the Board, and when appropriate this will include decisions on remuneration across the business. This is facilitated through the Employee Forum. During the year the management met with representatives from the Employee Forum on a quarterly basis. At each meeting a business performance update was provided, together with pay included within general topics addressed by the forum.

The Committee takes keen interest in shareholders' views on executive remuneration and welcomes any feedback on the approach taken. Following consultation with shareholders, sustainability targets were added to the PSP in 2023, these targets continue to be a measure in the 2024 scheme.

### Service contracts and letters of appointment

Service contracts and letters of appointment are available for inspection at the Company's registered office.

### Service contracts

The service contracts for the Executive Directors are terminable by either the Company or the Executive on 12 months' notice. The Company can terminate either Executive Director's service contract by payment of a cash sum in lieu of notice equivalent to the base salary and the cost that would have been incurred in providing the Executive Director with contractual benefits for any unexpired portion of the notice period (or alternatively the Company can choose to continue providing the contractual benefits). The payment in lieu may be paid as one lump sum or in monthly equal instalments over the notice period. If the Company chooses to pay in instalments the Executive Directors are obliged to seek alternative income over the relevant period and the payment of each monthly instalment will be reduced by the amount of such income earned. There are no enhanced provisions on a change of control.

At the discretion of the Committee, a contribution to reasonable outplacement costs in the event of termination of employment due to redundancy may also be made. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment and may make a payment for any statutory entitlements or to settle or compromise claims in connection with a termination of employment of any existing or future Executive Director as necessary. Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

The table overleaf sets out, for variable pay elements, the Company's policy on payment for loss of office in respect of Executive Directors. In general, treatment will depend on the circumstances of departure and in particular whether a leaver is a 'good leaver'. Good leaver reasons include:

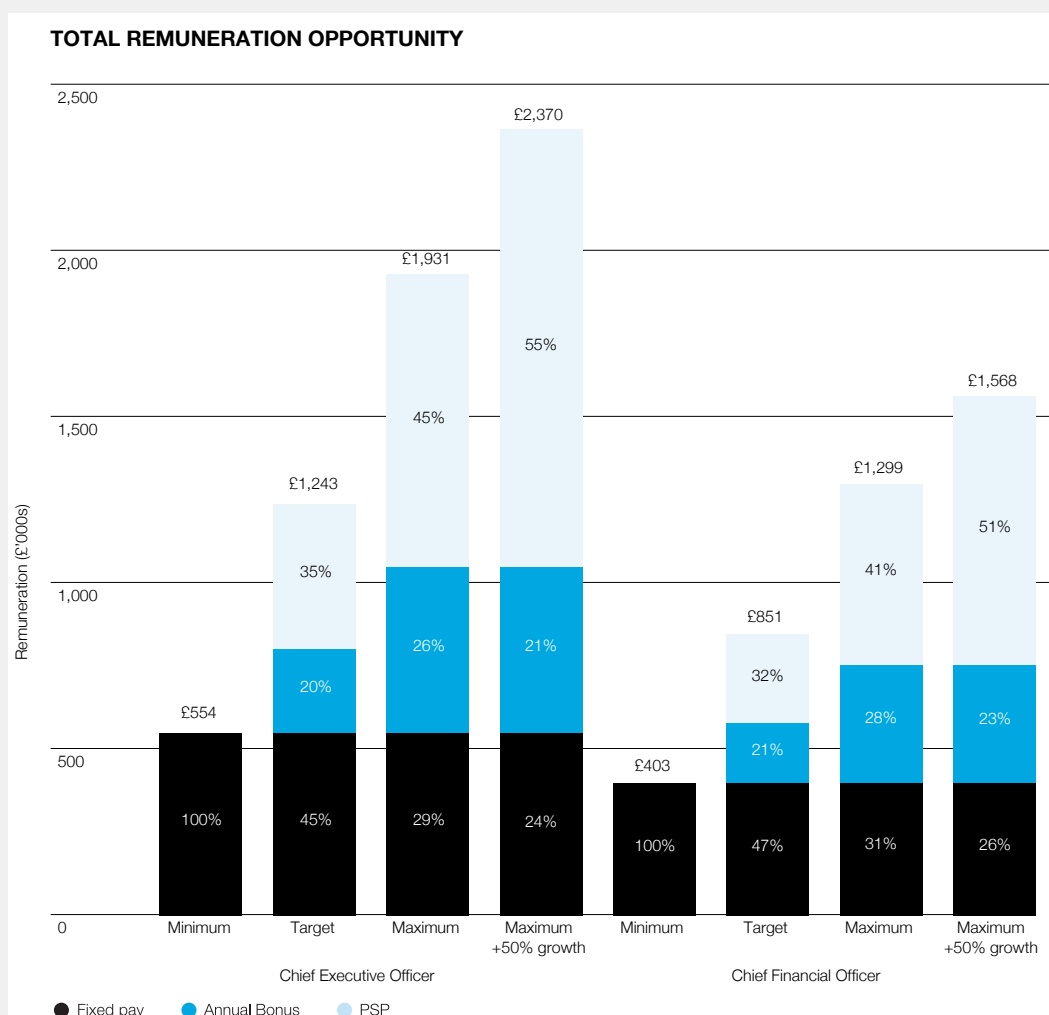
- Death;
- Injury;
- Retirement;
- Disability;
- Redundancy;
- The employing company being sold outside the Group; or
- Other circumstances at the discretion of the Committee.

In any other circumstance, the leaver will be treated as a 'bad leaver'.

# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY CONTINUED

### ILLUSTRATIONS OF APPLICATION OF THE REMUNERATION POLICY



**Notes:**

- Minimum is equivalent to fixed pay which comprises salary levels applying for 2025, the value of benefits in 2024 and a 10% retirement allowance.
- Target comprises fixed pay plus the value of the on-target bonus at 50% of the maximum bonus opportunity (100% of salary) plus the value of the on-target level of vesting under the PSP which is taken to be 50% of the expected 2025 grant level.
- Maximum comprises fixed pay plus maximum bonus plus the maximum value of the PSP (equal to 100% of the face value of the award at grant using the 2025 grant policy of 175% of salary for the CEO and 150% of salary for the CFO).
- Maximum + 50% share price growth comprises fixed pay plus maximum bonus plus the maximum value of the PSP at a 50% higher share price than when the PSP award was granted.

## Policy on payment for loss of office

The following table summarises the key aspects of the Company's Remuneration Policy for Executive and Non-Executive Directors.

Element	Treatment
<b>Annual Bonus Plan</b>	<p>No automatic or contractual right to bonus payment.</p> <p><b>Good leavers:</b> a pro-rata bonus may become payable at the normal payment date for the period of employment and based on full-year performance. With rationale set out in the Annual Report on Remuneration.</p> <p><b>Bad leavers:</b> no bonus is payable for the year of cessation.</p> <p><b>Discretions:</b> to determine whether to pro-rate the bonus for time. It is the Committee's normal policy to pro-rate for time, however, there may be circumstances where this is not appropriate. Where this is the case it will be fully disclosed to shareholders.</p>
<b>Deferred Annual Bonus Plan</b>	<p>The use of post-vesting holding periods and long-term incentive plans ensure focus on sustained performance over the long-term.</p> <p><b>Good leavers:</b> all deferred shares vest at the date of cessation.</p> <p><b>Bad leavers:</b> awards lapse.</p> <p><b>Discretions:</b> to vest deferred shares at the end of the original deferral period or to defer vesting in connection with a potential clawback event.</p>
<b>Performance Share Plan</b>	<p><b>Good leavers:</b> awards vest at normal vesting date pro-rated for time and tested for performance in respect of each subsisting PSP award.</p> <p><b>Bad leavers:</b> awards lapse.</p> <p><b>Discretions:</b> to vest and measure performance over the original performance period or vest and measure performance at the date of cessation or to defer vesting in connection with a potential clawback event.</p> <p>To determine whether to pro-rate the maximum number of shares for the time from the date of grant to the date of cessation (the Committee may need to round up to the nearest whole year). Normal policy is to pro-rate for time, however there may be circumstances where this is not appropriate. Where this is the case it will be fully disclosed to shareholders.</p>
<b>Shareholding requirements</b>	<p>All leavers will be required to hold the lower of 200% of their in-post share ownership requirement or their actual holding on departure for two years post-cessation. Shares acquired by or granted to an Executive Director prior to 1 January 2020 will not be counted towards the requirement. Shares purchased by an Executive Director along with any shares granted or acquired prior to appointment to the Board will also not be counted towards the requirement.</p>

## Change of control

The Committee's policy on the vesting of incentives on a change of control is summarised below:

Element	Treatment
<b>Annual Bonus Plan</b>	Pro-rated for time and performance to the date of the change of control.
<b>Deferred Annual Bonus Plan</b>	Subsisting DABP awards will vest on a change of control.
<b>Performance Share Plan</b>	<p>The number of shares subject to existing PSP awards will vest on a change of control pro-rated for time and performance to the date of the change of control.</p> <p><b>Discretions:</b> to determine whether to pro-rate the maximum number of shares from the time from the date of grant to the date of the change of control (the Committee may round up to the nearest whole year). Normal policy is to pro-rate for time, however there may be circumstances where this is not appropriate.</p>



# REMUNERATION COMMITTEE REPORT

## SUMMARY OF REMUNERATION POLICY CONTINUED

### Letters of appointment

The Chair and Non-Executive Directors have letters of appointment and are subject to annual re-election at the AGM. The appointment letters for the Non-Executive Directors provide that no compensation is payable on termination. The appointments are terminable by the Company on not less than 30 days' notice or immediately in the event that the appointment is terminated by the shareholders (or where shareholder approval is required but not forthcoming).

### Approach to recruitment and promotions

The recruitment package for a new Executive Director would be set in accordance with the terms of the Company's approved Remuneration Policy. Currently, this would facilitate a maximum annual bonus payment of no more than 100% of salary and PSP award of up to 200% of salary (other than in exceptional circumstances (including recruitment), where up to 250% of salary may be made).

On recruitment, salary may (but need not necessarily) be set below the normal market rate, with phased increases as the Executive Director gains experience. The rate of salary should be set so as to reflect the individual's experience and skills. The pension offered to new Executive Directors will be set in line with the current policy and in alignment with the majority of employees in the Group.

In addition, on recruitment the Company may compensate for amounts foregone from a previous employer (using the exemption to the requirement for prior shareholder approval under Listing Rule LR 9.3.2R if necessary) taking into account the quantum foregone and, as far as reasonably practicable, the extent to which performance conditions apply, the form of award and time to vesting date.

For an internal appointment, any variable pay element awarded in respect of their prior role should be allowed to pay-out according to its outstanding terms. Any other ongoing remuneration obligations existing prior to appointment may continue, provided that, if they are outside the approved policy, they are put to shareholders for approval at the earliest opportunity.

For all appointments, the Committee may agree that the Company will meet appropriate relocation costs.

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved Remuneration Policy in force at that time.

### Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on a single paid non-executive position with an unconnected company and to retain their fees in respect of such position. Where appropriate, details of outside directorships held by the Executive Directors and any fees that they received are provided in the Annual Report on Remuneration.

### Legacy arrangements

For the avoidance of doubt, any remuneration or loss of office payments that are not in line with this Policy may be made if the terms were agreed before the approval of this Policy, including those disclosed in the Prospectus. In addition, authority is given to the Company to honour any commitments entered into at a time when the relevant employee was not a Director of the Company.

# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION

### Single total figure of remuneration (audited)

#### Executive Directors

Executive Directors	Period	Fixed			Variable			Total	Total fixed remuneration	Total variable remuneration
		Salary and fees	Taxable benefits <sup>1</sup>	Retirement allowance	Annual bonus <sup>2</sup>	Long-term incentives <sup>3</sup>	Share-based Payments <sup>4</sup>			
Neil Ash	<b>2024</b>	<b>£487,305</b>	<b>£3,697</b>	<b>£48,731</b>	<b>£235,125</b>	–	–	<b>£774,858</b>	<b>£539,733</b>	<b>£235,125</b>
	2023	£358,313	£10,990	£35,831	£44,789	–	£409,334	£859,257	£405,134	£454,123
Stephen Harrison <sup>5</sup>	<b>2024</b>	–	–	–	–	–	–	–	–	–
	2023	£193,983	£6,356	£20,078	£25,097	£323,893	–	£569,407	£220,417	£348,990
Ben Guyatt	<b>2024</b>	<b>£348,814</b>	<b>£8,722</b>	<b>£34,881</b>	<b>£168,303</b>	–	–	<b>£560,720</b>	<b>£392,417</b>	<b>£168,303</b>
	2023	£341,975	£9,357	£34,197	£42,747	£212,723	–	£640,999	£385,529	£255,470

1. Taxable benefits in the year comprised a company car/allowance and private medical insurance.
2. Details of the bonus targets and their level of satisfaction and resulting bonus earned are set out below.
3. The EPS and TSR conditions of the 2022 PSP were calculated over the three-year reporting period to 31 December 2024 therefore are known at the year-end date, however the performance conditions have vested at nil.
4. Neil Ash received share options on joining the Company to compensate for amounts foregone from his previous employer. 207,784 Forterra ordinary share options were awarded on 3 April 2023 and vested immediately at a share price of £1.97.
5. Stephen Harrison stepped down as CEO on 25 April 2023, he continued to be an employee of the Company until 24 May 2023. Stephen continued to receive his salary and contractual benefits up to 24 May 2023 which are included in the above table.

#### 2024 Annual bonus (audited)

	Weighting	Threshold performance required	Maximum performance required	Actual performance achieved	Percentage of maximum value achieved		Bonus achieved	
					Neil Ash	Ben Guyatt	Neil Ash	Ben Guyatt
PBT (before adjusted items)	75%	£16.1m	£31.5m	£22.0m	41%	41%	£149,847	£107,261
Strategic objectives	25%				70%	70%	£85,278	£61,042
Total (% of maximum)	100%				48.3%	48.3%		
<b>Total</b>							<b>£235,125</b>	<b>£168,303</b>

# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

### 2024 Strategic objectives

Participants	Objectives	Assessment of achievement	% of bonus entitlement earned
<b>Neil Ash</b>	Objectives linked to: Delivery of long term strategy including the completion of the facilities at Wilnecote and Accrington and progression of the wider commercial strategy including building the commercial organisation to deliver upon the strategic ambition to gain a greater presence in the specification market and to take a leading position in brick slips; improving the Group's manufacturing performance and progression of the manufacturing excellence initiative, embedding this within the organisation with the delivery of £2.5m of manufacturing savings; embedding of the commercial excellence initiative and building improved commercial excellence competency within the organisation; building and defining the Group's innovation road map covering both product and process innovation with demonstrable progress in bringing calcined clay to market as a cement substitute.	The Accrington brick slip manufacturing facility was delivered on time and within its £12m budget and is currently undergoing commissioning. Whilst the Wilnecote factory has faced further supply chain related delays, it is also nearing completion, broadly within the original budget. Good progress has been made on the wider commercial strategy with key heads appointed and product commissioning and range design progressing well. Following significant upheaval in aligning output to demand through 2023, 2024 saw a strong manufacturing performance across the factory network, although Desford did continue to face some snagging challenges although these were addressed through an extended summer shutdown with good progress made since then. The focus on manufacturing excellence has delivered savings in excess of the £2.5m target. The commercial excellence initiative has been embedded and is gaining traction although a continuation of depressed market conditions make the realisation of benefits more challenging in the short term. Good progress has been made on the innovation road map with positive developments in a number of areas with a contract signed to bring calcined clay to market with small quantities already used in our own concrete products.	70%
<b>Ben Guyatt</b>	Objectives linked to: Delivery of long term strategy including the completion of the factories at Wilnecote and Accrington and development of IT systems and processes necessary to effectively sell building solutions rather than just individual products; management of cash, net debt and working capital ensuring the Group continues to operate within its banking covenants; progression of the manufacturing excellence initiative, embedding this within the organisation with the delivery of £2.5m of manufacturing savings; embedding of the commercial excellence initiative and building improved commercial excellence competency within the organisation; delivery of a dedicated business process improvement function to drive improved operating efficiency in support of both operational and commercial excellence initiatives as well as across back office functions.	The Accrington brick slip manufacturing facility was delivered on time and within its £12m budget and is currently undergoing commissioning. Whilst the Wilnecote factory has faced further supply chain related delays, it is also nearing completion, broadly within the original budget with IT system configuration progressing in line with plan. The focus on cash and working capital management has delivered a strong performance with the Group trading comfortably within its original covenants with inventories reducing by £13.8m with year-end net debt before leases £8.3m lower than 2023, and also lower than had been expected. The focus on manufacturing excellence has delivered savings in excess of the £2.5m target. The commercial excellence initiative has been embedded and is gaining traction although a continuation of depressed market conditions make the realisation of benefits more challenging in the short term. The business improvement function has been established and is successfully supporting a number of projects across the Group.	70%

A full breakdown of the bonus and payments and share award deferral is set out below:

	Bonus total	Paid in cash	Paid in shares
Neil Ash	£235,125	£141,928	£93,197
Ben Guyatt	£168,303	£101,592	£66,711

*Long term incentives (audited)**2022 Performance Share Plan*

PSP awards granted in 2022 are subject to following the performance conditions:

Performance condition	% of award subject to condition	Growth	% of PSP award which will vest
Annual EPS growth (before exceptional items) reported for the year ended 31 December 2024 relative to 2022 base year	50%	<11% Equal to 11% 26% or above	0% 25% 100%
Company's total TSR against index TSR – measured at 31 December 2024	50%	<Median Median Upper quartile or above	0% 25% 100%

Vesting is measured on a straight-line basis between the above performance points.

The Index comprises the unweighted FTSE 250 participants (excluding investment trusts).

The 2022 PSP awards have a vesting date of 17 March 2025. The EPS and TSR conditions of the 2022 PSP are calculated over the three-year reporting period to 31 December 2024 therefore are known at the year-end date. The performance conditions have not been achieved and accordingly none of the awards shall vest.

*Performance Share Plan awards made during the year*

On 1 May 2024 the following awards were granted to Executive Directors.

	Type of award	Basis of award granted <sup>1</sup>	Share price used to determine number of options granted	Number of shares over which award was granted	Face value of award	% of face value that would vest at threshold performance	Vesting determined by performance over
Neil Ash	Nominal (1p) cost option	150% of salary of £487,305	£1.632	447,891	£730,958	25%	Three years to 31 December 2026
Ben Guyatt	Nominal (1p) cost option	125% of salary of £348,814	£1.632	267,167	£436,017	25%	Three years to 31 December 2026

1. The number of options granted was calculated using the salary in place for each Executive Director at the date of grant on 1 May 2024.

Performance condition	% of award subject to condition	Growth	% of PSP award which will vest
Annual basic EPS growth (before exceptional items) over a 2023 EPS of 11.4p	40%	<5% Equal to 5% 10% or above	0% 25% 100%
Company's total TSR against TSR of FTSE 250 members – measured at 31 December 2026	40%	<Median Median Upper quartile or above	0% 25% 100%
Reduction in Group's clay product carbon emissions intensity versus 2019 baseline measured at 31 December 2026	10%	<8% 8% 14% or above	0% 25% 100%
Reduction in Group's plastic packaging intensity versus 2019 baseline measured at 31 December 2026	10%	<20% 20% 40% or above	0% 25% 100%

Vesting is measured on a straight-line basis between the above performance points.

1. The number of options was determined using a share price of £1.632 being an amount equal to the average mid-market closing price for the five days prior to grant.

The Index comprises the unweighted FTSE 250 participants (excluding investment trusts).



# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

The EPS targets were set based on the Board's expectations for the future performance of the business and the wider economy in May 2024 and were considered appropriately stretching yet achievable at the time.

### Non-Executive Directors (audited)

The table below sets out the single total figure for remuneration and breakdown for each Non-Executive Director.

	Roles	Period	Fees	Total
Justin Atkinson	Chair	2024	<b>£164,698</b>	<b>£164,698</b>
		2023	£161,469	£161,469
Divya Seshamani <sup>1</sup>	Independent Non-Executive Director	2024	<b>£50,425</b>	<b>£50,425</b>
		2023	£66,052	£66,052
Martin Sutherland	Independent Non-Executive Director	2024	<b>£60,233</b>	<b>£60,233</b>
		2023	£59,052	£59,052
Katherine Innes Ker	Senior Independent Non-Executive Director	2024	<b>£77,233</b>	<b>£77,233</b>
		2023	£76,052	£76,052
Vince Niblett	Independent Non-Executive Director	2024	<b>£67,233</b>	<b>£67,233</b>
		2023	£66,052	£66,052
Gina Jardine <sup>2</sup>	Independent Non-Executive Director	2024	<b>£61,983</b>	<b>£61,983</b>
		2023	£44,289	£44,289

1. Divya Seshamani stepped down as Non-Executive Director on 30 September 2024.

2. Fees of £1,750 were paid to Gina Jardine post year end in relation to 2024.

### Directors' shareholding and share interests

Share ownership plays a key role in the alignment of our Executive Directors with the interests of shareholders. Our Executive Directors are expected to build up and maintain a 200% of salary shareholding in Forterra. Where an Executive Director does not meet this guideline, then they are required to retain at least 50% of the net of tax vested shares under the Company's share plans until the guideline is met. The number of shares held by the Directors as at 31 December 2024 are as follows.

