

Ibstock Plc
Results for the year ended 31 December 2023
Resilient performance in 2023; platform for recovery and growth in place

Ibstock Plc ("Ibstock" or the "Group"), a leading UK manufacturer of a diverse range of building products and solutions, announces results for the year ended 31 December 2023.

Statutory Results

Year ended 31 December	2023	2022	Δ 1Y	% change
Revenue	£406m	£513m	(£107)m	(21)%
Profit before taxation	£30m	£105m	(£75)m	(71)%
EPS	5.4p	21.6p	(16.2)p	(75)%

Adjusted Results¹

Year ended 31 December	2023	2022	Δ 1Y	% change
Adjusted EBITDA	£107m	£140m	(£33)m	(23)%
Adjusted EBITDA margin	26.5%	27.2%	(70)bps	(3)%
Adjusted EPS	13.9p	22.7p	(8.8)p	(39)%
Total dividend per share	7.0p	8.8p	(1.8)p	(20)%
Adjusted free cashflow	(£16)m	£50m	(£66)m	>(100)%
Net debt	£101m	£46m	£55m higher	>(100)%

Resilience and financial strength

- Resilient performance against a challenging market backdrop; adjusted EBITDA¹ of £107 million (2022: £140 million) in line with expectations set at the start of the year, underlining the quality and resilience of the business and steps taken to reduce costs
- Revenue down 21% to £406 million (2022: £513 million) as sales volumes reduced in line with UK domestic brick deliveries². Despite this challenging backdrop, selling prices remained stable through the year
- Adjusted EBITDA¹ margins of 26.5% remained strong (2022: 27.2%) reflecting a continued focus on customer service and execution, combined with the disciplined and decisive management of capacity and costs.

¹ Alternative Performance measures are described in Note 3 to this results announcement

² UK domestic brick deliveries in 2023 reduced by 30% compared to the prior year (Source: UK Department for Business and Trade Monthly Bulletin)

- Statutory profit before tax of £30 million (2022: £105 million) including an exceptional charge of £31 million, of which £10 million was a cash cost, following the restructuring programme undertaken during the year (2022: exceptional profit of £6 million).
- Robust year-end balance sheet position, with closing net debt of £101 million (2022: £46 million) representing leverage¹ of 1.1 times (2022: 0.4 times), in the middle of our target range.
- Cash flow for the year included £66 million of capital expenditure and £25 million investment in finished goods inventories providing the platform for rapid recovery and growth as markets improve.
- Recommended final dividend of 3.6p per share (2022: 5.5p), bringing the total dividend for the year to 7.0p (2022: 8.8p) representing a 50% pay-out on adjusted earnings per share, consistent with our stated capital allocation framework

Active management of cost and capacity, while continuing to invest in future capability

- Comprehensive operational review undertaken during the year to reduce fixed cost and align capacity to near term demand expectations
- The resulting restructuring programme included a number of actions to temporarily reduce capacity across the business, as well as the permanent closure of two clay brick factories
- Headcount reductions and fixed costs savings with an annualised value of £20 million achieved, with around £5 million of this captured in 2023 and the full amount to be achieved in 2024. One-off cash costs of up to £10 million, of which around £5 million was paid in 2023; balance to be incurred in 2024.
- Good progress on all elements of the Group's capability investment programme, which is now nearing completion:
 - Commissioning of the new Atlas brick factory in the West Midlands commenced on schedule, with production expected to ramp up over the course of the year
 - Organic investments to build a market leading position in brick slips are progressing to plan. The first slips to be produced on our automated cutting line at Nostell in West Yorkshire will be delivered during the first half of 2024

Focus on extracting greater value, to accelerate performance as our markets recover

- Fundamental drivers underpinning demand in our markets remain firmly in place.
- The Group is developing opportunities to accelerate its recovery as conditions normalise over the medium term by extracting higher value:
 - From our existing portfolio – Building on the launch of the “One Ibstock” brand by integrating our Group-wide sales and commercial functions into a single team to drive improved customer-centricity and cross-selling
 - From our factory network – The combined effect of our investment projects and targeted closures will result in a permanent net capacity increase of up to 5% within our clay brick manufacturing network compared to 2022, with significant improvements in efficiency, productivity and environmental performance
 - From new product development – Our Nostell investment will provide a step change in capacity for brick slips, a key pillar in our growing portfolio of building envelope technologies within Ibstock Futures, targeting high growth market niches
 - From our unrivalled clay reserves – Further progress made towards the production of calcined clay for use as a low-carbon cementitious replacement, with further discussions with potential commercial partners expected in 2024

Current trading and outlook

- Activity in the early weeks of 2024 has been in line with the subdued levels seen in the latter part of the 2023 year; while remaining cautious, we currently anticipate a degree of improvement as the year progresses
- Significant action on fixed cost will deliver a year-on-year benefit of £15 million in 2024, broadly equivalent to the benefit in 2023 from fixed cost absorption into finished goods inventories

- With the factory network running at lower levels of utilisation, the Group will retain a level of elevated fixed cost in 2024, which preserves our ability to build back quickly as markets recover
- We anticipate year-on-year inflation across the cost base as a whole in 2024 albeit at a more modest rate than 2023. We will continue to monitor and respond to cost and pricing dynamics through the year
- The continued strength of the balance sheet provides both resilience and optionality in respect of future growth investments
- Despite the cautious outlook for 2024, the Group remains confident in its ability to continue to respond to market conditions, and to deliver strong growth and continued cash generation over the medium term as markets recover

Joe Hudson, Chief Executive Officer, commented:

“We have delivered a resilient performance for the year in what have been very difficult market conditions, and I am proud of the way that colleagues across the Group have responded in such challenging circumstances. Our results reflect both continued strong execution and the difficult but decisive actions taken to reduce headcount and realign capacity with near term market conditions. The organisational changes implemented during the second half of the 2023 year have created a leaner, more customer-focused business, which will deliver an enduring benefit for years to come.