	Shareholding requirement (% salary)	Current shareholding (% salary) <sup>1</sup>	Beneficially owned <sup>2</sup>	Deferred shares not subject to performance conditions <sup>3</sup>	Unvested PSP (nominal cost options subject to performance conditions) <sup>4</sup>	Unvested PSP (nominal cost options not subject to performance conditions)	Vested PSP (nominal cost options not subject to performance conditions) not yet exercised	Unvested DABP (nominal cost options not subject to performance conditions) <sup>5</sup>	Outstanding Sharesave awards <sup>6</sup>	Shareholding requirement met
<b>Executive Directors</b>										
Neil Ash	200%	48%	143,554	–	938,564	–	–	–	14,053	No
Ben Guyatt	200%	53%	113,722	461	660,395	–	–	124,257	14,053	No
<b>Non-Executive Directors</b>										
Justin Atkinson	n/a	–	35,256	–	–	–	–	–	–	n/a
Divya Seshamani <sup>7</sup>	n/a	–	7,538	–	–	–	–	–	–	n/a
Martin Sutherland	n/a	–	10,064	–	–	–	–	–	–	n/a
Katherine Innes Ker	n/a	–	3,564	–	–	–	–	–	–	n/a
Vince Niblett	n/a	–	24,367	–	–	–	–	–	–	n/a
Gina Jardine	n/a	–	7,000	–	–	–	–	–	–	n/a

1. As at 31 December 2024. This is based on a closing share price of £1.62 and the year-end salaries of the Executive Directors. Values are not calculated for Non-Executive Directors as they are not subject to shareholding requirements.

2. Includes shares owned by connected persons.

3. This relates to shares awarded granted under the Forterra all-employee Share Incentive Plan (SIP) and does not include dividend shares accrued on the free share awards. The balance includes the free share awards made in May 2016 of 277 shares, and the free share award from 2021 of 184 shares.

4. This relates to PSP awards granted in the form of nominal (1p) cost options and subject to performance criteria.

5. This relates to DABP awards relating to the partial deferral of the 2022 and 2023 annual bonus granted in the form of nominal (1p) cost options which are not subject to performance criteria.

6. During 2023 grants were made under the 2023 Sharesave Scheme with an exercise price of £1.32, resulting in a 20% discount at grant date and a vesting date of 1 December 2026.

7. Divya Seshamani stepped down as Non-Executive Director on 30 September 2024. The above shareholding is shown as at date of departure.

# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Summary of share option awards

	Type of award	Date granted	At 1 January 2024	Awarded during the year	Vested during the year	Exercised during the year	Lapsed/ cancelled during the year	At 31 December 2024
Neil Ash	PSP	May-24	–	447,891	–	–	–	<b>447,891</b>
	SAYE	Oct-23	14,053	–	–	–	–	<b>14,053</b>
	PSP	Apr-23	490,673	–	–	–	–	<b>490,673</b>
<b>Total</b>								<b>952,617</b>
Ben Guyatt	PSP	May-24	–	267,167	–	–	–	<b>267,167</b>
	SAYE	Oct 23	14,053	–	–	–	–	<b>14,053</b>
	PSP	Apr-23	216,989	–	–	–	–	<b>216,989</b>
	DABP	Mar-23	64,542	–	–	–	–	<b>64,542</b>
	PSP	Mar-22	176,239	–	–	–	–	<b>176,239</b>
	DABP	Mar-22	59,715	–	–	–	–	<b>59,715</b>
	PSP	Apr-21	131,356	–	–	–	(131,356)	<b>–</b>
	PSP	Sep-20	125,723	–	–	(125,723)	–	<b>–</b>
	SAYE	Oct-20	12,080	–	–	(12,080)	–	<b>–</b>
<b>Total</b>								<b>798,705</b>

PSP awards granted in 2023 are subject to the following performance conditions.

Performance condition	% of award subject to condition	Target	% of PSP award which will vest
Annual basic EPS growth (before exceptional items) over a 2022 EPS of 26.4p	40%	<4%	0%
		Equal to 4%	25%
		11% or above	100%
Company's total TSR against TSR of index members – measured at 31 December 2025	40%	<Median	0%
		Median	25%
		Upper quartile or above	100%
Reduction in Group's clay product carbon emissions intensity versus 2019 baseline measured at 31 December 2025	10%	<10%	0%
		10%	25%
		18% or above	100%
Reduction in Group's plastic packaging intensity versus 2019 baseline measured at 31 December 2025	10%	<25%	0%
		25%	25%
		50% or above	100%

Vesting is measured on a straight-line basis between the above performance points.

The Index comprises the unweighted FTSE 250 participants (excluding investment trusts).

### Implementation of the Remuneration Policy for the year ending 31 December 2025

A summary of how the Directors' Remuneration Policy will be applied during the year ending 31 December 2025 is set out below.

#### Base salary

The 2025 review of Executive Directors' and all salaried employees' salaries took place in January 2025 and a 2.75% increase has been applied in line with the general increase awarded to all salaried staff. The increases took effect from 1 January 2025.

	2025	2024	% Increase
Neil Ash	<b>£500,706</b>	£487,305	2.75%
Ben Guyatt	<b>£358,406</b>	£348,814	2.75%

#### Pension and benefits

The Committee intends that the implementation of its policy in relation to pension and benefits will be in line with the proposed Remuneration Policy for the year ended 31 December 2025.

#### Annual bonus

The maximum annual bonus for the year ending 31 December 2025 will be 100% of salary for Executive Directors. Awards will be determined based on a combination of the Group's financial results, being profit before tax (75%) and strategic performance (25%).

The specific financial targets were confirmed in early 2025. These are considered commercially sensitive. However, the Committee intends to disclose these retrospectively in next year's Annual Report on Remuneration along with details as to their achievement to the extent that they do not remain commercially sensitive. The strategic objectives for 2025 are also considered commercially sensitive. Stretching targets aligned to the Group's strategy have been set.

In determining the level of any bonus award to be deferred into shares under the Deferred Annual Bonus Plan, the first 10% of salary and 50% of any further bonus earned will be paid in cash with the balance deferred in shares for three years.

#### Performance Share Plan (PSP)

The Committee expects to grant awards under the 2025 PSP in April 2025. In addition to financial performance metrics, these awards will continue to include stretching targets aligned to the Group's previously announced sustainability targets of decarbonisation and a reduction in the use of plastic packaging. These are also aligned to the sustainability targets recently embedded into the Group's new sustainability-linked credit facility.

40% of the awards shall be subject to a stretching EPS performance condition which reflects the Board's aspirations for growth, supported by the Group's recent programme of capital investment. Also recognising the challenging market conditions which the Group continues to face along with the significant uncertainty as to the timing and trajectory of the market recovery.

40% of the awards will be subject to a TSR performance condition with the comparator group being the unweighted FTSE 250 participants (excluding investment trusts).

The final 20% of the awards will be determined by sustainability-based targets of decarbonisation and a reduction in the use of plastic packaging aligned to the Group's stated sustainability targets (as laid out in the Sustainability Report on page 65). The sustainability targets are intensity-based and reflect a reduction in the intensity (emissions and plastic usage per tonne of output) so outcomes are not distorted by fluctuations in production driven by market demand.

The performance targets to be applied to the 2025 PSP awards have yet to be finalised by the Committee. Once finalised the targets will be communicated by way of an RNS announcement.

	Type of award	Expected basis of award granted <sup>1</sup>	Vesting determined by performance over
Neil Ash	Nominal (1p) cost option	175% of salary of £500,706	Three years to December 2027
Ben Guyatt	Nominal (1p) cost option	150% of salary of £358,406	Three years to December 2027

1. The number of options will be determined using a share price equal to mid-market closing price for the five days prior to grant.



# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

### Fees for Chair and Non-Executive Directors

The Company's approach to Non-Executive Directors' remuneration is set by the Board with account taken of the time and responsibility involved in each role, including where applicable the chairing of Board Committees.

	2025	2024	% Increase
Chair	<b>£169,228</b>	£164,698	2.75%
Non-Executive Director base fee	<b>£61,889</b>	£60,233	2.75%
Additional fees:			
Senior Independent Director	<b>£10,000</b>	£10,000	–
Audit and Risk Committee Chair	<b>£7,000</b>	£7,000	–
Remuneration Committee Chair	<b>£7,000</b>	£7,000	–
Sustainability Committee Chair	<b>£7,000</b>	£7,000	–

### Chief Executive Officer's remuneration history

The table below sets out the total Chief Executive Officer's remuneration for 2024, together with the percentage of maximum annual bonus awarded in that year. A summary of remuneration paid will be provided and built up over time until 10 years of data is shown.

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Single total figure	<b>£774,858</b>	£1,428,665 <sup>8</sup>	£930,206	£939,074	£748,689	£1,052,599	£893,054	£762,476	£985,806 <sup>1</sup>
Annual bonus (% of maximum)	<b>48.3%</b>	12.5%	89.5%	97.8%	–	–	60.5%	72.0%	50.3%
PSP vesting (% of maximum)	<b>–<sup>7</sup></b>	53.9% <sup>2</sup>	– <sup>3</sup>	–	45.0% <sup>4</sup>	72.0% <sup>5</sup>	36.9% <sup>6</sup>	–	–

1. Includes one-off bonus agreed prior to IPO of £400,000.

2. 2020 PSP award subject to the TSR measure with the period ending 17 September 2023, vested at 53.9%. 2021 PSP award both EPS and TSR measure at 31 December 2023, vested at nil.

3. 2019 PSP award subject to the TSR measure with the period ending 29 March 2022, vested at nil.

4. Relates to the average of the 2018 PSP award subject to an EPS growth performance measure with a measurement period ending 31 December 2020 and the element of the 2017 PSP award subject to the TSR measure with the period ending 26 April 2019.

5. Relates to the element of the 2017 PSP award subject to an EPS growth performance measure with a measurement period ending 31 December 2019 and the element of the 2016 PSP award subject to the TSR measure with the period ending 26 April 2019.

6. Relates to the element of the 2016 PSP award subject to an EPS growth performance measure with a measurement period ending 31 December 2018.

7. 2022 PSP award both EPS and TSR measure at 31 December 2024, vested at nil.

8. Includes a one-off share award for Neil Ash on joining Forterra on 3 April 2023 of £409,334 to compensate for amounts foregone from previous employer.

### Change in Executive and Non-Executive Directors' remuneration compared with employees

The Committee ensures that the Executive Directors' remuneration outcomes remain appropriate and consistent with the wider workforce. The pay awards and bonus outcomes in the year are consistent with the wider workforce.

		Neil Ash (CEO) <sup>2</sup>	Stephen Harrison (former CEO) <sup>7</sup>	Ben Guyatt (CFO) <sup>8</sup>	Justin Atkinson (Chair)	Martin Sutherland (NED)	Katherine Innes Ker (NED)	Vince Niblett (NED)	Divya Seshamani (NED)	Gina Jardine (NED) <sup>3</sup>	Average for all other employees
Changes 2023 to 2024	Base salary change	2.0%	n/a	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
	Benefits change	(66.4%)	n/a	(6.8%)	–	–	–	–	–	–	0.5%
	Annual bonus	425.0%	n/a	293.7%	–	–	–	–	–	–	154.5%
Changes 2022 to 2023	Base salary change	n/a	(57.7%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	n/a	5.0%
	Benefits change	n/a	(56.6%)	(22.5%)	–	–	–	–	–	n/a	(1.5%)
	Annual bonus	n/a	(93.9%)	(85.6%)	–	–	–	–	–	n/a	(79.7%)
Changes 2021 to 2022	Base salary change <sup>1</sup>	n/a	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	n/a	5.4%
	Benefits change	n/a	(5.8%)	1.0%	–	–	–	–	–	n/a	23.5%
	Annual bonus	n/a	(5.8%)	(3.4%)	–	–	–	–	–	n/a	(11.4%)
Changes 2020 to 2021	Base salary change <sup>4</sup>	n/a	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	n/a	1.5%
	Benefits change	n/a	(9.7%)	0.1%	–	–	–	–	–	n/a	4.8%
	Annual bonus <sup>5</sup>	n/a	100.0%	100.0%	–	–	–	–	–	n/a	215.9%
Changes 2019 to 2020	Base salary change <sup>4</sup>	n/a	(3.1%)	n/a	(3.1%)	(3.1%)	(3.1%)	(3.1%)	(3.1%)	n/a	2.0 %
	Benefits change	n/a	–	n/a	–	–	–	–	–	n/a	–
	Annual bonus <sup>6</sup>	n/a	–	n/a	–	–	–	–	–	n/a	100.0 %

1. The Executive and Non-Executive Directors received a 3.0% increase in 2022 but when full-year earnings are compared to 2021, where an increase was awarded mid year, the year-on-year increase was 3.5%.

2. Neil Ash joined in April 2023. The increase in benefits is due to comparing a full 12 months in 2024 to 9 months in 2023.

3. Gina Jardine joined in April 2023 therefore no prior year comparisons for earlier years.

4. The percentage presented is calculated using base salary considering the three-month voluntary deduction in salary of 20% taken by the Executive and Non-Executive Directors during 2020 due to the Covid-19 pandemic.

5. No bonus was payable to Ben Guyatt and Stephen Harrison in 2020. The bonus for 2021 is therefore presented as a 100% increase.

6. No bonus was payable in 2019. The bonus for 2020 for the average employee is therefore presented as a 100% increase.

7. Stephen Harrison left the Forterra in May 2023.

8. Ben Guyatt was appointed as Chief Financial Officer on 1 January 2020 and therefore no movement was presented in the table in relation to his remuneration for the period 2019 to 2020.

9. Divya Seshamani left Forterra in September 2024.

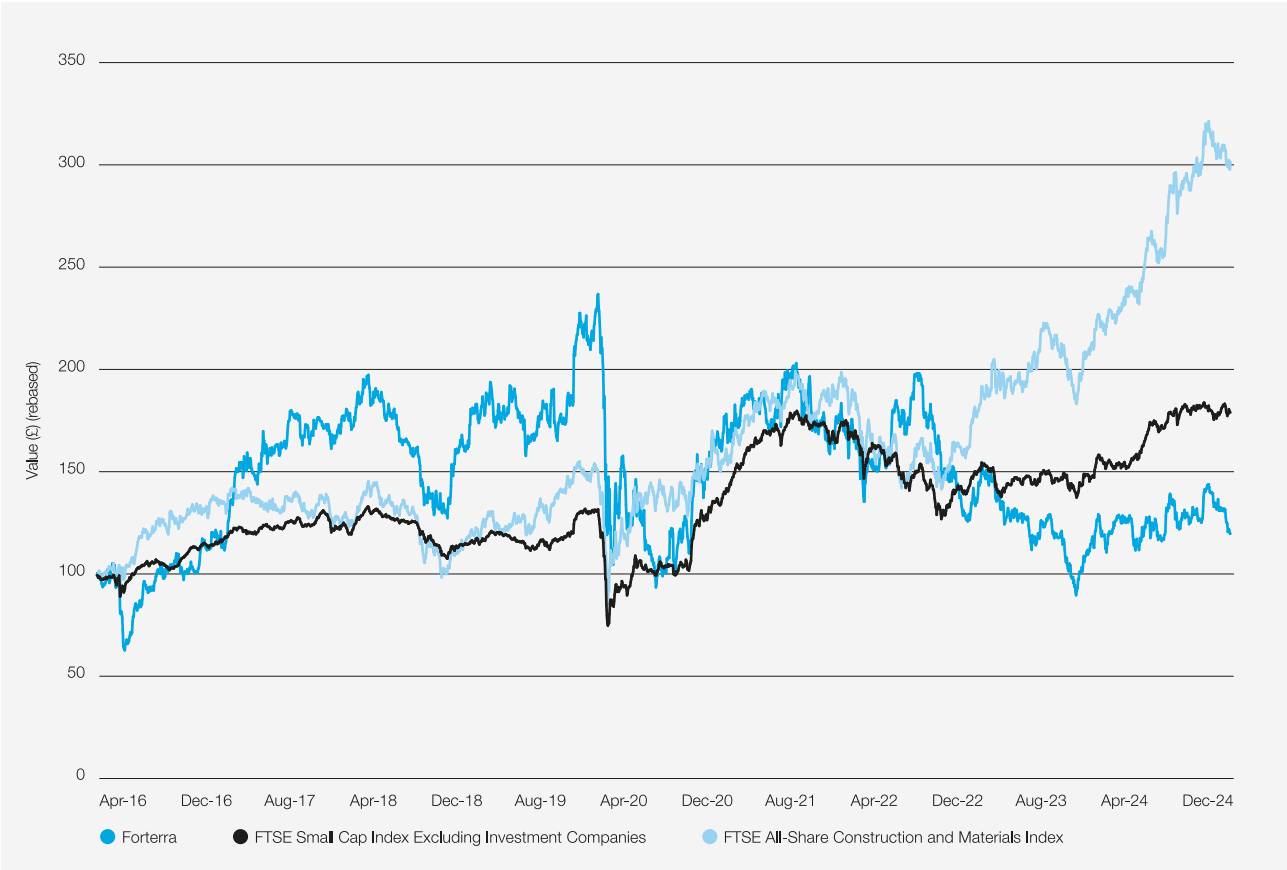
# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

Performance graph

Total shareholder return

This graph shows the value, by 31 December 2024, of £100 invested in Forterra plc on 20 April 2016, compared with the value of £100 invested in the FTSE Small Cap (excluding investment trusts) and the FTSE All Share Construction and Materials on a daily basis. The other points plotted are the values at intervening financial year ends.



Chief Executive Officer pay ratio

The CEO to average employee pay ratio in 2024 was 17 times. This is measured as the ratio of the CEO single total figure of remuneration earned in the year to average (mean) employee remuneration. The Remuneration Committee is steadfastly committed to ensuring that the reward of the CEO and other senior executives is commensurate with performance. Accordingly, as laid out graphically in the Remuneration Policy, a significant element of the Chief Executive’s total pay is variable and is determined based on the performance of the Company and is dependent on share price performance.

	2024	2023
Ratio of CEO single total figure remuneration to average employee remuneration	17:1	30:1

The Regulations require us to disclose the ratio of the Chief Executive’s pay, using the amount set out in the single total figure table, to that of the median, 25th and 75th percentile total remuneration of full-time equivalent UK employees.

The table below shows the relevant data for Forterra's employees for 2024, calculated using Option B as set out in the legislation.

Year	Method of calculation adopted	25th percentile pay ratio (Chief Executive: UK employees)	Median pay ratio (Chief Executive: UK employees)	75th percentile pay ratio (Chief Executive: UK employees)
2024	<b>Option B</b>	<b>21:1</b>	<b>17:1</b>	<b>14:1</b>
2023	Option B	33:1	28:1	26:1
2022	Option B	32:1	23:1	19:1
2021	Option B	27:1	24:1	21:1
2020	Option B	19:1	19:1	18:1

Pay details for the individuals whose 2024 remuneration is at the median, 25th percentile and 75th percentile amongst UK-based employees are as follows:

	Chief Executive	25th percentile	Median	75th percentile
Salary	£487,305	£35,603	£44,285	£50,489
Total pay and benefits	£774,858	£37,314	£46,256	£57,358

The median, 25th percentile and 75th percentile employees used to determine the above ratios were identified by using gender pay gap data and full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and long-term incentives) of all UK-based employees of the Group as at April 2024 (i.e. Option B) under the Regulations. The Committee selected this calculation methodology as it was felt to produce the most consistent result.

### Gender pay reporting

Forterra continues to be committed to ensuring its policies and practices adopt fair and equal principles when it comes to all aspects of diversity and inclusion. Our gender pay reporting statistics (adhering to reporting guidelines) for the year ended April 2024 are as follows.

#### 2024 mandatory metrics

Metric <sup>1,2</sup>	2024	2023	2022	2021	2020
Mean gender pay gap in hourly pay (%)	<b>9.1%</b>	16.7%	15.1%	11.4%	7.8%
Median gender pay gap in hourly pay (%)	<b>21.2%</b>	25.4%	25.1%	21.6%	7.6%
Mean gender bonus gap (%)	<b>19.6%</b>	(18.3%)	7.3%	66.2%	46.7%
Median gender bonus gap (%)	<b>67.4%</b>	(24.8%)	6.4%	70.0%	59.2%

1. The mean and median gender pay gap has been calculated using April 2024 pay, allowances, bonuses, share exercises, recognition awards and other relevant metrics.

2. Executive and Non-Executive Directors are excluded from the gender pay gap report as they are employed by Forterra plc and not Forterra Building Products Ltd.

3. Two Executive Directors of Forterra plc were incorrectly included in the Gender Pay Gap workings for 2023 and prior years. The impact on the reported figures is not considered material.

4. 2020 Gender Pay Gap report not representative due to employees being placed on furlough as a direct consequence of the global pandemic.

The mean hourly rate pay gap has decreased by 7.6% in 2024 compared to 2023. This reduction is due to less females being in lower paid roles than in 2023 as can be seen in the quartile gender pay split on page 156. Due to the lower proportion of females in the workforce than males any increase in the number of females in higher paid roles has a larger impact on the average pay rate for a female employee.

There continues to be a high percentage of females in the workplace who receive a bonus. The majority of female employees will be subject to the annual bonus scheme, whereas a large proportion of male employees will be in operational roles and will receive a monthly bonus based on production targets.

Metric <sup>1</sup>	2024	2023	2022	2021	2020
Male employees receiving bonus (%)	<b>53.2%</b>	96.7%	66.2%	48.6%	70.7%
Female employees receiving bonus (%)	<b>94.4%</b>	98.0%	83.1%	32.2%	81.8%

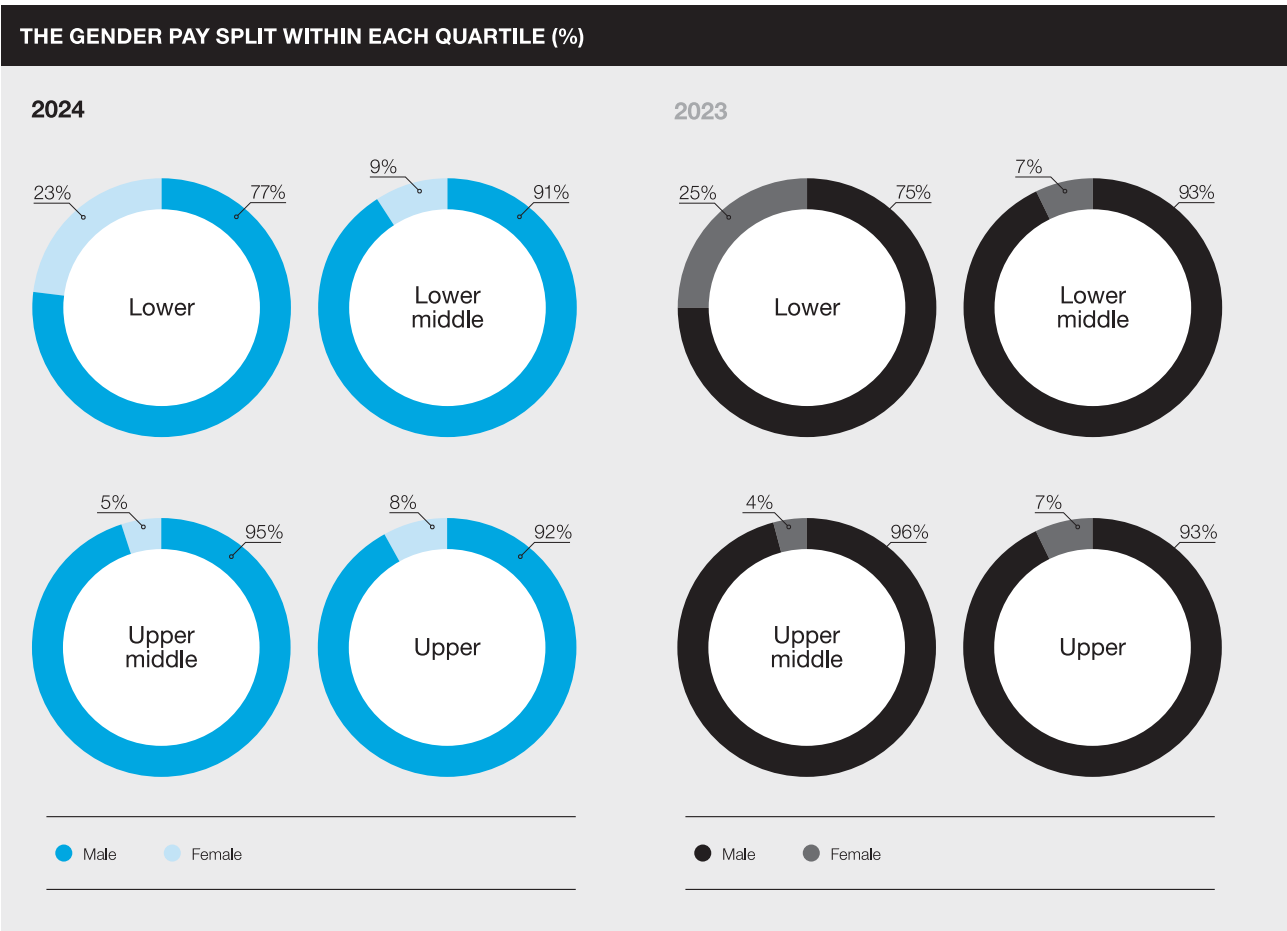
1. The mean and median gender pay gap has been calculated using April 2023 to March 2024 bonuses, share exercises, recognition awards and other relevant metrics.



# REMUNERATION COMMITTEE REPORT

## ANNUAL REPORT ON REMUNERATION CONTINUED

We continue our commitment to increase gender diversity and, in particular, within operational roles.



### Relative importance of total spend on pay

The following table shows the Company's actual spend on pay for all employees compared to distributions to shareholders in 2024.

Metric	Disbursements from profit	
	2024 £m	2023 £m
Total spend on pay, including Directors	<b>90.6</b>	115.0
Distributions to shareholders by way of dividend	<b>6.3<sup>1</sup></b>	25.7 <sup>2</sup>

1. Final 2023 dividend of £0.02 per share paid in July 2024 and interim dividend of £0.01 per share paid in October 2024.

2. Final 2022 dividend of £0.101 per share paid in July 2023 and interim dividend of £0.024 per share paid in October 2023.

### Cascade of incentives

The remit of the Remuneration Committee includes not only the remuneration of the Executive Directors but also the members of the Executive Committee. In making remuneration decisions in respect of the Executive Directors and senior management the Committee also monitors and considers the remuneration of the wider workforce to ensure that pay is fair throughout the Group.

Level	Participation in PSP	Participation in bonus	Participation in SAYE
Executive Directors	✓	✓	✓
Executive Committee	✓	✓	✓
Senior Managers	✓	✓	✓
Managers		✓	✓
Employees		✓ <sup>1</sup>	✓

1. All salaried staff participate in the Forterra staff bonus scheme. Arrangements for hourly paid staff vary by location with a number of facilities offering production-related bonuses as part of a total remuneration package. Other facilities may have a higher level of base pay and no bonus arrangements.

### Advisers to the Remuneration Committee

The Remuneration Committee has access to independent advice where it considers it appropriate. During the year, the Committee sought advice from Willis Towers Watson (WTW). WTW also provides other remuneration and benefits services to the Group and the Committee is satisfied no conflict of interest exists in the provision of these services. The Committee is satisfied that the advice received by WTW in relation to executive remuneration matters during the year was objective and independent. WTW is a member of the Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct, which requires its advice to be objective and impartial. The fees paid to WTW during the year totalled £50,100.

### Statement of shareholder voting

A high level of shareholder support was received for our Remuneration Report at our 2024 AGM, as summarised below:

Level	Votes for	Votes against	Votes withheld
An advisory vote on the approval of the 2024 Annual Report on Remuneration	162,523,516 95%	8,514,890 5%	3,018,196

### Approval

This Remuneration Committee Report, comprising the Annual Statement, Remuneration Policy Summary and Annual Report on Remuneration has been approved by the Board of Directors.

Signed on behalf of the Board of Directors:

Katherine Innes Ker

Chair of the Remuneration Committee

11 March 2025

# DIRECTORS' REPORT

The Directors present their report for the financial year ended 31 December 2024. The information required by the Listing Rules (DTR 4.1.8R) is contained in the Strategic Report and the Directors' Report. Forterra plc is incorporated in England and Wales with company number 09963666.

## Dividends

An interim dividend was paid on 11 October 2024 to shareholders on the register at 20 September 2024. Subject to securing shareholder approval at the 2025 AGM, the Directors are proposing a final dividend for the financial year ended 31 December 2024 of 2.0p per Ordinary Share, this brings the total dividend for the year to 3.0p. If approved at the AGM, payment of the final dividend will be made to shareholders registered at the close of business on 13 June 2025 and will be paid on 4 July 2025.

## Directors

The Directors of the Company who served during the year and to the date of this report are listed on pages 96 to 98. Details of the Directors' interests in the share capital of the Company are set out on page 149 of the Annual Report on Remuneration.

## Articles of Association

The Company's Articles of Association give powers to the Board to appoint Directors. Newly appointed Directors are required to retire and submit themselves for re-election by the shareholders at the first Annual General Meeting following their appointment. In practice however, all Directors are expected to retire and seek re-election on an annual basis.

The Board of Directors may exercise all of the powers of the Company subject to the provisions of relevant laws and the Company's Memorandum and Articles of Association. These include specific provisions and restrictions regarding the Company's ability to borrow money and to issue and repurchase shares.

The Articles of Association may be amended in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders.

## Share capital and control

Details of the Company's share capital are included within note 26 of the Consolidated Financial Statements on page 207.

As at 31 December 2024 there were 212,803,389 Ordinary Shares of 1p nominal value in issue. The Company has one class of shares, Ordinary Shares of 1p nominal value, which carry equal rights to dividends, voting and return of capital on winding up of the Company. There are no restrictions on the transfer of securities in the Company and there are no restrictions on any voting rights other than those prescribed by law, nor is the Company aware of any arrangement which may result in restrictions on the transfer of securities or voting rights nor any arrangement whereby a shareholder has waived or agreed to waive dividends.

The Company has established two separate employee benefit trusts for the purposes of satisfying awards under the Company's share-based incentive schemes. The Company has established a Trust in connection with the Group's Share Incentive Plan (SIP) which holds Ordinary Shares in trust for the benefit of employees of the Group. The Trustees of the SIP Trust may vote in respect of Forterra shares held in the Trust but only as instructed by participants in the SIP in accordance with the deed and rules governing the scheme. The Trustees will not otherwise vote in respect of the shares held in the SIP Trust. As at 31 December 2024 the Trust held a total of 299,106 shares in the Company, with a nominal value of 2,991p and at a weighted average purchase consideration of 165p per share.

The Company has also established The Employee Benefit Trust (EBT) to satisfy awards vesting under the Performance Share Plan (PSP), the Deferred Annual Bonus Plan (DABP) and the Sharesave Scheme. As at 31 December 2024 the EBT held a total of 1,889,884 shares in the Company, with a nominal value of 18,898p and at a weighted average purchase consideration of 260p per share.

## Political donations

The Group made no donations during the year to any political party or other political organisation.

## Substantial shareholdings

At 31 December 2024 the Company, in accordance with the Disclosure Guidance and Transparency Rules, has been notified of the following interests of greater than 3% in its Ordinary Share capital. This information is correct at the date of notification and it should be noted that these holdings may have changed since they were notified to the Company.

	31 December 2024			11 March 2025	
	Nature of holding	Number of shares disclosed	% interest in voting rights	Number of shares disclosed	% interest in voting rights
Vulcan Value Partners	Indirect	25,378,588	11.93	23,351,133	10.97
Lansdowne Partners	Indirect	22,802,737	10.72	22,802,737	10.72
Cobas Asset Management	Indirect	8,438,386	3.97	13,113,225	6.12
JO Hambro Capital Management	Indirect	10,647,332	5.00	10,647,332	5.00
MFS Investment Management	Indirect	10,550,158	4.96	10,550,158	4.96

Information provided to the Company in accordance with the Disclosure Guidance and Transparency Rules is publicly available via the Regulatory News Service and on the Company's website.

## Significant agreements (change of control)

The Company's committed credit facilities as described in note 19 of the Consolidated Financial Statements on page 198 are subject to provisions that require the mandatory prepayment of the facilities on a change of control. For this purpose, a change of control is defined as any person or group of persons acting in concert gaining direct or indirect control of the Company. For the purposes of this definition, control of the Company means the holding beneficially (directly or indirectly) of the issued share capital of the Company having the right to cast more than 30% of the votes capable of being cast in general meetings of the Company.

There are no agreements between the Group and its Directors and employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) in the event of a takeover bid.

## Going concern

The Group's debt facility comprises a committed revolving credit facility (RCF) of £170m extending to January 2027 with an option for an extension to June 2028 subject to lender consent. The option is available to be requested in the period from 17 March to 16 April 2025. At the balance sheet date, borrowings against the facility totalled £100m with £70m of headroom remaining. The cash balance stood at £15.2m with reported net debt before leases of £84.9m (2023: £93.2m) (net debt is presented inclusive of capitalised arrangement fees). The Group also benefits from an uncommitted overdraft facility of £10m which was undrawn at the year end.

The Group meets its working capital requirements through these cash reserves and facilities and closely manages working capital to ensure sufficient daily liquidity and prepares financial forecasts under various scenarios to ensure sufficient liquidity over the medium-term. Management maintains strong relationships with the Group's lenders and advisors and remains confident in the Group's ability to continue to access the financing it requires.

The facility is normally subject to covenant restrictions of leverage (net debt/EBITDA) (as measured before leases) of less than 3 times and interest cover of greater than 4 times. However, given the combination of the Group's reduced EBITDA and increases in net debt in 2023, driven by inventory build, capital outflows and higher interest rates, amended covenants were agreed with the Group's lenders in March 2024 to provide additional headroom during 2024 and to March 2025. Quarterly covenant testing was introduced for the period of these amended covenants. Accordingly, the Group's leverage covenant for March 2025 is set at 3.75 times, with interest cover at 3 times. The covenants return to normal levels from June 2025 with testing reverting to half yearly. The Group has comfortably traded with its original covenants throughout 2024 and anticipates remaining within these covenants throughout 2025.

Management has modelled two financial scenarios for the period to 30 June 2026, comprising a base case and a plausible downside scenario, reflecting both macroeconomic and industry-specific projections. In addition to this, a reverse stress test has also been modelled.



# DIRECTORS' REPORT

## CONTINUED

Assumptions underpinning these scenarios are outlined as follows:

- The base case scenario is aligned to our current demand expectations, with short-term market conditions improving in 2025, reflected in sales volume growth;
- Following the production reductions made in 2023, management continues to align production to anticipated sales, minimising inventory growth. This in turn increases free cash flows and facilitates a reduction in net debt;
- Capital expenditure reduces from prior years, with the Group's spend on strategic projects largely complete. As above, this increases free cash flows and reduces net debt; and
- As in the prior year, the Group's plausible downside scenario takes into account the current levels of market demand which, for most of our products, remains approximately 30% below the levels last seen in 2022. 2022 is considered to be representative of a normalised market for the Group and as such is seen as a reasonable benchmark for scenario modelling. It is not considered plausible that demand could fall further than the assumptions detailed within the downside scenario laid out below.

Scenario	Sales volume assumptions	Management mitigations
Base	Volumes for 2025 increase, for the majority of products, between 6% and 11%, versus 2024. However these remain between 3% and 32% below 2022. Volumes continue to recover in 2026 but remain up to 23% below 2022	None necessary
Plausible downside	Volumes remain flat in 2025 versus 2024, which is a reduction of between 11% and 38% relative to 2022. Volumes begin to recover in 2026 but remain up to 35% below 2022	None necessary

Under both of the above scenarios, there is no breach in covenants throughout 2025 and in the period up to June 2026.

In addition to the scenarios, the Group has prepared a reverse stress test to determine the level of market decline that could potentially breach covenants, before further mitigating actions are taken. The reverse stress test indicated, that should volumes fall by a further 8% from the plausible downside, the Group would be at risk of breaching its covenants. This is viewed by the Board to be a highly unlikely scenario. The Board takes encouragement from the Government's ambition to materially increase housebuilding, although remains wary of the challenges in delivering this. A steady recovery in the market is anticipated during 2025 and the Board remains confident in the Group's ability to benefit significantly as markets recover and its strategic investments generate returns.

Further to this, in the event of sales volumes falling in line with those modelled in the reverse stress test, the Group would seek to enact further mitigating actions including additional cost savings, production reductions, curtailment in the quantum of dividend distributions and the sale of surplus land and buildings.

Taking the above into consideration, alongside trading performance for the first two months of 2025 which has continued the positive trends seen in the last quarter of 2024, with our brick volumes around 17% ahead of the prior year, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 30 June 2026. The Group therefore adopts the going concern basis in preparing these Consolidated Financial Statements.

### Statement of disclosure of information to the auditor

Each Director of the Company confirms that as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware and that each of the Directors has taken all the steps they ought to have taken individually as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### Annual General Meeting (AGM)

The 2024 AGM will be held on 20 May 2025. Full details are contained in the Notice convening the AGM, which will be sent to shareholders no later than 14 days prior to the AGM.

Approved by the Board and signed on its behalf by:

Frances Tock  
Company Secretary  
11 March 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required by the Companies Act 2006 to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year, and of the profit or loss of the Group for the financial year. Under that law, the Directors are required to prepare the Consolidated Financial Statements in accordance with the requirements of the Companies Act 2006 and UK-adopted international accounting standards and have elected to prepare the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and applicable law.

In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- In respect of the Consolidated Financial Statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- In respect of the Company Financial Statements, state whether applicable UK Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS (and in respect of the Company Financial Statements, FRS 102) are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy, at any time, the financial position of the Group and the Company, and which enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006 and as regards the Consolidated Financial Statements, Article 4 of the IAS Regulation. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are set out on pages 96 to 98 confirm that, to the best of their knowledge:

- The Consolidated Financial Statements of the Group, which have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- The Strategic Report contained within this document includes a fair review of the development and performance of the business and the position of the Group together with a description of principal risks and uncertainties that the Group faces.

Approved by the Board and signed on its behalf by:

Neil Ash  
Chief Executive Officer  
11 March 2025

Ben Guyatt  
Chief Financial Officer



# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA PLC

## Opinion

In our opinion:

- Forterra plc's Group Financial Statements and Company Financial statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2024 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements of Forterra plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise:

Group	Company
Consolidated Balance Sheet as at 31 December 2024	Company Balance sheet as at 31 December 2024
Consolidated Statement of Total Comprehensive Income for the year ended 31 December 2024	Company Statement of Changes in Equity for the year ended 31 December 2024
Consolidated Statement of Changes in Equity for the year ended 31 December 2024	Related notes 1 to 13 to the Company Financial Statements including a summary of significant accounting policies
Consolidated Statement of Cash Flows for the year ended 31 December 2024	
Related notes 1 to 31 to the Consolidated Financial Statements, including material accounting policy information	

The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Company Financial Statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company and we remain independent of the Group and the Company in conducting the audit.

### Conclusions relating to going concern

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate. Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained an understanding of management's going concern assessment process by performing our walkthrough of the Group's financial statement close process.
- We obtained management's going concern assessment, including the cash flow forecast and covenant calculations for the going concern period which covers a period up to 30 June 2026. The Group has modelled base case and severe but plausible scenarios in their cash flow forecasts and covenant calculations in order to test the impact of unforeseen fluctuations in the performance and liquidity of the Group on the going concern conclusion.
- We performed a review of all borrowing and other financing facilities, including the covenant compliance included in the cash flow forecasts and covenant calculations. This included obtaining evidence of the terms of the bank loan facilities and assessing their continued availability to the Group through the going concern period and evaluated the forecast covenants compliance.
- We tested the clerical accuracy of the model used to prepare the Group's going concern assessment.
- Using our understanding of the business, we evaluated and challenged the historical accuracy of management's forecast by performing the comparison with last five years actual results with the forecasts.
- We have obtained and performed an analysis on post year end results and compared this against management's budget to identify unforeseen circumstances and to challenge whether the forecast cash flows are achievable.
- We have tested the main assumptions including trading volumes and underlying EBITDA in each modelled scenario by comparing them with Group's historical performance, economic and industry forecasts including the potential impact of climate change on the Group's business.
- We obtained management's reverse stress test to assess the reduction in EBITDA required to eliminate liquidity headroom or breach bank loan facility covenants and whether the reduction in EBITDA required has no more than a remote possibility of occurring. We also considered the mitigating factors included in the reverse stress test that to challenge whether they are within the control of the Group. This included review of the Group's non-operating cash outflows and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We reviewed the Group's and Company's going concern disclosures included in the annual report in order to assess their conformity with the relevant reporting standards.
- We challenged the likelihood of management being able to renew the borrowing facility, after maturity of the current term and considered the group's ability to extend or refinance the current borrowing facility which expires in January 2027.

### Key observations

- The Directors' assessment forecasts that the Group will maintain sufficient liquidity and covenant compliance through the going concern period to 30 June 2026. We observed that in management's base case and severe but plausible scenarios with mitigations there is liquidity and covenant compliance.
- Management's assessment was further supported by a reverse stress scenario to determine the level of market decline that could potentially breach covenants, before further mitigating actions are taken. Management considers such a scenario remote.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period to 30 June 2026.

In relation to the Group and Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' Statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this Report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA PLC CONTINUED

## Overview of our audit approach

<b>Audit scope</b>	<ul style="list-style-type: none"> <li>We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further one component</li> </ul>
<b>Key audit matters</b>	<ul style="list-style-type: none"> <li>Revenue recognition</li> <li>Impairment of tangible and intangible assets</li> </ul>
<b>Materiality</b>	<ul style="list-style-type: none"> <li>Overall Group materiality of £1.1m which represents 5% of adjusted profit before tax</li> </ul>

## An overview of the scope of the Company and Group audits

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Consolidated Financial Statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the Group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

In assessing the risk of material misstatement to the Consolidated Financial Statements, and to ensure we had adequate quantitative coverage of significant accounts in the Financial Statements, we selected three components (2023: three components) covering entities, which represent the principal business units within the Group.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed within these components by applying professional judgement, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the Group's significant financial statement account balance.

We then considered whether the remaining Group's significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Consolidated Financial Statements. We selected one component of the Group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the three components selected, we performed an audit of the complete financial information ('full scope components') for two (2023: two components) which were selected based on their size or risk characteristics. For the other component we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ('specific scope components').

Our scoping to address the risk of material misstatement for each key audit matter is set out in the key audit matters section of our Report.

## Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

## Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on its operations will be from both the transitional risks associated with adapting its business to a lower carbon economy, along with both the longer-term acute risks associated with increasing severe weather events and the physical risks of long-term climate change such as sea level rise. These are explained on page 69 in the required Task Force on Climate Related Financial Disclosures and on pages 84 to 91 in the principal risks and uncertainties. They have also explained their climate commitments on page 65. All of these disclosures form part of the “Other information”, rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the Financial Statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on “Other information”.

In planning and performing our audit we assessed the potential impacts of climate change on the Group’s business and any consequential material impact on its financial statements.

The Group has explained in its basis of preparation note their articulation of how climate change has been reflected in the financial statements including how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to achieve net zero emissions by 2050. As explained in the basis of preparation note, there are no significant judgements and estimates relating to climate change.

Our audit effort in considering the impact of climate change on the financial statements was focused on the adequacy of the Group’s disclosures, supported by our climate change internal specialists, and the conclusion that there is no material impact from climate change on the carrying values of assets with indefinite or long lives, or on the Consolidated Financial Statements for the Group.

We also challenged the Directors’ considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA PLC

## CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Revenue recognition (Revenue net of rebates £344.3m, 2023: £346.4m).</b></p> <p>Refer to the Audit and Risk Committee Report page 121; Accounting policies page 180; and note 2 of the Consolidated Financial Statements page 178.</p> <p>We believe that there may be an incentive for management to manipulate revenue. There is a risk that management may override controls to overstate revenue by recording fictitious revenue transactions through inappropriate journals posted to revenue.</p>	<p>We have understood the accounting for revenue recognition which included a walk through of the key controls over the process and review of the revenue recognition policy. We also assessed that the policy for all revenue streams is in compliance with IFRS 15, the revenue accounting standard.</p> <p>We performed data analytic techniques over the full amount of revenue recognised in the year and tested the correlation of revenue to receivables and cash. We traced a sample of transactions through to cash receipts to verify the validity of the data used to perform the analysis. Where the process did not follow our expectations, we investigated and tested a sample of transactions to ensure their validity by agreeing back to source documentation.</p> <p>We have tested journal entries posted to revenue throughout the year, applying a number of parameters designed to identify and test entries that were not in accordance with our expectations. We verified the selected journals to originating documentation to test whether the entries were valid. We performed full scope audit procedures over this risk area, which covered 100% of the risk amount.</p> <p>We have performed cut-off testing for a sample of revenue items and credit notes booked either side of the year end date to determine whether revenue was recognised in the period in which the performance obligation was fulfilled.</p>	<p>Based on our procedures we did not identify any evidence of material misstatement in the revenue recognised.</p>

Risk	Our response to the risk	Key observations communicated to the Audit and Risk Committee
<p><b>Impairment of tangible and intangible assets</b></p> <p>As at 31 December 2024 property, plant and equipment totalled £263.8m (2023: £249.7m) and intangible assets were £11.6m (2023: £19.2m).</p> <p>Refer to the Audit and Risk Committee Report page 121; and note 13 and 14 of the Consolidated Financial Statements on pages 194 and 196.</p> <p>Tangible and intangibles assets are maintained between 15 identified cash generating units (CGUs). The CGUs which are allocated intangible assets with indefinite useful lives are subject to annual impairment tests and the remaining CGUs are assessed for indicators of impairment annually.</p> <p>The Group has been impacted in the year by the disruption from the economic turbulence that has suppressed demand for new housing resulting in a marked reduction in demand for their products. Revenue decreased during this period. Given the uncertainty that the current macroeconomic environment presents to forecasting on which the impairment assessment relies, this risk has increased in the year.</p> <p>As such, there is a risk that the identified CGUs may not achieve the anticipated business performance to support their carrying value and therefore the value of these assets could be overstated.</p>	<p>We assessed whether management's identification of cash generating units was in accordance with IAS 36 – Impairment of Assets. We understood the methodology applied by management in performing its impairment test for each of the relevant CGUs and walked through the key controls over the process.</p> <p>We obtained management's assessment for each CGU determining whether there are any indicators of impairment on any CGUs such as underperformance against budget and long payback periods when compared to the useful economic life of the assets (total assets/EBITDA).</p> <p>We have challenged the identified indicators of impairment using market data and our own knowledge of the business to test the completeness of the identified indicators of impairment.</p> <p>We tested the clerical accuracy of the value in use (VIU) models for the CGU's which have been identified as having indicators of impairment or have indefinite useful life assets intangible assets within. We have assessed whether management's basis for allocation of overheads to each CGU is appropriate and in accordance with IAS 36.</p> <p>We obtained management's value in use calculation for the CGU's which have been identified as having indicators of impairment or having indefinite useful life intangible assets within and challenged management's assumptions by obtaining market data and other available evidence to determine whether the assumptions for the estimated cash flows and the future growth rates are reasonable.</p> <p>We tested the WACC, with the involvement of our internal valuation specialists, by reference to comparable market data and the specific risk profile relevant to each respective CGU, compared to the rates used by management.</p> <p>We engaged EY specialists to assess the appropriateness of the valuation reports prepared by management's external specialist to determine the fair value less costs to sell model (FVLCTS) of the identified CGUs.</p> <p>We performed sensitivity analysis on the estimated cash flows, future growth rates and WACC to ascertain the extent of change in those assumptions that either individually or collectively would result in an impairment.</p> <p>We reviewed the disclosures in the Financial Statements for compliance with IAS 36 requirements. We considered whether any reasonable possible change disclosures were required based upon the headroom within the sensitivity analysis.</p> <p>We performed full scope audit procedures over this risk area, which covered 100% of the risk amount.</p>	<p>Based on our procedures, we conclude that:</p> <ul style="list-style-type: none"> <li>• we have identified no evidence of management bias in the Group's impairment assessment;</li> <li>• for the assets where management's impairment assessment did not result in an impairment charge, the assessment was accurate; and</li> <li>• key assumptions are appropriately disclosed. Based on the findings from our audit procedures we are satisfied that no additional impairment charges are required in accordance with the requirements of IAS 36.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA PLC CONTINUED

The key audit matters set out in the table above are consistent with those reported in 2023, with the exception of the removal of going concern as a key audit matter. During the current year, the Group agreed to amended covenants with its lenders, providing additional headroom. The Group is expected to generate sufficient profits to meet all covenants under all scenarios. Given the profitability, covenant headroom, and available mitigating actions, going concern was not considered a key audit matter during the year.

## **Our application of materiality**

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

## **Materiality**

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £1.1m (2023: £1.6m), which is 5% (2023: 5%) of adjusted profit before tax.

We believe that adjusted profit before tax provides us with the most relevant performance measure to the main users of the Consolidated Financial Statements and therefore have determined materiality on that number.

We determined materiality for the Company to be £1.1m (2023: £1.0m), set as lower of Group materiality of £1.1m and statutory materiality of £1.6m which is 0.5% (2023: 0.5%) of total assets.

## **Performance materiality**

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2023: 75%) of our planning materiality, namely £0.8m (2023: £1.2m). We have set performance materiality at this percentage due to our understanding of the Group and Company and our past experience with the audit, which indicates a lower risk of misstatements.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the Consolidated Financial Statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the performance materiality used for the components was £0.8m (2023: ranging between £1.0m to £1.2m).

## Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of £0.06m (2023: £0.08m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the Annual Report and Accounts set out on pages 1 to 218, including the Strategic report set out on pages 1 to 93, the Governance report, set out on pages 94 to 161 and additional information set out on page 220, other than the Financial Statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORTERRA PLC CONTINUED

## Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the Financial Statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 159;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 92;
- Directors' statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 160;
- Directors' statement on fair, balanced and understandable set out on page 124;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 123;
- The section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems set out on pages 123 and 124; and
- The section describing the work of the Audit and Risk Committee set out on pages 118 and 119.

## Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 161, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

**Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are directly relevant to the specific assertions in the Financial Statements are those that relate to the reporting frameworks (IFRS, FRS 102, the Companies Act 2006 and UK Corporate Governance Code) and the relevant tax compliance regulations in the UK. In addition, we concluded that there are certain significant laws and regulations which may have an effect in the determination of the amounts and disclosures in the Financial Statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to occupational health and safety, environmental laws and data protection.
- We understood how Forterra plc is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and any correspondence received from regulatory bodies where appropriate.
- We assessed the susceptibility of the Group's Financial Statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and the risk of management override of controls to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter, and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures, as mentioned in the key audit matters section for revenue recognition included testing journal entries and were designed to provide reasonable assurance that the Financial Statements were free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved understanding the process and controls to identify non-compliance, identifying journals indicating large or unusual transactions, enquiries of legal counsel, Group management, internal audit, divisional management, and focused testing, as referred to in the key audit matters section above.

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

**Other matters we are required to address**

- Following the recommendation from the Audit and Risk Committee we were reappointed by the Company on 21 May 2024.
- The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 December 2016 to 31 December 2024.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anup Sodhi

**Senior Statutory Auditor**

for and on behalf of Ernst & Young LLP,  
Statutory Auditor Luton  
11 March 2025

## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £m	2023 £m
Revenue	4	344.3	346.4
Cost of sales		(241.3)	(245.7)
<b>Gross profit</b>		<b>103.0</b>	100.7
Distribution costs		(46.1)	(48.6)
Administrative expenses		(29.4)	(28.5)
Other operating income	6	6.4	0.5
<b>Operating profit</b>	5	<b>33.9</b>	24.1
Finance expense	9	(9.1)	(7.0)
<b>Profit before tax</b>		<b>24.8</b>	17.1
Income tax expense	10	(7.3)	(4.3)
<b>Profit for the financial year attributable to equity shareholders</b>		<b>17.5</b>	12.8
<b>Other comprehensive loss</b>			
Effective portion of changes of cash flow hedges (net of tax impact)		(0.1)	(0.7)
<b>Total comprehensive income for the year attributable to equity shareholders</b>		<b>17.4</b>	12.1
<b>Earnings per share</b>		<b>Pence</b>	Pence
Basic earnings	12	8.3	6.2
Diluted earnings	12	8.3	6.2

	Note	2024 £m	2023 £m
<b>Adjusted profit measures</b>			
<b>Adjusted EBITDA</b>		<b>52.0</b>	58.1
Exceptional items	8	(2.9)	(14.0)
Adjusting items	30	5.6	–
<b>EBITDA</b>		<b>54.7</b>	44.1
Depreciation and amortisation	13, 14, 24	(20.8)	(20.0)
Operating profit	5	33.9	24.1
<b>Adjusted profit before tax</b>		<b>22.1</b>	31.1
Exceptional items	8	(2.9)	(14.0)
Adjusting items	30	5.6	–
<b>Profit before tax</b>		<b>24.8</b>	17.1
<b>Adjusted earnings per share</b>		<b>Pence</b>	Pence
Basic earnings	12	7.6	11.4
Diluted earnings	12	7.6	11.3

## CONSOLIDATED BALANCE SHEET

### AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
<b>Non-current assets</b>			
Intangible assets	13	11.6	19.2
Property, plant and equipment	14	263.8	249.7
Right-of-use assets	24	20.5	24.1
Derivative financial assets	22	2.8	5.0
		298.7	298.0
<b>Current assets</b>			
Inventories	15	82.0	95.8
Trade and other receivables	16	39.0	31.0
Income tax asset		2.4	2.3
Cash and cash equivalents	17	15.2	16.0
Derivative financial assets	22	5.1	1.6
		143.7	146.7
<b>Total assets</b>		442.4	444.7
<b>Current liabilities</b>			
Trade and other payables	18	(68.7)	(66.3)
Loans and borrowings	19	(0.7)	(0.4)
Lease liabilities	24	(5.8)	(5.7)
Provisions for other liabilities and charges	23	(6.6)	(15.7)
Derivative financial liabilities	22	(0.1)	(5.8)
		(81.9)	(93.9)
<b>Non-current liabilities</b>			
Loans and borrowings	19	(99.4)	(108.8)
Lease liabilities	24	(15.1)	(18.5)
Provisions for other liabilities and charges	23	(8.2)	(9.4)
Deferred tax liabilities	25	(12.9)	(6.3)
		(135.6)	(143.0)
<b>Total liabilities</b>		(217.5)	(236.9)
<b>Net assets</b>		224.9	207.8
<b>Capital and reserves attributable to equity shareholders</b>			
Ordinary shares	26	2.1	2.1
Retained earnings		228.2	219.8
Cash flow hedge reserve	26	(0.2)	(0.1)
Reserve for own shares	26	(5.4)	(14.2)
Capital redemption reserve	26	0.2	0.2
<b>Total equity</b>		224.9	207.8

The notes on pages 178 to 212 are an integral part of these Consolidated Financial Statements.

Approved by the Board of Directors on 11 March 2025 and signed on their behalf by:

Neil Ash  
Chief Executive Officer

Ben Guyatt  
Chief Financial Officer



## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 £m	2023 £m
<b>Cash generated from/(used in) operations</b>	20	<b>51.8</b>	(11.2)
Interest paid		(10.0)	(6.1)
Tax credit/(paid)		0.4	(2.7)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>42.2</b>	(20.0)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(25.4)	(33.0)
Purchase of intangible assets		(0.2)	(1.1)
Proceeds from sale of property, plant and equipment		–	0.3
<b>Net cash used in investing activities</b>		<b>(25.6)</b>	(33.8)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities	24	(5.9)	(5.9)
Dividends paid	11	(6.3)	(25.7)
Drawdown of borrowings		93.0	137.0
Repayment of borrowings		(103.0)	(67.0)
Purchase of shares by Employee Benefit Trust		–	(2.1)
Proceeds from sales of shares by Employee Benefit Trust		5.1	1.1
Financing fees		(0.3)	(1.9)
<b>Net cash (used in)/generated from financing activities</b>		<b>(17.4)</b>	35.5
<b>Net decrease in cash and cash equivalents</b>		<b>(0.8)</b>	(18.3)
Cash and cash equivalents at the beginning of the year		16.0	34.3
<b>Cash and cash equivalents at the end of the year</b>	17	<b>15.2</b>	16.0

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary shares £m	Capital redemption reserve £m	Reserve for own shares £m	Cash flow hedge reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2023</b>		2.1	0.2	(15.8)	0.6	233.4	220.5
Profit for the year		–	–	–	–	12.8	12.8
Other comprehensive loss		–	–	–	(0.7)	–	(0.7)
<b>Total comprehensive (loss)/income for the year</b>		–	–	–	(0.7)	12.8	12.1
Dividends paid	11	–	–	–	–	(25.7)	(25.7)
Purchase of shares by Employee Benefit Trust		–	–	(2.1)	–	–	(2.1)
Proceeds from sale of shares by Employee Benefit Trust		–	–	1.1	–	–	1.1
Share-based payments charge		–	–	–	–	1.7	1.7
Share-based payments exercised		–	–	2.6	–	(2.6)	–
Tax on share-based payments	25	–	–	–	–	0.2	0.2
<b>Balance at 31 December 2023</b>		2.1	0.2	(14.2)	(0.1)	219.8	207.8
Profit for the year		–	–	–	–	<b>17.5</b>	<b>17.5</b>
Other comprehensive loss		–	–	–	<b>(0.1)</b>	–	<b>(0.1)</b>
<b>Total comprehensive (loss)/income for the year</b>		–	–	–	<b>(0.1)</b>	<b>17.5</b>	<b>17.4</b>
Dividends paid	11	–	–	–	–	<b>(6.3)</b>	<b>(6.3)</b>
Proceeds from sale of shares by Employee Benefit Trust		–	–	<b>5.1</b>	–	–	<b>5.1</b>
Share-based payments charge		–	–	–	–	<b>1.0</b>	<b>1.0</b>
Share-based payments exercised		–	–	<b>3.7</b>	–	<b>(3.7)</b>	–
Tax on share-based payments	25	–	–	–	–	<b>(0.1)</b>	<b>(0.1)</b>
<b>Balance at 31 December 2024</b>		<b>2.1</b>	<b>0.2</b>	<b>(5.4)</b>	<b>(0.2)</b>	<b>228.2</b>	<b>224.9</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. General Information

Forterra plc (Forterra or the Company) and its subsidiaries (together referred to as the Group) are domiciled in the United Kingdom. The address of the registered office of the Company and its subsidiaries is 5 Grange Park Court, Roman Way, Northampton, NN4 5EA. The Company is the parent of Forterra Holdings Limited and Forterra Building Products Limited, which together comprise 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.

Forterra plc was incorporated on 21 January 2016 for the purpose of listing the Group on the London Stock Exchange. Forterra plc acquired the shares of Forterra Building Products Limited on 20 April 2016, which to that date held the Group's trade and assets, before admission to the main market of the London Stock Exchange.

The Consolidated Financial Statements of the Group for the year ended 31 December 2024 were approved for issue by the Board of Directors on 11 March 2025.

### 2. Summary of material accounting policies

#### (A) Basis of preparation

The accounting policies used in the preparation of the Consolidated Financial Statements of the Group are set out below. These accounting policies have been used consistently in all material respects across the periods presented. The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards. The Consolidated Financial Statements are presented in pounds sterling and all values are rounded to the nearest hundred thousand unless otherwise indicated.

In preparing the Consolidated Financial Statements management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure.

The Group has engaged in a detailed review of expected climate change impacts on the business and its assets and liabilities to establish any adjustments required and what reporting is necessary in its Consolidated Financial Statements for the year ended 31 December 2024. The explanation below of how this has been included in the Consolidated Financial Statements should be read in conjunction with the climate-related risk and governance section on pages 66 to 69 of the Sustainability Report within this Annual Report and Accounts. This process has been completed to ensure material accuracy of the financial reporting and that disclosure of relevant information complies with the requirements of IAS 1. The process has involved a review of reporting segments and each element of the Group's commitment to reach net zero by 2050, to identify if any of these items are expected to be materially impacted in a negative or positive way by weather, legislative, societal or revenue/cost changes.

The conclusion of the review was that, while there will undoubtedly be impacts on the Group, the 100% UK focused nature of the operations of the business significantly reduces the risk profile of the Group to impacts from weather-related changes. The changes necessary to achieve net zero will not have a materially adverse impact on the cash flows of the Group and indeed, warmer climates may present some opportunities as disclosed on page 69 of the Sustainability Report within this Annual Report and Accounts. Societal and legislative impacts are not considered to have a material impact on any one segment such that we need to break out reporting in a different way to previous years. Judgements are not considered to be significant, although clearly understanding of climate change is developing with time. Management review has concluded that there is no material impact for inclusion within modelling scenarios for viability purposes and given the profitability and short payback period of the cash generating units (CGUs), no issues were identified that would impact the carrying values of such tangible and intangible assets. Given the cash generation and facilities available, no significant issues were identified that would impact viability over the forecast period and therefore no further disclosure is required.

The preparation of the Consolidated Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in note 3.

#### (B) Going concern

The Group's debt facility comprises a committed revolving credit facility (RCF) of £170m extending to January 2027 with an option for an extension to June 2028 subject to lender consent. The option is available to be requested in the period from 17 March to 16 April 2025. At the balance sheet date, borrowings against the facility totalled £100m with £70m of headroom remaining. The cash balance stood at £15.2m with reported net debt before leases of £84.9m (2023: £93.2m) (net debt is presented inclusive of capitalised arrangement fees). The Group also benefits from an uncommitted overdraft facility of £10m which was undrawn at the year end.

The Group meets its working capital requirements through these cash reserves and facilities and closely manages working capital to ensure sufficient daily liquidity and prepares financial forecasts under various scenarios to ensure sufficient liquidity over the medium-term. Management maintains strong relationships with the Group's lenders and advisors and remains confident in the Group's ability to continue to access the financing it requires.

## 2. Summary of material accounting policies continued

The facility is normally subject to covenant restrictions of leverage (net debt/EBITDA) (as measured before leases) of less than 3 times and interest cover of greater than 4 times. However, given the combination of the Group's reduced EBITDA and increases in net debt in 2023, driven by inventory build, capital outflows and higher interest rates, amended covenants were agreed with the Group's lenders in March 2024 to provide additional headroom during 2024 and to March 2025. Quarterly covenant testing was introduced for the period of these amended covenants. Accordingly, the Group's leverage covenant for March 2025 is set at 3.75 times, with interest cover at 3 times. The covenants return to normal levels from June 2025 with testing reverting to half yearly. The Group has comfortably traded with its original covenants throughout 2024 and anticipates remaining within these covenants throughout 2025.

Management has modelled two financial scenarios for the period to 30 June 2026, comprising a base case and a plausible downside scenario, reflecting both macroeconomic and industry-specific projections. In addition to this, a reverse stress test has also been modelled.

Assumptions underpinning these scenarios are outlined as follows:

- The base case scenario is aligned to our current demand expectations, with short-term market conditions improving in 2025, reflected in sales volume growth;
- Following the production reductions made in 2023, management continues to align production to anticipated sales, minimising inventory growth. This in turn increases free cash flows and facilitates a reduction in net debt;
- Capital expenditure reduces from prior years, with the Group's spend on strategic projects largely complete. As above, this increases free cash flows and reduces net debt; and
- As in the prior year, the Group's plausible downside scenario takes into account the current levels of market demand which, for most of our products, remains approximately 30% below the levels last seen in 2022. 2022 is considered to be representative of a normalised market for the Group and as such is seen as a reasonable benchmark for scenario modelling. It is not considered plausible that demand could fall further than the assumptions detailed within the downside scenario laid out below.

Scenario	Sales volume assumptions	Management mitigations
Base	Volumes for 2025 increase, for the majority of products, between 6% and 11%, versus 2024. However these remain between 3% and 32% below 2022. Volumes continue to recover in 2026 but remain up to 23% below 2022	None necessary
Plausible downside	Volumes remain flat in 2025 versus 2024, which is a reduction of between 11% and 38% relative to 2022. Volumes begin to recover in 2026 but remain up to 35% below 2022	None necessary

Under both of the above scenarios, there is no breach in covenants throughout 2025 and in the period up to June 2026.

In addition to the scenarios, the Group has prepared a reverse stress test to determine the level of market decline that could potentially breach covenants, before further mitigating actions are taken. The reverse stress test indicated, that should volumes fall by a further 8% from the plausible downside, the Group would be at risk of breaching its covenants. This is viewed by the Board to be a highly unlikely scenario. The Board takes encouragement from the Government's ambition to materially increase housebuilding, although remains wary of the challenges in delivering this. A steady recovery in the market is anticipated during 2025 and the Board remains confident in the Group's ability to benefit significantly as markets recover and its strategic investments generate returns.

Further to this, in the event of sales volumes falling in line with those modelled in the reverse stress test, the Group would seek to enact further mitigating actions including additional cost savings, production reductions, curtailment in the quantum of dividend distributions and the sale of surplus land and buildings.

Taking the above into consideration, alongside trading performance for the first two months of 2025 which has continued the positive trends seen in the last quarter of 2024, with our brick volumes around 17% ahead of the prior year, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the going concern period to 30 June 2026. The Group therefore adopts the going concern basis in preparing these Consolidated Financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2. Summary of material accounting policies continued

#### (C) New standards, amendments and interpretations

The accounting policies adopted in the preparation of these Consolidated Financial Statements are consistent with those followed in the preparation of the Consolidated Financial Statements for the year ended 31 December 2023, except for the adoption of new standards effective as at 1 January 2024.

The following new standards and amendments apply for the first time in 2024, none of which had a material impact on the Consolidated Financial Statements:

- Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current; amendments to IAS 1, Lease liability in a Sale and Leaseback; amendments to IFRS 16, Supplier Finance Arrangements; amendments to IAS 7 and IFRS 7.

At the date of approval of these Consolidated Financial Statements there were a number of standards, amendments and interpretations that have been published and are effective for accounting periods beginning on or after 1 January 2025. These have not been applied in these Consolidated Financial Statements and are not expected to have a material impact when adopted. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### (D) Basis of consolidation

The Group controls an entity when it is exposed to, or has rights to, variable returns and has the ability to affect those returns through its power over the entity. A subsidiary is an entity over which the Group has control. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-Group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

#### (E) Foreign currency translation

The presentational currency of the Group is pounds sterling; the currency of the primary economic environment in which the Group operates.

Foreign currency transactions are translated into the presentational currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, or from the translation of monetary assets and liabilities denominated in foreign currencies at period end, are recognised in the Group's Consolidated Statement of Total Comprehensive Income.

#### (F) Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts for goods supplied, net of rebates, discounts, returns and value added taxes. The Group recognises revenue when performance obligations are met, as follows:

- Bricks and Blocks – on delivery of goods.
- Bespoke Products – on delivery of goods, or, for supply and fit contracts, on delivery and installation. Delivery and installation are construed as two separate performance obligations, however the pattern of installation is in a manner that the obligation is satisfied at the same time as the delivery of products, thus there is no time lag between the two performance obligations and hence revenue is recognised on installation.
- Bill and hold arrangements, for both reporting segments – when the customer obtains control of the goods, which arises when facts and circumstances indicate that control has passed and when all of the following criteria are met: (i) the reason for the arrangement is substantive; (ii) the product has been identified separately as belonging to the customer; (iii) the product is ready for delivery in accordance with the terms of the arrangement; and (iv) the Group does not have the ability to use the product or sell the product to another customer.

The Group provides volume-based rebates to certain customers, typically on an annual basis. Revenue is recognised net of rebates paid or accrued. In total £22.1m (2023: £16.3m) has been deducted from revenue in relation to rebates in the year.

#### (G) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee which has been identified as the chief operating decision maker.

#### (H) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset, costs attributable to bringing the asset to working condition for intended use, the initial estimate of any decommissioning obligation and associated changes to those estimates. When components of an item of property, plant and equipment have different useful lives, those components are accounted for as separate assets. Subsequent costs are included in the asset's carrying value where they meet the recognition criteria.

Assets are derecognised on disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of an asset and are recognised in the Consolidated Statement of Total Comprehensive Income. Where estimated future economic benefit falls below the carrying value of an asset or group of assets, the asset is impaired.

## 2. Summary of material accounting policies continued

Assets under construction are not depreciated until they are ready for use. For the other categories of property, plant and equipment, depreciation is charged to either cost of sales, distribution or administrative expenses within the Consolidated Statement of Total Comprehensive Income on a straight-line basis over the estimated useful life of the asset. The estimated useful lives of assets are as follows:

- Buildings: up to 50 years
- Plant and machinery: 2 to 40 years

Asset residual values are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying amount of an asset is written down if it is in excess of its recoverable amount.

Repairs and maintenance expenses do not meet the recognition criteria and are recognised as an expense in the Consolidated Statement of Total Comprehensive Income.

### (I) Intangible assets

#### (I) Goodwill

Goodwill arises on the acquisition of businesses, trade and assets where consideration paid exceeds the fair value at the acquisition date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs) that benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of fair value less costs to sell and value in use. Any impairment is recognised immediately as an expense in the Consolidated Statement of Total Comprehensive Income and is not subsequently reversed.

#### (II) Brand

Intangible assets relating to brands are not amortised as all held by the Group have an indefinite useful life, but are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment.

#### (III) Carbon credits

Purchased carbon credits are recorded at cost within intangible assets. The asset is surrendered at the end of the compliance period reflecting the consumption of the economic benefit and is recorded as being utilised. As a result, no amortisation is booked but an impairment charge may be recognised. Further details of the Group's policy in accounting for carbon credits are disclosed under section (T) of this note.

### (IV) Other intangible assets

Other intangibles consist of clay rights, acquired merchant relationships and software development costs. These are attributable to both reportable segments. All other intangible assets have finite lives and are carried at cost less accumulated amortisation. Amortisation for all intangible assets, including those internally generated, is charged to administrative expenses within the Consolidated Statement of Total Comprehensive Income on a straight-line basis over the estimated useful lives of the assets.

- Software: up to 7 years
- Clay rights: up to 12 years
- Merchant relationships: up to 8 years

### (V) Impairment of tangible and intangible assets

The Group continues to evaluate tangible and intangible assets for indicators of impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Judgements have remained consistent with prior periods.

The recoverable amount is defined as the higher of fair value less costs to sell and value in use, which in turn is the present value of the future cash flows expected to be derived from the asset.

Management sensitises value in use models to assess the level of sensitivity to each assumption. Within each model, accounting for reasonably possible changes in assumptions such as a 1% increase in discount rate, decrease in long-term growth rates, or a 10% fall in annual EBITDA does not eliminate headroom.

### (VI) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility to complete the development so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- That the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably measure development expenditure.

### (J) Leases

The Group leases various premises, land, fleet vehicles, cars and plant and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease terms are typically made for the following fixed periods:

- Land and property: up to 60 years
- Fleet vehicles, cars and plant and machinery: 2 to 7 years

Lease assets are recognised as a right-of-use asset, with a corresponding liability also recognised at the date at which the leased asset is available for use by the Group.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2. Summary of material accounting policies continued

#### (I) Lease liabilities

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities for the Group include the net present value of fixed lease payments due over the lease term. The Group remeasures lease liabilities if there is a change in the cash flows resulting in a change in index or rate used to determine lease payments.

Lease payments are discounted using the interest rate implicit in the lease if readily available. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments made in relation to lease interest charges are presented within interest paid within cash flows from operating activities in the Consolidated Statement of Cash Flows. Principal lease repayments made are recognised within cash flows from financing activities.

#### (II) Right-of-use assets

Right-of-use assets for the Group are measured at cost. This is determined as the initial measurement of the lease liability and the balance of any lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the asset. The useful life of right of use assets are as follows:

- Land and buildings: 8 to 14 years
- Plant, fleet and motor vehicles: 2 to 7 years

#### (III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low-value. Low-value assets comprise tools, IT equipment and small items of office equipment. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Total Comprehensive Income and presented within cash flows from operating activities within the Consolidated Statement of Cash Flows.

#### (K) Financial instruments

The Group determines the classification of financial assets and financial liabilities at initial recognition.

The principal financial assets and liabilities of the Group are as follows:

#### (I) Trade and other receivables (excluding prepayments)

Trade and other receivables are initially stated at fair value and subsequently measured at amortised cost.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. All trade receivables are expected to be settled in one year or less.

Trade and other receivables are reported net of an allowance for expected credit losses. Losses are calculated by reviewing lifetime expected credit losses using historic and forward-looking data on credit risk. Expected loss allowances are recorded in a separate provision account with the loss being recognised within administrative expenses in the Consolidated Statement of Total Comprehensive Income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

#### (II) Trade and other payables (excluding statutory non-financial liabilities)

Trade and other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest method.

#### (III) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. Short-term deposits are those deposits with a maturity of three months or less, held for the purpose of meeting short-term cash commitments, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

#### (IV) Loans and borrowings

Loans and borrowings are initially recognised at fair value, net of attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense.

Borrowing costs incurred by the Group which are directly attributable to the construction of a qualifying asset are capitalised as part of the asset, until the point at which the qualifying asset is determined substantially complete.

Strategic projects with an expected timeline to completion of greater than one year are considered qualifying assets by the Group.

Interest capitalised is determined either by way of interest incurred on specific borrowings entered in respect of qualifying assets, or through the determination of a capitalisation rate which is based on the interest on general borrowings of the Group, being the Group's Revolving Credit Facility, which is then applied to expenditure on qualifying assets. In the current period to 31 December 2024 the Group capitalised interest of £2.1m in respect of qualifying assets.

## 2. Summary of material accounting policies continued

### **(V) Derivative financial instruments (excluding those designated as cash flow hedges)**

The Group uses derivative financial instruments, in particular forward foreign exchange contracts and options, to manage the financial risks arising from the business activities and the financing of those activities. The Group does not use derivative financial instruments for speculative purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The energy costs of the Group are closely managed to ensure the impact of fluctuating energy costs is minimised. As such, forward contractual commitments are in place for both gas and electricity.

Under normal circumstances, the Group takes delivery of all energy purchased under each contract, meeting the requirements under IFRS 9 Financial Instruments of the own use exemption. These are then accounted for as executory contracts through the Consolidated Statement of Total Comprehensive Income in line with consumption.

If, due to unforeseen circumstances, the Directors do not at the balance sheet date expect to take delivery of all volumes committed for future periods, thus necessitating excess volumes to be sold back to the market, any open contracts for which this applies are valued at their fair value with any gain or loss recognised in the income statement for the period then ended.

### **(VI) Cash flow hedges**

When a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, the effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in Other Comprehensive Income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. For any other cash flow hedges, the amount accumulated in Other Comprehensive Income is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

### **(L) Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any costs expected to be incurred in sale. The Group applies an inventory provision for damaged, obsolete, excess and slow-moving inventory.

Raw materials are measured at the weighted average cost. This method perpetually applies a cost weighting to obtain an average cost of purchased inventory and inventory on hand in proportion to quantity.

Finished goods are measured at standard cost. Cost comprises; direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of a normalised operating capacity.

### **(M) Provisions**

Provisions are recognised in the Consolidated Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle that obligation and the amount can be reliably measured. If the effect is material the provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The change in provisions due to passage of time is recognised as a net finance expense.

Provisions for rebates are included within accrued liabilities and other payables.

Provisions are not made for future operating losses.

Provisions for restructuring costs, product liability, legal claims and carbon emissions obligations are all made based on the best estimate of the likely committed cash outflow, using relevant information available at the reporting date. Management engages third-party valuation experts, as appropriate, when material and complex estimates are required.

### **(N) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

### **(O) Net finance expense**

#### **Finance expense**

Finance expense comprises interest payable on borrowings from external and related parties, direct issue costs, interest paid on lease liabilities and unwinding of discount on long-term provisions. Finance expense is recognised in the Consolidated Statement of Total Comprehensive Income as it accrues using the effective interest method.

#### **Finance income**

Finance income comprises interest receivable on funds invested.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2. Summary of material accounting policies continued

#### (P) Current and deferred income tax

Income tax for the periods presented comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Total Comprehensive Income, unless it relates to items recognised directly in equity.

The current income tax charge is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### (Q) Employee benefits

The Group operates a defined contribution pension plan under which the Group pays fixed contributions. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense.

#### (R) Share-based payments

The Group operates a number of equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of shares or options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of shares or options granted. At each balance sheet date the Group revises its estimates of the number of shares or options that are expected to vest and recognises the impact of the revision on original estimates, if any, in the Consolidated Statement of Total Comprehensive Income, with a corresponding adjustment to equity.

#### (S) Own shares held by employee benefit trust

The Group has established two separate employee benefit trusts for the purposes of satisfying awards under the Group's share-based incentive schemes. Shares in the Group acquired by the Trusts are deducted from equity until shares are cancelled, reissued or disposed.

#### (T) Accounting for carbon credits

The Group's factories operate under the UK (Emission Trading Scheme) carbon pricing system. Purchased carbon credits are recorded at cost within intangible assets. A liability is recognised based on the level of emissions recorded in the relevant compliance period. Up to the level of allowances held, the liability is measured at the cost of purchase. Where the liability to surrender carbon credits exceeds the carbon allowances held, the provision is recognised for the shortfall measured at the prevailing market price and remeasured at the reporting date. Subsequent movements in the provision are recognised in the Statement of Total Comprehensive Income.

Due to the nature of carbon credits purchases being to satisfy obligations incurred through the Group's operations, the purchase and settlement of carbon credits are included in cash flows from operating activities within the Consolidated Statement of Cash Flows.

#### (U) Government grants

Government grants (including research and development credits) are recognised within the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants are presented as part of the income statement and are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised within the income statement in the period in which they become receivable. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

#### (V) 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 and internally assessed by management and the Board.

Management and the Board use several profit and non-profit related APMs in assessing Group performance and profitability.

These 'adjusted results' are presented before both adjusting and exceptional items as outlined below. A full reconciliation for each APM from adjusted through to statutory results is shown in note 30.

## 2. Summary of material accounting policies continued

### (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 year, management considers restructuring costs incurred as a result of market decline and aborted transaction costs to meet this definition. Exceptional items are further detailed in note 8.

### (II) Adjusting items

Adjusting items are disclosed separately in the Annual Report and Accounts 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 year, management has presented the below as adjusting items:

- The realised loss recognised within the Statement of Total Comprehensive Income for the sale of excess energy in 2024, where committed volume exceeded actual consumption by the Group, totalling £1.5m; and
- The fair value of forward energy contracts held where committed future volume is expected by management, as at 31 December 2024, to exceed total consumption by the Group. For these future contracts, the Group can no longer apply the own use exemption under IFRS 9 and instead recognise these as derivatives held at fair value on the balance sheet at 31 December 2024. The fair value gain of £7.1m, recognised in the Statement of Total Comprehensive Income, has been presented as an adjusting item for the year ended 31 December 2024. Further details around future forward energy contracts classified as derivative financial instruments can be found in note 22.

The Group has historically presented APMs as a measure of before exceptional items. Due to the inclusion of adjusting items since 2023, management has moved to present APMs which are calculated before both exceptional and adjusting items. The Group no longer use APMs which consider only exceptional items and the Consolidated Financial Statements have been presented to align with this. Management believes this presents a consistent view of performance which is in line with that reviewed internally and our banking covenants.

## 3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Consolidated Financial Statements under IFRS 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 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.

### (A) Accounting estimates

#### (I) Provisions

Provisions for restoration and decommissioning obligations are made based on the best estimate of the likely committed cash outflow. Management seeks specialist input from third-party experts to estimate the cost to perform necessary remediation work at the reporting date. These experts undertake site visits in years where scoping identifies there is a change in operations in the year which could suggest a change in these estimates, or at sites that have not been visited recently. Desktop reviews are undertaken to inform the estimates for other sites. If the cost estimates increased by 10% the value of provisions would change by c.£1.0m (2023: c.£1.2m). The useful lives of quarrying sites are based on the estimated mineral reserve remaining and manufacturing facilities linked to the useful life of site property, plant and equipment. Changes to these useful lives do not have a significant impact on the provision.

The estimation of inflation and discount rates is also considered to be judgemental and can have a significant impact on net present value. Management references information from the Bank of England when making such estimates. If the inflation or discount rate were changed and the spread between them increased by 1% the value of provisions would increase and decrease respectively by c.£1.8m (2023: c.£2.2m).

#### (II) Fair value of energy contracts

Where the Group holds forward energy purchases for which committed volumes are expected to exceed total consumption for the Group, these forward contracts are held at fair value. This is further detailed within (K) Financial instruments. In estimating fair value, management utilises future energy price forecasts from third-party experts which are modelled against contracted volume. If the future estimated energy prices were to vary by 10% across all periods modelled, the fair value gain would increase or decrease by £1.7m.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3. Critical accounting judgements and key sources of estimation uncertainty continued

#### (B) Accounting judgements

##### (I) Inventory valuation and provisioning

Inventory carrying value is stated after recognising inventory provisions. The accounting for potential inventory obsolescence is assessed using past sales data, with manual adjustments for new products to calculate provisions for slow moving inventory. This requires a degree of commercial judgement when determining saleability and price of certain finished goods.

##### (II) Exceptional and adjusting items

As referenced in note 8 and 30, the Group has disclosed certain exceptional and adjusting items within the Annual Report and Accounts. In determining whether something is classified as exceptional or adjusting, management makes reference to nature, size and expected infrequency, with the decision to include or exclude being a matter of judgement.

##### (III) Capitalisation of borrowing costs: qualifying assets

As referenced within (K) Financial instruments, borrowing costs incurred by the Group which are directly attributable to the construction of a qualifying asset are capitalised as part of the asset. The determination of a qualifying asset by management is considered to be a critical judgement.

Strategic projects with an expected timeline to completion of greater than one year are considered qualifying assets. In the current year, the Wilnecote brick factory redevelopment and the Accrington brick slip factory have been recognised as qualifying assets.

### 4. Segmental reporting

Management has determined the operating segments based on the management reports reviewed by the Executive Committee 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; and
- Bespoke Products: Manufacture and sale of bespoke products to the construction sector.

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 processes, suppliers, customers and distribution methods.

The Bespoke Products range includes precast concrete (marketed under the 'Bison Precast' brand), chimney and roofing solutions, each of which are typically made-to-measure or customised to meet the customer's specific needs. The precast concrete products are complemented by the Group's full design and nationwide installation services.

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 Consolidated Statement of Total Comprehensive Income 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 complementary building products.

Substantially all revenue recognised in the Consolidated Statement of Total Comprehensive Income arose within the UK.

## 4. Segmental reporting continued

## Segment revenue and results

	Note	2024			2023		
		Bricks and Blocks £m	Bespoke Products £m	Total £m	Bricks and Blocks £m	Bespoke Products £m	Total £m
Segment revenue		276.7	71.5	348.2	277.4	72.7	350.1
Inter-segment eliminations				(3.9)			(3.7)
<b>Revenue</b>				<b>344.3</b>			346.4
<b>EBITDA before adjusted items</b>		<b>49.0</b>	<b>3.0</b>	<b>52.0</b>	52.1	6.0	58.1
Depreciation and amortisation	13, 14, 24	(19.1)	(1.7)	(20.8)	(18.6)	(1.4)	(20.0)
<b>Operating profit before adjusted items</b>		<b>29.9</b>	<b>1.3</b>	<b>31.2</b>	33.5	4.6	38.1
Allocated exceptional items	8	(0.1)	(0.1)	(0.2)	(13.7)	(0.3)	(14.0)
Unallocated exceptional items	8			(2.7)			–
Allocated adjusting items	30	5.6	–	5.6	–	–	–
<b>Operating profit</b>				<b>33.9</b>			24.1
Finance expense	9			(9.1)			(7.0)
<b>Profit before tax</b>				<b>24.8</b>			17.1

## Segment assets

	Note	2024			2023		
		Bricks and Blocks £m	Bespoke Products £m	Total £m	Bricks and Blocks £m	Bespoke Products £m	Total £m
Intangible assets	13	9.7	1.9	11.6	16.8	2.4	19.2
Property, plant and equipment	14	255.4	8.4	263.8	240.8	8.9	249.7
Right-of-use assets	24	19.4	1.1	20.5	22.9	1.2	24.1
Inventories	15	79.0	3.0	82.0	92.1	3.7	95.8
<b>Segment assets</b>		<b>363.5</b>	<b>14.4</b>	<b>377.9</b>	372.6	16.2	388.8
Unallocated assets				64.5			55.9
<b>Total assets</b>				<b>442.4</b>			444.7

Property, plant and equipment, intangible assets, 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 segment information

	Note	2024			2023		
		Bricks and Blocks £m	Bespoke Products £m	Total £m	Bricks and Blocks £m	Bespoke Products £m	Total £m
Intangible asset additions	13	0.1	–	0.1	5.3	0.8	6.1
Property, plant and equipment additions	14	27.7	0.2	27.9	32.6	0.9	33.5
Right-of-use asset additions	24	2.5	0.2	2.7	11.2	1.1	12.3

## Customers representing 10% or greater of revenues

		2024			2023		
		Bricks and Blocks £m	Bespoke Products £m	Total £m	Bricks and Blocks £m	Bespoke Products £m	Total £m
Customer A		35.6	0.4	36.0	40.1	0.2	40.3



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5. Operating profit

*Profit from operations is stated after charging*

	Note	2024 £m	2023 £m
Depreciation and amortisation	13, 14, 24	<b>20.8</b>	20.0
Lease expense	24	<b>3.2</b>	3.7
Impairment of property, plant and equipment	14	<b>–</b>	5.0
Share-based payments	27	<b>1.0</b>	0.9

Depreciation and amortisation in the current year includes depreciation on right-of-use assets recognised through IFRS 16. Lease expenses relate to short-term leases and leases of low-value assets outside of the scope of IFRS 16, as detailed within note 24.

During the year, the Group recognised a research and development credit of £1.4m (2023: £2.3m) in respect of qualifying spend of £7.0m (2023: £7.2m) on research and development.

#### *Auditor's remuneration*

	2024 £m	2023 £m
<i>Audit services:</i>		
Fees payable for the audit of the Company and Consolidated Financial Statements	<b>0.1</b>	0.1
Fees payable for the audit of the subsidiary Financial Statements	<b>0.4</b>	0.4
	<b>0.5</b>	0.5

Non-audit services in the year totalled £0.2m (2023: £0.1m).

## 6. Other operating income

	Note	2024 £m	2023 £m
Loss on disposal of property, plant and equipment		–	(0.2)
Other income		0.8	0.7
Realised loss on sale of surplus energy	30	(1.5)	(0.8)
Movements in the fair value of energy contract derivatives	30	7.1	0.8
		<b>6.4</b>	0.5

The other income balance contains amounts relating to rental income, revenue from waste contracts and foreign exchange gains/losses incurred on operating expenses.

## 7. Employee costs

### Employment costs for the Group during the year

	Note	2024 £m	2023 £m
Wages and salaries		76.3	89.4
Pension costs		5.9	7.0
Social security costs		7.2	8.9
Share-based payments	27	1.0	0.9
Redundancies and terminations	8	0.2	8.8
		<b>90.6</b>	115.0

The total share-based payments cost in the year includes a national insurance contribution of £0.1m (2023: release of £0.3m).

### Average number of employees

	2024 Number	2023 Number
Administration	168	190
Production and distribution	1,306	1,597
	<b>1,474</b>	1,787

### Pension costs

Throughout the period under review the Group provided pension benefits to employees through defined contribution schemes and by way of a retirement allowance to some members of senior management.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 8. Exceptional items

	Note	2024 £m	2023 £m
Restructuring costs		(0.2)	(9.0)
Aborted corporate transaction		(2.7)	–
Impairment of plant and equipment	14	–	(5.0)
		(2.9)	(14.0)

#### 2024 exceptional items

During the year, the Group incurred exceptional expenses of £2.9m, of which £0.2m relates to restructuring costs and £2.7m relates to professional fees associated with an aborted corporate transaction.

#### 2023 exceptional items

Exceptional items in 2023 relate to costs associated with the restructuring of our operations. Restructuring activities were undertaken to reduce output in response to the decline in demand for our products. Cash restructuring costs totalled £9.0m, of which £8.8m related to redundancies and terminations made across the Group. In addition to this, non-cash impairment losses of £5.0m were recognised in respect of the carrying value of plant and equipment at the Howley Park and Claughton brick factories which were mothballed in the year. Further details of these impairments can be found in note 14.

#### Presentation of exceptional items

	Note	Cost of sales £m	Distribution costs £m	Administrative expenses £m	Total £m
<b>2024</b>					
Restructuring costs		(0.1)	–	(0.1)	(0.2)
Aborted corporate transaction		–	–	(2.7)	(2.7)
		(0.1)	–	(2.8)	(2.9)
<b>2023</b>					
Restructuring costs		(7.0)	(1.6)	(0.4)	(9.0)
Impairment of plant and equipment	14	(5.0)	–	–	(5.0)
		(12.0)	(1.6)	(0.4)	(14.0)

#### Tax on exceptional items

The restructuring costs incurred in the year, including redundancies and legal costs, were tax deductible.

### 9. Finance expense

	2024 £m	2023 £m
Interest payable on loans and borrowings	7.4	5.7
Interest payable on lease liabilities	1.0	0.7
Other finance expenses	0.1	–
Amortisation of capitalised financing costs	0.6	0.6
	9.1	7.0

Interest payable on loans and borrowings is presented net of borrowings costs which have been capitalised against qualifying assets. In the year to 31 December 2024 interest of £2.1m (2023: £nil) was capitalised against qualifying assets, with an average capitalisation rate of 6.6%.

Tax relief has been claimed on capitalised interest at the UK main rate of 25%.

## 10. Taxation

	Note	2024 £m	2023 £m
<b>Current tax</b>			
UK corporation tax on profit for the year		3.2	3.5
Prior year adjustment on UK corporation tax		(2.4)	(0.7)
<b>Total current tax</b>		0.8	2.8
<b>Deferred tax</b>			
Origination and reversal of temporary differences	25	4.1	0.9
Effect of changes in tax rates	25	–	0.1
Effect of prior period adjustments	25	2.4	0.5
<b>Total deferred tax</b>		6.5	1.5
<b>Income tax expense</b>		7.3	4.3
		2024 £m	2023 £m
<b>Current tax</b>			
Profit before taxation		24.8	17.1
Expected tax charge		6.2	4.0
Expenses not deductible for tax purposes		1.1	0.4
Effect of prior period adjustments		–	(0.1)
<b>Income tax expense</b>		7.3	4.3

The effective tax rate (ETR) used for statutory measures is 29.5% (2023: 25.0%) and the adjusted ETR is 27.1% (2023: 24.5%). Deferred tax is calculated at the rate at which the provision is expected to reverse. The UK main rate of corporation tax increased to 25% on 1 April 2023. There has been no change in the Finance Bill 2023.

## 11. Dividends

	2024 £m	2023 £m
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend of 1.0p per share (2023: 2.4p)	2.1	4.9
Final dividend of 2.0p per share in respect of prior year (2023: 10.1p)	4.2	20.8
	6.3	25.7

The Directors are proposing a final dividend for 2024 of 2.0p per share, making a total payment for the year of 3.0p (2023: 4.4p). This is subject to approval by the shareholders at the AGM and has not been included as a liability in the Consolidated Financial Statements.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 12. Earnings per share

The calculation of earnings per Ordinary share is based on profit or loss after tax and the weighted average number of Ordinary shares in issue during the year. Adjusted earnings per share is presented as an alternative performance measure to provide an additional year-on-year comparison. A reconciliation between adjusted and statutory results is presented within note 30.

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.

	Note	Adjusted		Statutory	
		2024 £m	2023 £m	2024 £m	2023 £m
Operating profit for the year		31.2	38.1	33.9	24.1
Finance expense	9	(9.1)	(7.0)	(9.1)	(7.0)
<b>Profit before tax</b>		<b>22.1</b>	31.1	<b>24.8</b>	17.1
Income tax expense	10	(6.0)	(7.6)	(7.3)	(4.3)
<b>Profit for the financial year</b>		<b>16.1</b>	23.5	<b>17.5</b>	12.8
Weighted average number of shares (millions)		210.6	206.6	210.6	206.6
Effect of share incentive awards and options (millions)		0.7	1.4	0.7	1.4
Diluted weighted average number of shares (millions)		211.3	208.0	211.3	208.0
<b>Earnings per share</b>		<b>Pence</b>	Pence	<b>Pence</b>	Pence
Basic earnings		7.6	11.4	8.3	6.2
Diluted earnings		7.6	11.3	8.3	6.2

Adjusted earnings per share is presented as an APM and is calculated by excluding both exceptional and adjusting items as detailed within note 30 to these Consolidated Financial Statements. The associated adjusted tax charge is calculated using the rate excluding these exceptional and adjusting items, being 27.1% (2023: 24.5%).

## 13. Intangible assets

	Brand £m	Carbon credits £m	Other intangibles £m	Total £m
<b>Cost</b>				
At 1 January 2024 <sup>1</sup>	11.1	8.9	24.6	44.6
Additions	–	–	0.1	0.1
Asset reclasses	–	–	0.1	0.1
Disposals	–	(6.0)	(0.1)	(6.1)
At 31 December 2024	11.1	2.9	24.7	38.7
<b>Accumulated amortisation and impairment</b>				
At 1 January 2024 <sup>1</sup>	(4.7)	–	(20.7)	(25.4)
Charge for the year	–	–	(1.7)	(1.7)
At 31 December 2024	(4.7)	–	(22.4)	(27.1)
<b>Net book value</b>				
At 1 January 2024	6.4	8.9	3.9	19.2
At 31 December 2024	6.4	2.9	2.3	11.6

	Brand £m	Carbon credits £m	Other intangibles £m	Total £m
<b>Cost</b>				
At 1 January 2023 <sup>1</sup>	11.1	12.0	24.2	47.3
Additions	–	5.2	0.9	6.1
Disposals	–	(8.3)	(0.5)	(8.8)
At 31 December 2023	11.1	8.9	24.6	44.6
<b>Accumulated amortisation and impairment</b>				
At 1 January 2023 <sup>1</sup>	(4.7)	–	(19.0)	(23.7)
Charge for the year	–	–	(2.0)	(2.0)
Disposals	–	–	0.3	0.3
At 31 December 2023	(4.7)	–	(20.7)	(25.4)
<b>Net book value</b>				
At 1 January 2023	6.4	12.0	5.2	23.6
At 31 December 2023	6.4	8.9	3.9	19.2

1. Goodwill for the Group has in previous years been fully written down to £nil net book value. As such, in the current year, the cost of £405.7m and accumulated impairment of £405.7m have been written off in their entirety and removed from the disclosure.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13. Intangible assets continued

The brand category comprises the acquired Thermalite and Bison Precast brands, components of the Bricks and Blocks and Bespoke Products reportable segments respectively.

The other intangibles category consists of purchases of clay rights, merchant relationships, order book, patent and software development costs. These are attributable to both reportable segments. Additions in the period relate to the upgrading of Group IT systems.

Carbon credits are purchased to satisfy compliance obligations of the Group, and whilst there is no obligation to utilise this within the next 12 months; a proportion of the year end balance is expected to be surrendered within 2025. Due to the nature of carbon credits being part of the Group's operating activities, any purchases made during the year are included in cash flows from operating activities within the Consolidated Statement of Cash Flows. No purchases were made during the year (2023: £5.2m).

No own work has been capitalised within software additions during the year (2023: £0.1m).

#### *Impairment of intangible assets*

##### *Goodwill and intangible assets with indefinite useful lives*

The Group no longer holds any carrying value associated with goodwill. Other intangible assets with indefinite useful lives consist of the Thermalite brand (net book value £6.0m) which is allocated to the Aircrete blocks CGU within the Bricks and Blocks reportable segment and the Bison Precast brand (net book value £0.4m) which is allocated to the Bespoke Products segment. Both brands are considered to have no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. These assets are not amortised but are subject to annual impairment tests. The Group estimates recoverable amount using a value in use model by projecting pre-tax cash flows over the indefinite useful life. The key assumptions underpinning recoverable amounts are forecast revenue, EBITDA margin, capital expenditure and the discount rate. The forecast revenues and EBITDA in the models are based on management's past experience and future expectations of performance. Maintenance capex is based on planned levels in the short-term and recent trends in the longer-term. A pre-tax discount rate of 12.9% in 2024 (2023: 12.9%) has been derived from a weighted average cost of capital (WACC) calculation and benchmarked against similar organisations operating within the sector and used to discount cash flows. EBITDA growth rates over the next five years vary by CGU between 14.2% and 19.4% and are based on management's past experience and expectations of future market performance. These compare to growth rates at 31 December 2023 of between 0.2% and 8.1%.

Terminal growth rate of 2.0% for 2024 (2023: 2.0%) is consistent across CGUs and reflects management's past experience, expectations of future market performance, longer-term industry forecasts and inflationary expectations.

The recoverable amounts in respect of indefinite life intangibles, as assessed by management using the above assumptions, is greater than the carrying amount, with sufficient headroom under forecast and sensitised scenarios, and therefore no impairment has been recognised in 2024 (2023: £nil).

The Group has considered the assumptions used within the scenario analysis exercise undertaken to better understand the possible range of risks and opportunities our business could face under different future climate forecasts made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure. In doing so, the Group has concluded that there is no material impact necessary for inclusion within modelling scenarios for impairment purposes. Given the profitability and short payback period of the CGUs of the Group, no issues were identified that would impact the carrying values of either tangible or intangible assets.

Should the costs associated with carbon emissions increase over time, this would be experienced across the industry and the Group would therefore expect to be able to recover this through its pricing strategy where possible. Primary mitigation however, remains the focus on reducing our emissions and delivering on the plan and targets outlined within the Sustainability Report within this Annual Report and Accounts.

Whilst recognising the risks associated with the longer-term demand for our products, our commitment to innovation and developing to meet the evolving needs of our customer base, paired with the acknowledged climate-related opportunities that the thermal properties of our products offer, leads the Group to believe that the useful lives of its brands are not currently impacted by climate-related risk.

## 14. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Total £m
<b>Cost</b>			
At 1 January 2024	180.1	310.3	490.4
Additions	9.0	18.9	27.9
Asset reclasses	0.2	(0.3)	(0.1)
Disposals	(2.7)	(13.4)	(16.1)
Change in the value of decommissioning assets	(0.9)	–	(0.9)
At 31 December 2024	185.7	315.5	501.2
<b>Accumulated depreciation and impairment</b>			
At 1 January 2024	(59.1)	(181.6)	(240.7)
Charge for the year	(2.8)	(10.1)	(12.9)
Disposals	2.7	13.4	16.1
Change in the value of decommissioning assets	0.1	–	0.1
At 31 December 2024	(59.1)	(178.3)	(237.4)
<b>Net book value</b>			
At 1 January 2024	121.0	128.7	249.7
<b>At 31 December 2024</b>	<b>126.6</b>	<b>137.2</b>	<b>263.8</b>

	Land and buildings £m	Plant and machinery £m	Total £m
<b>Cost</b>			
At 1 January 2023	184.1	277.1	461.2
Additions	7.1	26.4	33.5
Asset reclasses <sup>1</sup>	(10.7)	10.7	–
Disposals	–	(3.9)	(3.9)
Change in the value of decommissioning assets	(0.4)	–	(0.4)
At 31 December 2023	180.1	310.3	490.4
<b>Accumulated depreciation and impairment</b>			
At 1 January 2023	(56.4)	(171.1)	(227.5)
Charge for the year	(2.8)	(9.2)	(12.0)
Asset impairments	–	(5.0)	(5.0)
Disposals	–	3.7	3.7
Change in the value of decommissioning assets	0.1	–	0.1
At 31 December 2023	(59.1)	(181.6)	(240.7)
<b>Net book value</b>			
At 1 January 2023	127.7	106.0	233.7
At 31 December 2023	121.0	128.7	249.7

1. Asset reclasses in the prior period relate to reallocations of assets previously under construction across land and buildings and plant and machinery, following the commissioning of the new Desford brick factory.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 14. Property, plant and equipment continued

Land and buildings comprise sites used for administration, distribution, manufacturing and mineral extraction. Each asset is used to generate operating cash flows and rates of depreciation reflect this use. Quarries and manufacturing facilities are classified under land and buildings. Quarrying enables manufacturing and is not carried out for any other economic purpose. The two are therefore not considered to be distinct.

At 31 December 2024, capital commitments not yet incurred totalled £9.2m (2023: £20.6m).

Included within property, plant and equipment are assets under the course of construction of £48.8m (2023: £36.3m), comprising of £15.3m (2023: £5.5m) for land and buildings and £33.5m (2023: £30.8m) for plant and machinery.

	Land and buildings		Plant and machinery	
	2024 £m	2023 £m	2024 £m	2023 £m
<b>Strategic:</b>				
New Desford brick factory	4.1	0.4	0.1	10.8
Wilnecote brick factory redevelopment	8.5	4.7	21.8	13.9
Accrington brick slip development	1.4	–	10.4	3.2
<b>Maintenance:</b>				
Other assets	1.3	0.4	1.2	2.9
	<b>15.3</b>	<b>5.5</b>	<b>33.5</b>	<b>30.8</b>

### Impairment of tangible assets

Any impairment of tangible assets is determined in line with Group accounting policies. In the prior year, following restructuring actions taken by the Group and the mothballing of both sites, plant and machinery associated with the Howley Park brick factory CGU and the Cloughton brick factory CGU, which both sit within the Bricks and Blocks reportable segment, was impaired. The plant and machinery at both sites was fully written down as it is not expected to generate cash flows in the medium-term or have a material and readily realisable market value. In total £0.9m was impaired at Howley Park and £4.1m at Cloughton.

Whilst the land and buildings associated with these two factories are not being utilised in generating cash flows, management have estimated fair value less costs to sell to support their carrying values. For Howley Park, where the carrying value remains at £4.5m (2023: £4.5m), this estimation has been supported by a third-party 'Red Book' assessment. The Group considers the fair value for both sites to be above the carrying values held at 31 December 2024 and has therefore not recognised any impairment of land and buildings in the year. At 31 December 2024 the property, plant and equipment of these mothballed factories held carrying values of £4.5m (2023: £4.5m) in relation to Howley Park and £0.5m (2023: £0.5m) in relation to Cloughton.

The Group has considered the assumptions used within the scenario analysis exercise undertaken to better understand the possible range of risks and opportunities our business could face under different future climate forecasts made in accordance with the recommendations of the Task Force on Climate-related Financial Disclosure. In doing so, the Group has concluded that there is no material impact necessary for inclusion within modelling scenarios for impairment purposes. Given the profitability and short payback period of the CGUs of the Group, no issues were identified that would impact the carrying values of either tangible or intangible assets.

### 15. Inventories

	2024 £m	2023 £m
Raw materials	11.3	11.2
Work in progress	1.9	2.4
Finished goods	66.6	79.7
Other inventory	2.2	2.5
	<b>82.0</b>	<b>95.8</b>

Costs relating to raw materials and consumables included within cost of sales during the year were £73.4m (2023: £70.3m). Employment expenses within cost of sales totalled £59.4m (2023: £57.4m).

The balance in other inventory mainly comprises packaging and consumables.

**15. Inventories** continued

Write-downs of inventories recognised as an expense in the year were £3.8m (2023: £1.4m). Reversals of previous inventory write-downs in the period were £2.8m (2023: £1.5m). Reversals of inventory write-downs are primarily due to changes in provision estimates and judgements for obsolete or slow moving inventory. There is no significant difference between the replacement cost of inventories and their carrying amounts.

**16. Trade and other receivables**

	2024 £m	2023 £m
Trade receivables	34.4	25.2
Other receivables	1.2	1.4
Prepayments	3.4	4.4
	<b>39.0</b>	<b>31.0</b>

*The ageing profile of trade receivables is:*

	2024 £m	2023 £m
Trade receivables not yet due	28.6	19.7
1 to 30 days past due	3.2	4.0
31 to 60 days past due	0.9	0.8
61 to 90 days past due	1.0	0.3
Over 90 days past due	0.7	0.4
	<b>34.4</b>	<b>25.2</b>

Included within trade receivables are balances which are past due at the balance sheet date but have not been provided for. These balances relate to customers who have no recent history of default and whose debts are considered to be recoverable.

Procedures are in place to ensure that customer creditworthiness is assessed and monitored sufficiently and that appropriate credit limits are in place and enforced. Provisions for impairment are calculated by reviewing lifetime expected credit losses as further detailed in note 22. An analysis of the provision movement in the current year is as follows:

	2024 £m	2023 £m
At 1 January 2024	0.7	1.0
Statement of Total Comprehensive Income charge	–	(0.2)
Written off	–	(0.1)
<b>At 31 December 2024</b>	<b>0.7</b>	<b>0.7</b>

**17. Cash and cash equivalents**

	2024 £m	2023 £m
Cash at bank and in hand	15.2	16.0

Cash at bank and in hand is held in pounds sterling and euros. As at 31 December 2024, £0.2m was held in euros (2023: £1.3m).

**18. Trade and other payables**

	2024 £m	2023 £m
Trade payables	39.9	37.5
Payroll tax and other statutory liabilities	9.1	4.5
Accrued liabilities and other payables	19.7	24.3
	<b>68.7</b>	<b>66.3</b>

The other payables balance contains predominantly amounts owed in relation to rents, rates and pension liabilities.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 19. Loans and borrowings

	2024 £m	2023 £m
<b>Current loans and borrowings:</b>		
Interest	0.7	0.4
<b>Non-current loans and borrowings:</b>		
Capitalised financing costs	(0.6)	(1.2)
Revolving credit facility	100.0	110.0
	<b>100.1</b>	109.2

The Group's credit facility comprises a committed revolving credit facility (RCF) of £170m extending to January 2027 with an option for an extension to June 2028 subject to lender consent. The Group also benefits from an uncommitted overdraft facility of £10.0m.

Interest 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 3.5% where leverage is between 3.5 times and 4 times (in line with the covenant relaxations outlined below).

The facility is normally subject to covenant restrictions of net debt/EBITDA (as measured before the impact of IFRS 16) of less than 3 times and interest cover of greater than 4 times.

The business has traded comfortably within these covenants throughout 2024, although in order to ensure a sufficient degree of headroom during 2024, amended covenants were agreed with the Group's lenders. Accordingly, the Group's leverage covenant was increased to 3.75 times in December 2024, with interest cover decreasing to 3 times. In addition, quarterly covenant testing was introduced for the period of the covenant relaxation. As such, in March 2025 leverage is set at 3.75 times and interest cover at 3 times. The covenants return to normal levels from June 2025 with testing reverting to half yearly.

In line with the above, the existing restriction prohibiting the declaration or payment of dividends should leverage exceed 3 times EBITDA was amended to 4 times EBITDA in 2024. This will return to 3 times in 2025.

The facility is linked to our sustainability targets with the opportunity to adjust the margin by 5 bps subject to achieving annual sustainability targets covering decarbonisation, plastic reduction and increasing the number of employees in earn and learn positions. These targets were not achieved in 2023 or 2024. Further information is included in our Sustainability Report within these Annual Report and Accounts.

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

## 20. Notes to the Consolidated Statement of Cash Flows

	Note	2024 £m	2023 £m
<b>Cash flows from operating activities</b>			
Profit before tax		24.8	17.1
Finance expense	9	9.1	7.0
Exceptional items	8	2.9	14.0
Adjusting items	30	(5.6)	–
<b>Adjusted operating profit</b>		31.2	38.1
<i>Adjustments for:</i>			
Depreciation and amortisation	13, 14, 24	20.8	20.0
Loss on disposal of property, plant and equipment and right-of use assets		–	0.2
Movement in provisions		(5.6)	(2.9)
Purchase of carbon credits	13	–	(5.2)
Settlement of carbon credits	13	6.0	8.3
Share-based payments	27	1.0	0.9
Other non-cash items		(1.9)	(2.3)
<i>Changes in working capital:</i>			
Inventories		13.8	(52.8)
Trade and other receivables		(8.0)	13.3
Trade and other payables		2.8	(22.9)
<b>Adjusted cash generated from/(used in) operations</b>		60.1	(5.3)
Cash flows relating to operating exceptional items		(6.5)	(5.1)
Cash flows relating to operating adjusting items		(1.8)	(0.8)
<b>Cash generated from/(used in) from operations</b>		51.8	(11.2)



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 21. Net debt

	Note	2024 £m	2023 £m
Cash and cash equivalents	17	15.2	16.0
Loans and borrowings	19	(100.1)	(109.2)
Lease liabilities	24	(20.9)	(24.2)
<b>Net debt</b>		<b>(105.8)</b>	<b>(117.4)</b>

#### Reconciliation of net debt

	Note	2024 £m	2023 £m
<b>Adjusted cash generated from/(used in) operations</b>		<b>60.1</b>	<b>(5.3)</b>
Payments made in respect of exceptional items		(6.5)	(5.1)
Payments made in respect of adjusting items		(1.8)	(0.8)
<b>Cash generated from/(used in) operations</b>		<b>51.8</b>	<b>(11.2)</b>
Interest paid		(10.0)	(6.1)
Tax credit/(paid)		0.4	(2.7)
Net cash outflow from investing activities		(25.6)	(33.8)
Dividends paid	11	(6.3)	(25.7)
Purchase of shares by Employee Benefit Trust		–	(2.1)
Proceeds from sale of shares by Employee Benefit Trust		5.1	1.1
New lease liabilities	24	(2.7)	(12.3)
Other financing movement		(1.1)	(0.7)
Decrease/(increase) in net debt		11.6	(93.5)
Net debt at the start of the year		(117.4)	(23.9)
<b>Net debt at the end of the year</b>		<b>(105.8)</b>	<b>(117.4)</b>

### 22. Financial instruments

	Note	2024 £m	2023 £m
<b>Financial assets</b>			
Cash and cash equivalents	17	15.2	16.0
Trade and other receivables (excluding prepayments)	16	35.6	26.6
Derivative financial assets		7.9	6.6
		<b>58.7</b>	<b>49.2</b>
<b>Financial liabilities</b>			
Trade and other payables (excluding non-financial liabilities)	18	59.6	61.8
Loans and borrowings	19	100.1	109.2
Lease liabilities	24	20.9	24.2
Derivative financial liabilities		0.1	5.8
		<b>180.7</b>	<b>201.0</b>

Cash and cash equivalents, trade and other receivables, trade and other payables and derivative financial instruments as referenced above are derived directly from operations. Loans and borrowings and lease liabilities are arranged periodically to finance operating and investing activities.

**22. Financial instruments** continued

All financial assets and liabilities are held at amortised cost, with the exception of derivatives which are held at fair value based on future energy price forecasts from third-party experts and modelled against contracted volume. These instruments are measured at fair value using Level 2 valuation techniques subsequent to initial recognition.

**Capital management**

The Group manages capital (being loans and borrowings, cash and cash equivalents and equity) to ensure a sufficiently strong capital base to support the Group remaining a going concern, maintain investor and creditor confidence, provide a basis for future development of the business and maximise the return to stakeholders.

The Group manages its loans and borrowings to ensure continuity of funding. A key objective is to ensure compliance with the covenants set out in the Group's bank facility agreements.

In managing capital, the Group may purchase its own shares on the open market. These purchases meet the Group's obligation to employees under the Group's share-based payment schemes.

There has been no change in the objectives, policies or processes with regard to capital management during the years ended 31 December 2023 and 31 December 2024.

**Financial risk management**

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group uses derivative financial instruments to periodically manage risks if it is judged to be prudent. The risk management framework governing the management of these and all other business risks is set by the Board of Forterra plc.

**Foreign exchange risk**

The functional and presentational currency of the Group is pounds sterling, although some transactions are executed in euros. The transactional amounts realised or settled are therefore subject to the effect of movements in these currencies against pounds sterling. Foreign currency exposure is centrally managed by the Group's Treasury function using forward foreign exchange contracts and currency options.

**Principal rate of exchange: euro/sterling**

	2024 £m	2023 £m
Year end	1.20	1.15
Average	1.18	1.15

**Cash flow hedges**

The Group enters into forward currency contracts which are designated as cash flow hedges. These are entered into to mitigate the Group's exposure to fluctuations in foreign currency exchange rates in relation to committed spend on property, plant and equipment. The Group has established a 1:1 hedge ratio for these hedging relationships, as the underlying risk of the forward currency contract is identical to the risk for the plant and equipment hedged.

The Group has entered into foreign forward contracts over purchases of equipment for the redevelopment of its Wilnecote facility, the payments for which are denominated in euro. At 31 December 2024, a total of €4.5m remained undrawn under forward contracts. The contracts have staggered maturity dates over the next three months. There has been no change in the expected value or timing of future purchases of plant and equipment such that the Group has recognised any hedge as ineffective in the year.

The Group previously also entered into foreign forward contracts over purchases of equipment for its Accrington facility. All contracts open for Accrington during 2024 were fully utilised in the period to 31 December 2024 and as such there were no forward contracts open in relation to Accrington at the balance sheet date.

The Group classifies its forward foreign exchange contracts as cash flow hedges and holds them at fair value. The fair value of the cash flow hedges in place at 31 December 2024 is a liability £0.1m (2023: liability of less than of £0.1m), which is adjusted against the cash flow hedge reserve. During the year, a loss of £0.1m (2023: loss of £0.7m) has been recognised in Other Comprehensive Income in relation to these contracts.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 22. Financial instruments continued

#### **Interest risk**

The Group has secured its borrowings from a group of leading banks under a revolving credit facility. These facilities allow the Group to meet short, medium and long-term financing requirements at a margin over SONIA. The Group manages interest risk on an ongoing basis and reviews options available to hedge part of the variable rate risk.

A sensitivity analysis has been performed based on the exposure to interest rates at the balance sheet date. Based on the average borrowings drawn down in 2024, a 1.0% increase or decrease in interest rates, with all other variables held constant, would increase or decrease profit before taxation by £1.2m (2023: £0.8m) for the year ended 31 December 2024.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises on cash balances (including bank deposits and cash and cash equivalents) and credit exposure to customers through trade and other receivables. A financial asset is in default when the counterparty fails to pay its contractual obligations.

Financial assets are impaired when there is no reasonable expectation of recovery.

To dilute and mitigate the financial credit risk associated with cash balances, the Group deposits cash and cash equivalents with multiple highly-rated counterparties.

Credit risk associated with trade receivables results from normal commercial operations. Procedures are in place to ensure that customer creditworthiness is assessed and monitored sufficiently and that appropriate credit limits are in place and enforced.

Trade and other receivables are stated net of management estimated expected credit losses.

With respect to trade and other receivables, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Impairments of trade receivables in the year were less than £0.1m (2023: less than £0.1m).

#### **Commodity price risk**

##### **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 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 will exceed budgeted total consumption. In these instances, the quantities which have been 'over purchased' will be sold back to the market, crystallising a realised gain or loss. As was the case at 31 December 2023, 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 31 December 2024 the Group has recognised a current asset of £5.1m (2023: £1.6m) and a non-current asset of £2.8m (2023: £5.0m) in relation to these contracts. The 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 during the normal course of business.

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 2023, being £7.1m, has been presented as an adjusting item in these Consolidated Financial Statements. Further details can be found in note 30.

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.

## 22. Financial instruments continued

**Liquidity risk**

The Group's borrowing facilities are available to ensure that there is sufficient liquidity to exceed maximum forecast cash flow requirements in all reasonably possible circumstances. The Group monitors cash flow on a weekly basis to ensure that headroom exists within current agreed facilities and updates the Executive Committee on liquidity and the sources of cash flow performance and forecasts.

The maturity profile of contractual undiscounted cash outflows, including expected interest payments, which are payable under financial liabilities at the balance sheet date is set out below:

	Less than one year £m	One to two years £m	Two to three years £m	Three to four years £m	Four to five years £m	Greater than five years £m	Total £m
<b>2024</b>							
Trade and other payables (excluding non-financial liabilities)	59.6	–	–	–	–	–	59.6
Loans and borrowings	33.3	25.1	54.6	–	–	–	113.0
Lease liabilities	6.5	6.2	5.6	2.8	1.1	0.7	22.9
Derivative liabilities	0.1	–	–	–	–	–	0.1
	99.5	31.3	60.2	2.8	1.1	0.7	195.6
<b>2023</b>							
Trade and other payables (excluding non-financial liabilities)	61.8	–	–	–	–	–	61.8
Loans and borrowings	8.7	57.4	61.9	1.0	–	–	129.0
Lease liabilities	6.6	5.8	5.6	4.9	2.3	1.3	26.5
Derivative liabilities	5.8	–	–	–	–	–	5.8
	82.9	63.2	67.5	5.9	2.3	1.3	223.1

The maturity profile for loans and borrowings is structured around management's viability modelling. There is no material difference between the carrying value and fair value of the Group's financial assets and liabilities.

A reconciliation of liabilities arising from financing activities has been detailed below:

	Note	At 1 January 2024 £m	Cash flow £m	Interest charge £m	Disposal £m	Capitalised interest £m	New leases £m	At 31 December 2024 £m
<b>2024</b>								
Loans and borrowings	19	109.2	(19.2)	8.0	–	2.1	–	100.1
Lease liabilities	24	24.2	(6.9)	1.0	(0.1)	–	2.7	20.9
<b>2023</b>								
Loans and borrowings	19	40.2	62.7	6.3	–	–	–	109.2
Lease liabilities	24	18.0	(6.8)	0.7	–	–	12.3	24.2



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 23. Provisions for other liabilities and charges

	Restoration and decommissioning £m	Other provisions £m	Carbon credits £m	Restructuring costs £m	Total £m
At 1 January 2024	11.5	1.5	8.2	3.9	25.1
Charged/(credited) to the Consolidated Statement of Total Comprehensive Income:					
– Additional provision	0.4	0.1	2.8	–	3.3
– Release of provision	(1.8)	(0.2)	–	(0.3)	(2.3)
– Utilised amounts	(0.4)	(0.3)	(7.1)	(3.6)	(11.4)
– Unwind of discount	0.1	–	–	–	0.1
<b>At 31 December 2024</b>	<b>9.8</b>	<b>1.1</b>	<b>3.9</b>	<b>–</b>	<b>14.8</b>
<i>Analysed as:</i>					
				2024 £m	2023 £m
Current				6.6	15.7
Non-current				8.2	9.4
				14.8	25.1

The other provisions balance is made up of provisions for lease dilapidations and product liability provisions.

Non-current provisions are discounted at a rate of 4.0% (2023: 3.3%).

The unwind of discount in the year is shown as a finance expense. The restructuring provision as detailed within note 8.

#### *Restoration and decommissioning*

The Group is required to restore quarrying sites to a state agreed with the planning authorities after extraction of raw materials ceases, and to decommission manufacturing facilities that have been constructed. Provisions for restoration and decommissioning obligations are made based on the best estimate of the likely committed cash outflow. Management seeks specialist input from third-party experts to estimate the cost to perform any necessary remediation work at the reporting date. These experts undertake site visits during the year, either where scoping identifies there is a change in operations which could change estimates, or to sites that have not been visited recently. Desktop reviews are undertaken to inform the estimates for remaining sites.

The useful lives of quarrying sites are based on the estimated mineral reserve remaining and manufacturing facilities linked to the useful life of site property, plant and equipment. Estimates of appropriate inflation and discount rates are judgemental and can have a significant impact on net present value. Management references information from the Bank of England when making such estimates. These provisions are discounted by applying a discount rate that reflects the passage of time. Estimates are revised annually and, in the case of decommissioning provisions, are adjusted against the asset to which the provision relates. Assets are then subject to impairment assessments at a CGU level. Future costs are expected to be incurred over the useful life of the sites, which is a period of up to 50 years.

The following table shows the timeline in which undiscounted costs in relation to the restoration and decommissioning provision are expected to become current:

	Current £m	1 to 20 years £m	21 to 40 years £m	40 years plus £m	Total £m
Restoration and decommissioning	1.7	2.0	5.9	0.2	9.8

## 24. Leases

The Group leases various premises, land, fleet vehicles, cars and plant and equipment. Lease terms are negotiated on an individual basis, and terms and conditions can vary.

In addition, the Group also leases machinery on a short-term basis (less than 12 months) and office equipment of low financial value. These leases are recognised on a straight-line basis as an expense in the Consolidated Statement of Total Comprehensive Income.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Land and buildings £m	Plant, fleet and motor vehicles £m	Total £m
At 1 January 2023	1.8	16.3	18.1
Additions	0.8	11.5	12.3
Disposals	–	(0.3)	(0.3)
Depreciation expense	(0.5)	(5.5)	(6.0)
At 1 January 2024	<b>2.1</b>	<b>22.0</b>	<b>24.1</b>
Additions	<b>0.2</b>	<b>2.5</b>	<b>2.7</b>
Disposals	<b>–</b>	<b>(0.1)</b>	<b>(0.1)</b>
Depreciation expense	<b>(0.6)</b>	<b>(5.6)</b>	<b>(6.2)</b>
<b>At 31 December 2024</b>	<b>1.7</b>	<b>18.8</b>	<b>20.5</b>

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 £m	2023 £m
At 1 January 2024	<b>(24.2)</b>	(18.0)
New leases	<b>(2.7)</b>	(12.3)
Interest	<b>(1.0)</b>	(0.7)
Payments	<b>6.9</b>	6.6
Disposal of leases	<b>0.1</b>	0.2
<b>At 31 December 2024</b>	<b>(20.9)</b>	(24.2)

Payments above of £6.9m (2023: £6.6m) include £5.9m (2023: £5.9m) of capital repayment and £1.0m (2023: £0.7m) of interest paid.

	2024 £m	2023 £m
Current	<b>(5.8)</b>	(5.7)
Non-current	<b>(15.1)</b>	(18.5)
	<b>(20.9)</b>	(24.2)

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 24. Leases continued

The following are the amounts recognised in the Consolidated Statement of Total Comprehensive Income:

	2024 £m	2023 £m
Depreciation of right-of-use-assets	6.2	6.0
Interest payable on lease liabilities	1.0	0.7
Expenses relating to short-term leases	3.2	3.7
	10.4	10.4

Leases of low financial value for the year ended 31 December 2024 were less than £0.1m (2023: less than £0.1m). During the years ended 31 December 2024 and 31 December 2023, the Group did not hold any lease contracts with variable payment terms.

The Group has several land and property lease contracts that include termination options, known as 'break clauses'. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these clauses are reasonably certain to be exercised.

At 31 December 2024, the Group has determined it is unlikely any break clause would be exercised, and full lease terms have been considered within the present value calculations.

At 31 December 2024, lease commitments that were contracted but had not yet commenced totalled £0.1m (2023: £nil).

### 25. Deferred tax

The analysis of deferred tax liabilities is as follows:

	2024 £m	2023 £m
Deferred tax liabilities to be incurred after more than 12 months	12.9	6.3

The movement in deferred tax assets/(liabilities) is as follows:

	Fixed assets £m	Provisions £m	Intangible assets £m	Share- based payments £m	Other £m	Total £m
At 1 January 2023	(8.4)	3.4	(1.0)	1.1	(0.1)	(5.0)
(Charged)/credited to Consolidated Statement of Total Comprehensive Income	(0.9)	–	–	(0.1)	0.1	(0.9)
Effect of changes in tax rates	(0.1)	–	–	–	–	(0.1)
Effect of prior period adjustments	(0.4)	–	–	(0.1)	–	(0.5)
Tax on items taken directly to equity	–	–	–	0.2	–	0.2
At 31 December 2023	(9.8)	3.4	(1.0)	1.1	–	(6.3)
(Charged)/credited to Consolidated Statement of Total Comprehensive Income	(3.3)	(0.3)	–	–	(0.5)	(4.1)
Effect of changes in tax rates	–	–	–	–	–	–
Effect of prior period adjustments	(2.4)	–	–	–	–	(2.4)
Other movements	0.2	(0.2)	–	–	–	–
Tax on items taken directly to equity	–	–	–	(0.1)	–	(0.1)
At 31 December 2024	(15.3)	2.9	(1.0)	1.0	(0.5)	(12.9)

Deferred tax is calculated on temporary differences between the tax base of assets and liabilities and their carrying amounts, using the corporation tax rate applicable to the timing of their reversal.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle the balances net.

## 26. Share capital and other reserves

### Share capital

Called up issued and fully paid Ordinary shares.

	2024 Number	2024 £m	2023 Number	2023 £m
<b>Allotted, called up and fully paid 1p Ordinary shares</b>				
At 1 January 2024	<b>212,803,389</b>	<b>2.1</b>	212,803,389	2.1
<b>At 31 December 2024</b>	<b>212,803,389</b>	<b>2.1</b>	212,803,389	2.1

### Reserve for own shares

Own shares represent the cost of Forterra plc shares purchased in the market and held by employee benefit trusts to satisfy the future exercise of options under the Group's share option schemes. At 31 December 2024, two trusts were in place and consolidated within the Consolidated Financial Statements.

The first trust holds 299,106 Ordinary shares (2023: 392,825), relating to shares granted under two free share awards. The first of these was granted on 25 May 2016, the second on 10 February 2021. Shares granted under the 2016 award were issued by the Company. To satisfy the 2021 award, a total of 291,483 shares were purchased by the Company through the Trust. The total weighted average cost for shares held by the Trust at 31 December 2024 was 165p per share (2023: 165p), which is reflected in the reserve for own shares within the Consolidated Statement of Changes in Equity. The market value of shares held by the Trust at 31 December 2024 was £0.5m (2023: £0.7m).

The second trust holds 1,889,884 (2023: 5,512,425) shares at an average cost of 260p per share (2023: 249p), reflected within the reserve for own shares within the Consolidated Statement of Changes in Equity. The market value of these shares at 31 December 2024 was £3.1m (2023: £9.7m).

### Capital redemption reserve

The capital redemption reserve records the nominal value of shares repurchased by the Company.

### Cash flow hedge reserve

The cash flow hedge reserve reflects the gains and losses arising on forward foreign exchange contracts which are designated as cash flow hedges.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 27. Share-based payments

#### Total cost of share schemes:

	2024 £m	2023 £m
Share Incentive Plan (SIP)	(0.2)	0.3
Performance Share Plan (PSP)	0.8	(0.4)
Sharesave Plan (SAYE)	0.4	0.6
Share-based incentive	–	0.4
	<b>1.0</b>	<b>0.9</b>

The total cost of share schemes in the year includes a national insurance contribution of £0.1m (2023: credit of £0.3m). The total national insurance liability, relating to share-based payments, held within the Consolidated Balance Sheet as at 31 December 2024 was £0.3m (2023: £0.1m).

#### Summary of share option and share award arrangements

The Group operates a number of share schemes for the benefit of employees, all of which are equity-settled (although the rules of the PSP and DABP allow for cash settlement in exceptional circumstances).

#### Share awards

##### Share Incentive Plan (SIP)

On 25 May 2016, 442,068 deferred free shares were awarded to all employees in service at this date. Shares to the value of £500 were issued which vested in May 2019, three years after the date of grant, subject to a three-year service condition. Further to this, on 10 February 2021, an additional £500 award was made to all serving employees, subject to the same service condition as in 2016. A total of 314,075 shares were granted under this award. Unexercised shares are held by the Employee Benefit Trust on behalf of the Group's employees and detailed within note 26.

#### Share options

##### Share-based incentive

An award of 207,784 Ordinary share options was granted to Neil Ash (CEO) on 3 April 2023 as compensation for amounts foregone in respect of long-term incentives in his previous employment. The award was structured as nominal cost options with immediate vesting at an exercise price of £0.01 per Ordinary share. These options were exercised on 3 April 2023. Due to their immediate vesting, the fair value of these awards was taken as their market value on the date of grant, being 197p per share.

##### Performance Share Plan (PSP)

Performance based awards granted to the Executive Directors and designated senior management which vest three years after the date of grant at 1p 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. The most recent PSP, being that granted in 2024, is structured with 40% of the award subject to an EPS performance condition, 40% of the award subject to a TSR performance condition and 20% of the award subject to sustainability targets. In addition to this, a holding period applies to vested PSP awards for the Executive Directors of Forterra plc, under which they are required to retain the number of vested awards, net of tax, for at least two years from the date of vesting.

##### Deferred Annual Bonus Plan (DABP)

A portion of the Executive Directors' annual bonus award is deferred into shares under a DABP, with a deferral period of three years. These awards are accrued as a bonus in the year to which they relate and are converted into deferred share awards after the year end. No DABP award was granted during 2024 (2023: £0.3m). At 31 December 2024 an amount of £0.2m (2023: £nil) has been recorded in accruals and is expected to be awarded in 2025 relating to bonuses achieved in the year.

##### Sharesave (SAYE)

This HM Revenue and Customs approved scheme is available to all employees, with schemes offered annually since 2016. Employees make monthly contributions of up to £500 per month into a linked savings account where these may be exchanged three years from each grant date for shares at an option price discounted by 20% from the offer date.

## 27. Share-based payments continued

The aggregate number of share awards outstanding for the Group is shown below:

	PSP Number of options	DABP Number of options	SAYE Number of options
At 1 January 2023	2,820,170	144,402	7,669,346
Awards granted	1,416,394	153,528	5,580,402
Awards exercised	(217,639)	(173,673)	(757,937)
Awards lapsed/forfeited	(1,053,183)	–	(2,908,689)
At 31 December 2023	<b>2,965,742</b>	<b>124,257</b>	<b>9,583,122</b>
Awards granted	<b>1,407,772</b>	–	<b>1,532,961</b>
Awards exercised	<b>(254,789)</b>	–	<b>(2,295,037)</b>
Awards lapsed/forfeited	<b>(825,667)</b>	–	<b>(2,376,330)</b>
<b>At 31 December 2024</b>	<b>3,293,058</b>	<b>124,257</b>	<b>6,444,716</b>

Options were exercised on a regular basis throughout the year. The average share price during the year was 171p (2023: 171p).

Share options either outstanding or not yet exercised at the end of the year have the following vesting dates:

	2024 Number of options	2023 Number of options
<b>PSP</b>		
25 April 2020	<b>3,874</b>	3,874
17 September 2023	<b>36,498</b>	296,592
30 April 2024	–	615,409
17 March 2025	<b>723,540</b>	776,119
3 April 2026	<b>1,191,007</b>	1,273,748
1 May 2027	<b>1,338,139</b>	–
<b>DABP</b>		
17 March 2025	<b>59,715</b>	59,715
16 March 2026	<b>64,542</b>	64,542
<b>SAYE</b>		
1 December 2022	–	810
1 December 2023	–	3,281,930
1 December 2024	<b>273,823</b>	374,770
1 December 2025	<b>393,076</b>	595,759
1 December 2026	<b>4,327,801</b>	5,329,853
1 December 2027	<b>1,450,016</b>	–
	<b>9,862,031</b>	12,673,121

The weighted average remaining contractual life of share options outstanding at 31 December 2024 was 1 year 10 months (2023: 2 years).

The average exercise price for share options outstanding ranged from 1p to 238p (2023: 1p to 238p).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 27. Share-based payments continued

The fair value per option granted in the year has been calculated using the following assumptions:

	2024		2023	
	PSP (Performance and service condition)	SAYE (Service condition)	PSP (Performance and service condition)	SAYE (Service condition)
Date of grant	1 May 2024	2 October 2024	3 April 2023	19 October 2023
Option pricing model	Monte Carlo	Black-Scholes	Monte Carlo	Black-Scholes
Share price on grant date (pence)	163.00	170.00	199.20	133.60
Exercise price (pence)	1.00	140.00	1.00	132.00
Expected volatility (%)	29.0%	30.0%	46.7%	34.3%
Vesting period (years)	3.00	3.15	3.00	3.15
Expected option life to exercise (years)	3.00	3.40	3.00	3.40
Expected dividend yield (%)	–	4.9%	–	5.2%
Risk-free interest rate (%)	4.3%	3.7%	3.4%	46.1%
Fair value per option (pence)	133.4	41.0	165.1	27.6

Fair value per option under the PSP is calculated as the average for the TSR and non-market conditions.

Expected volatility is a measure of expected fluctuations in the share price over the expected life of an option. The measures of volatility used by the Group in its pricing models has been derived through analysis of the Groups historic share price in order to provide an estimate of future volatility.

### 28. Group subsidiaries

Forterra plc had the following subsidiaries as at 31 December 2024:

	Registration number	Country of incorporation	Holding	Nature of holding	% of class held
Forterra Holdings Limited	09983078	England & Wales	Ordinary £0.01	Direct	100%
Forterra Building Products Limited	08960430	England & Wales	Ordinary £0.01	Indirect	100%

All entities have a place of business in the UK. The registered office address for all entities is the same as for Forterra plc, being 5 Grange Park Court, Roman Way, Northampton, NN4 5EA.

All subsidiary undertakings are included in the Consolidated Financial Statements. The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of Ordinary shares held.

### 29. Related party transactions

#### Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Company and the Directors of the Group's subsidiary companies fall within this category.

	2024 £m	2023 £m
Emoluments including taxable benefits	2.7	2.8
Share-based payments	0.7	0.4
Pension and other post-employment benefits	0.2	0.2
	3.6	3.4

Information relating to Directors' emoluments, pension entitlements, share options and long-term incentive plans appear in the Annual Report on Remuneration within pages 130 to 157.

## 30. Alternative performance measures

APM	Definition and/or purpose
Adjusted EBITDA, adjusted EBITDA margin, adjusted operating profit (EBIT), adjusted profit before tax, adjusted earnings per share, adjusted operating cash flow	These APMs are calculated by excluding both exceptional and adjusting items
Adjusted operating cash conversion	Adjusted operating cash conversion is calculated as adjusted operating cash flow, less capital expenditure (excluding spend on strategic projects), divided by adjusted operating profit
Net (debt)/cash before leases	Net (debt)/cash before leases is presented as the total cash and cash equivalent and borrowings, inclusive of capitalised financing costs and excluding lease liabilities at the balance sheet date

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

	Adjusted £m	Exceptional items £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
		Restructuring costs	Aborted corporate transaction	Realised loss on sale of surplus energy	Energy contract derivatives	
<b>2024</b>						
Revenue	344.3	–	–	–	–	344.3
EBITDA	52.0	(0.2)	(2.7)	(1.5)	7.1	54.7
EBITDA margin %	15.1%	–	–	–	–	15.9%
Operating profit (EBIT)	31.2	(0.2)	(2.7)	(1.5)	7.1	33.9
Profit before tax	22.1	(0.2)	(2.7)	(1.5)	7.1	24.8

	Adjusted £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
		Restructuring and impairment costs	Realised loss on sale of surplus energy	Energy contract derivatives	
<b>2023</b>					
Revenue	346.4	–	–	–	346.4
EBITDA	58.1	(14.0)	(0.8)	0.8	44.1
EBITDA margin %	16.8%	–	–	–	12.7%
Operating profit (EBIT)	38.1	(14.0)	(0.8)	0.8	24.1
Profit before tax	31.1	(14.0)	(0.8)	0.8	17.1

**Segmental: Revenue, EBITDA, EBITDA margin***Bricks and Blocks*

	Adjusted £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
		Restructuring costs	Realised loss on sale of surplus energy	Energy contract derivatives	
<b>2024</b>					
Revenue	276.7	–	–	–	276.7
EBITDA	49.0	(0.1)	(1.5)	7.1	54.5
EBITDA margin %	17.7%	–	–	–	19.7%



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 30. Alternative performance measures continued

	Adjusted £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
2023		Restructuring costs	Realised loss on sale of surplus energy	Energy contract derivatives	
Revenue	277.4	–	–	–	277.4
EBITDA	52.1	(13.7)	(0.8)	0.8	38.4
EBITDA margin %	18.8%	–	–	–	13.8%

#### Bespoke Products

	Adjusted £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
2024		Restructuring costs	Realised loss on sale of surplus energy	Energy contract derivatives	
Revenue	71.5	–	–	–	71.5
EBITDA	3.0	(0.1)	–	–	2.9
EBITDA margin %	4.2%	–	–	–	4.1%

	Adjusted £m	Exceptional items £m	Adjusting items £m	Adjusting items £m	Statutory £m
2023		Restructuring costs	Realised loss on sale of surplus energy	Energy contract derivatives	
Revenue	72.7	–	–	–	72.7
EBITDA	6.0	(0.3)	–	–	5.7
EBITDA margin %	8.3%	–	–	–	7.8%

#### Reconciliation of adjusted operating cash flow to statutory operating cash flow:

	Adjusted £m	Adjusting items £m	Exceptional items £m	Statutory £m
2024				
<b>EBITDA</b>	<b>52.0</b>	<b>5.6</b>	<b>(2.9)</b>	<b>54.7</b>
Purchase and settlement of carbon credits	6.0	–	–	6.0
Other cash flow items <sup>1</sup>	(6.5)	(7.1)	(3.6)	(17.2)
Changes in working capital:				
– Inventories	13.8	–	–	13.8
– Trade and other receivables	(8.0)	–	–	(8.0)
– Trade and other payables	2.8	(0.3)	–	2.5
<b>Operating cash flow</b>	<b>60.1</b>	<b>(1.8)</b>	<b>(6.5)</b>	<b>51.8</b>

1. For reconciliation purposes, 'Other cash flow items' is reported as the sum of: loss on disposal of property, plant and equipment and leases, movement in provisions, share-based payments and other non-cash items as are detailed within note 20.

#### Adjusted operating cash conversion

	2024 £m	2023 £m
Adjusted operating cash flow	60.1	(5.3)
Capital expenditure (less strategic spend)	(4.0)	(14.8)
	56.1	(20.1)
Adjusted operating profit	31.2	38.1
<b>Adjusted operating cash conversion</b>	<b>179.8%</b>	<b>(52.8)%</b>

### 31. Post balance sheet events

There were no events which occurred since the balance sheet date that would merit separate disclosure.

## COMPANY BALANCE SHEET

### AS AT 31 DECEMBER 2024

	Note	2024 £m	2023 £m
<b>Non-current assets</b>			
Investment in subsidiary	6	313.3	312.7
Deferred tax assets	7	0.4	0.3
		313.7	313.0
<b>Current assets</b>			
Debtors	8	–	0.1
<b>Total assets</b>		313.7	313.1
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	9	(0.8)	(0.4)
Amounts owed to Group undertakings	9	(4.7)	(23.4)
<b>Total liabilities</b>		(5.5)	(23.8)
<b>Net assets</b>		308.2	289.3
<b>Capital and reserves</b>			
Ordinary shares	10	2.1	2.1
Own share reserve		(5.4)	(14.2)
Capital redemption reserve		0.2	0.2
Retained earnings		311.3	301.2
<b>Total equity</b>		308.2	289.3

As permitted by Section 408 of the Companies Act 2006, an entity profit or loss account is not included as part of the published Financial Statements of Forterra plc. The Company profit for the financial year ended 31 December 2024 was £19.1m (2023: £50.5m).

The notes on pages 215 to 218 are an integral part of these Financial Statements.

Approved by the Board of Directors on 11 March 2025 and signed on their behalf by:

Neil Ash  
Chief Executive Officer

Ben Guyatt  
Chief Financial Officer

## COMPANY STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Ordinary shares £m	Own share reserve £m	Capital redemption reserve £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2023</b>		2.1	(15.8)	0.2	277.2	263.7
Total comprehensive income for the year		–	–	–	50.5	50.5
Dividends paid	5	–	–	–	(25.7)	(25.7)
Purchase of shares by Employee Benefit Trust		–	(2.1)	–	–	(2.1)
Proceeds from sale of shares by Employee Benefit Trust		–	1.1	–	–	1.1
Share-based payments charge		–	–	–	1.7	1.7
Share-based payments exercised		–	2.6	–	(2.6)	–
Tax on share-based payments		–	–	–	0.1	0.1
<b>Balance at 31 December 2023</b>		2.1	(14.2)	0.2	301.2	289.3
Total comprehensive income for the year		–	–	–	<b>19.1</b>	<b>19.1</b>
Dividends paid	5	–	–	–	<b>(6.3)</b>	<b>(6.3)</b>
Purchase of shares by Employee Benefit Trust		–	–	–	–	–
Proceeds from sale of shares by Employee Benefit Trust		–	<b>5.1</b>	–	–	<b>5.1</b>
Share-based payments charge		–	–	–	<b>1.0</b>	<b>1.0</b>
Share-based payments exercised		–	<b>3.7</b>	–	<b>(3.7)</b>	–
Tax on share-based payments		–	–	–	–	–
<b>Balance at 31 December 2024</b>		<b>2.1</b>	<b>(5.4)</b>	<b>0.2</b>	<b>311.3</b>	<b>308.2</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 1. General information

Forterra plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The registered office is 5 Grange Park Court, Roman Way, Northampton, NN4 5EA.

### 2. Accounting policies

#### (A) Basis of preparation

The separate Company Financial Statements have been prepared in accordance with applicable accounting standards, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

As permitted by Section 408 of the Companies Act 2006, an entity profit or loss account is not included as part of the published Financial Statements of Forterra plc. The Company profit for the financial year ended 31 December 2024 was £19.1m (2023: £50.5m).

As permitted by FRS 102, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective and related party transactions. Where required, equivalent disclosures are given in the Consolidated Financial Statements.

The Financial Statements are presented in pounds sterling, rounded to the nearest hundred thousand and are prepared under the historical cost convention.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date that the Financial Statements are signed. The Company therefore adopts the going concern basis in preparing its Financial Statements.

#### (B) Investments

Investments are included in the balance sheet at the deemed cost of acquisition upon the Group restructure. Where appropriate, a provision is made for any impairment.

Capital contributions arising where subsidiary employees are awarded share options to be settled over the Company's equity result in increases to the cost of investment.

#### (C) Taxation

Charges for income tax are based on earnings for the period and take account of deferred taxation on timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

#### (D) Financial instruments

The Company determines the classification of financial assets and financial liabilities at initial recognition. The principal financial assets and liabilities of the Company are as follows:

##### (I) Financial assets

Basic financial assets, including trade and other receivables and amounts due from Group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction. In this instance the asset is measured at the present value of future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method and assessed for objective evidence of impairment or impairment reversal at the end of each reporting period.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, are settled or substantially all the risks and rewards of ownership of the asset are transferred.

##### (II) Financial liabilities

Basic financial liabilities, including trade and other payables and amounts owed to Group undertakings, are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction. In this instance the debt is measured at the present value of the future payments, discounted at a market rate of interest.

Trade and other payables and amounts due to Group undertakings are subsequently carried at amortised cost, using the effective interest rate method.



## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 2. Accounting policies continued

#### (E) Share-based payments

The Company operates a number of equity-settled share-based compensation plans, under which the Company receive services from the Executive Directors in exchange for equity instruments granted by the Company. The services received and corresponding increase in equity are measured at the fair value of the equity instruments granted, on the date granted. The Company also compensates certain key management and other employees for services provided to Forterra Building Products Limited. The services provided are recognised as an increase in the cost of investment in subsidiaries and a corresponding increase in equity; which is measured at the fair value of the equity instruments granted, on the date granted.

The cost of the equity-settled transactions are subsequently recognised over the vesting period, which ends at the date that the plan participant becomes fully entitled to the award. Fair values are determined using appropriate pricing models by external valuers. At the end of each reporting period the Company revises its estimates of the number of awards that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss account, with a corresponding adjustment to equity.

Further details regarding the share-based payment schemes are set out in note 27 to the Consolidated Financial Statements.

#### (F) Own shares held by Employee Benefit Trust

The Company has established two separate employee benefit trusts for the purposes of satisfying awards under share-based incentive schemes. Shares in the Company acquired by the trusts are deducted from equity until shares are cancelled, reissued or disposed.

#### (G) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

#### (H) Related parties

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Financial Statements.

### 3. Significant accounting judgements and estimates

#### (A) Impairment of investments

The Directors periodically review investments for possible impairment when events or changes in circumstances indicate, in management's judgement, that the carrying amount of an asset may not be recoverable. The Company did not record any impairment charges during the period ended 31 December 2024.

### 4. Employee information

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Annual Report on Remuneration on pages 130 to 157 and includes the amounts received or receivable by each Director in the period. The long-term incentives as detailed on page 145 were recognised in the Company profit and loss account as an expense over the three-year period to which the awards relate. The Company recognised a charge of £0.4m (2023: £0.1m) in relation to share-based payments for the period.

## 5. Dividends

	2024 £m	2023 £m
<b>Amounts recognised as distributions to equity holders in the year</b>		
Interim dividend of 1.0p per share (2023: 2.4p)	2.1	4.9
Final dividend of 2.0p per share in respect of prior year (2023: 10.1p)	4.2	20.8
	6.3	25.7

The Directors are proposing a final dividend for 2024 of 2.0p per share, making a total payment for the year of 3.0p (2023: 4.4p). This is subject to approval by the shareholders at the AGM and has not been included as a liability in the Financial Statements.

## 6. Investment in subsidiary

	2024 £m	2023 £m
Balance as at 1 January 2024	312.7	311.8
Capital contribution relating to share-based payments	0.6	0.9
<b>Balance as at 31 December 2024</b>	<b>313.3</b>	<b>312.7</b>

The companies in which the Company has an interest at the year end are shown below:

	Country of incorporation	Holding	Nature of holding	% of class held
Forterra Holdings Limited	England & Wales	Ordinary £0.01	Direct	100%
Forterra Building Products Limited	England & Wales	Ordinary £0.01	Indirect	100%

The address of the registered office of both Forterra Holdings Limited and Forterra Buildings Products Limited is 5 Grange Park Court, Roman Way, Northampton, England, NN4 5EA.

## 7. Deferred tax

	2024 £m	2023 £m
Deferred tax assets to be recovered after more than 12 months	0.4	0.3

## 8. Current assets

	2024 £m	2023 £m
Debtors	–	0.1

## 9. Current liabilities

	2024 £m	2023 £m
Creditors - amounts falling due within one year	(0.8)	(0.4)
Amounts owed to Group undertakings	(4.7)	(23.4)

Amounts owed to Group undertakings are non-interest bearing, unsecured and repayable on demand.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

### 10. Capital and reserves

	2024		2023	
	Number	£m	Number	£m
Ordinary shares of £0.01	<b>212,803,389</b>	<b>2.1</b>	212,803,389	2.1

The Ordinary shares are voting non-redeemable shares and rank equally as to dividends, voting rights and any return of capital on winding up.

Movements in the share capital and reserve for own shares are set out in note 26 to the Consolidated Financial Statements.

### 11. Related party transactions

The Company is exempt from disclosing related party transactions with companies that are wholly owned within the Group. Transactions with related parties which are not wholly owned are disclosed within note 29 to the Consolidated Financial Statements. Remuneration to key management personnel has been disclosed within note 29 to the Consolidated Financial Statements.

### 12. Controlling party

Forterra plc is not under the control of an ultimate controlling party.

### 13. Post balance sheet events

There were no events which occurred since the balance sheet date that would merit separate disclosure.

## GROUP FIVE-YEAR SUMMARY

Five-year summary	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Revenue	<b>344.3</b>	346.4	455.5	370.4	291.9
Adjusted EBITDA	<b>52.0</b>	58.1	89.2	70.4	37.9
Adjusted operating profit	<b>31.2</b>	38.1	72.7	54.0	20.8
Adjusted profit before tax	<b>22.1</b>	31.1	70.6	50.7	17.4
Profit/(loss) before tax (statutory)	<b>24.8</b>	17.1	72.9	56.8	(5.4)
Adjusted operating cash flow	<b>60.1</b>	(5.3)	89.0	81.2	53.9
Net (debt)/cash (before leases)	<b>(84.9)</b>	(93.2)	(5.9)	40.9	16.0
Adjusted earnings per share (pence)	<b>7.6</b>	11.4	26.4	17.5	6.6
Dividends per share (pence)	<b>3.0</b>	4.4	14.7	9.9	2.8

## ADDITIONAL INFORMATION

### FINANCIAL CALENDAR AND OTHER SHAREHOLDER INFORMATION

#### Calendar

The following dates have been announced:

2025 Annual General Meeting	20 May 2025
Payment of final 2024 dividend	4 July 2025
2025 Interim results announcement	29 July 2025

#### Registrars

Link Asset Services

#### Statutory auditor

Ernst & Young LLP

#### Brokers

Deutsche Numis  
Investec Bank plc

#### Bankers

HSBC Bank plc  
National Westminster Bank plc  
Bank of Ireland Group plc  
Barclays plc  
Clydesdale Bank plc (trading as Virgin Money)

#### Financial PR

FTI Consulting

#### Company information

Registered in England and Wales  
Company number 09963666

#### Registered and corporate office

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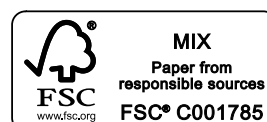
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