“In doing so, we have also created a platform to accelerate innovation, with a particular focus on the sustainability of our products and processes. In combination with the strength of our brand and unrivalled product portfolio in the UK construction marketplace, we believe this will unlock significant value over the years ahead.

“As we focus on doing the right things to respond to market conditions in the near term, we are moving towards completion of the key investment projects that will underpin our growth as the market recovers. Our investment in new low cost, efficient and more sustainable brick capacity at our Atlas facility, and a significant capacity expansion in the fast-growing brick slips market, are on track and will support our medium-term growth objectives.

“Activity in the early weeks of 2024 has continued to reflect the more subdued demand environment experienced throughout the latter part of 2023. As we look further ahead, it is clear that market fundamentals remain supportive, with significant unmet demand for new build housing in the UK. The Group’s conviction in its medium-term prospects is underpinned by an expectation of a return to normalised conditions within its core markets combined with the incremental returns generated from our significant capital investment programme. Although the timing of this recovery is uncertain, Ibstock is well positioned to benefit and to deliver on our growth targets over the medium term.

Results presentation

Ibstock is holding a presentation at 10.30am today at Peel Hunt, 7th Floor, 100 Liverpool St, London EC2M 2AT.

Please contact ibstock@citigatedewerogerson.com to register your in-person attendance.

A live webcast of the presentation and Q&A is also available. Please register [here](#) for the live webcast.

The presentation can also be heard via a conference call, where there will be the opportunity to ask questions.

Conference Call Dial-In Details:	UK-Wide: +44 (0) 33 0551 0200 UK Toll Free: 0808 109 0700 US +1 786 697 3501
Confirmation code:	please quote <u>Ibstock Full Year</u> when prompted by the operator

An archived version of today's webcast analyst presentation will be available on www.ibstock.co.uk later today.

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About Ibstock Plc

Ibstock Plc is a leading UK manufacturer of a diverse range of building products and solutions. The Group concentrates on eight core product categories, each backed up by design and technical services capabilities:

- Bricks and Masonry, Façade Systems, Roofing, Flooring and Lintels, Staircase and Lift Shafts, Fencing and Landscaping, Retaining Walls and Rail and Infrastructure.

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

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

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

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

Ibstock is headquartered in the village of Ibstock, Leicestershire, with 32 active manufacturing sites across the UK.

As a leading building products manufacturer, the Group is committed to the highest levels of corporate responsibility. The ESG 2030 Strategy sets out a clear path to address climate change, improve lives and manufacture materials for life, with an ambitious target to reduce carbon emissions by 40% by 2030 and become a net zero operation by 2040.

Further information can be found at www.ibstock.co.uk

Forward-looking statements

This announcement contains “forward-looking statements”. These forward-looking statements include all matters that are not historical facts and include statements regarding the intentions, beliefs or current expectations of the directors. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and outside of the Group's ability to control. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations. Forward-looking statements speak only as of the date of such statements and, except as required by applicable law, the Group undertakes no obligation to update or revise publicly any forward-looking statements.

Chief Executive's Review

Introduction

The Group delivered a resilient performance for the year, against what has been a challenging market backdrop. Activity in our core residential markets was materially below the comparative period, with domestic industry sales volumes experiencing a slowdown as the 2023 financial year progressed. Despite these difficult market conditions, adjusted EBITDA¹ for 2023 was in line with the expectations set at the start of the year, underlining the quality of the business and steps taken to actively manage costs.

It was particularly pleasing to see the way colleagues across the Group responded to the challenging market conditions, as the UK new build housing market adjusted to higher interest rates and increased economic uncertainty. The result achieved reflects both continued strong commercial execution and the difficult but necessary action taken during the year to realign costs and capacity with near term market conditions. Whilst taking this action, we have been focused on preserving key skills and knowledge to ensure that the Group retains the ability to build back quickly when markets recover.

As part of the operational review undertaken during the year, we also took steps to integrate our core commercial and innovation capabilities, meaning we will now go to market through a single sales force, able to offer customers our entire range of clay and concrete products from one place. We believe this will unlock significant value over the years ahead through the quality of our brand and unrivalled product portfolio in the UK construction marketplace.

As we took appropriate action to respond to difficult market conditions, we also continued to make good progress with the investment projects that will underpin our future growth as the market recovers. Our investment in new low cost, efficient and more sustainable brick manufacturing capacity at our Atlas facility, and the first phase of a significant capacity expansion in the fast-growing brick slips market, are both in the commissioning phase, and will support our medium-term growth objectives as markets recover. We also made continued progress with our growth project to develop sustainable building materials from our unrivalled stock of owned clay reserves, successfully proving the technical feasibility of producing calcined clay for use as a low-carbon cementitious replacement. We expect to progress commercialisation discussions with potential partners for this activity during 2024.

The Group remains in a strong financial position, with a robust balance sheet providing significant resilience and optionality in respect of future growth investments.

The Board has recommended a final dividend of 3.6p per share (2022: 5.5p), representing a full year dividend of 7.0p (2022: 8.8p), a pay-out of 50% of adjusted basic earnings per share, in line with our stated capital allocation framework.

Financial Performance

Revenue of £406 million was 21% below the prior year (2022: £513 million), reflecting significantly lower activity levels in our core residential markets. Sales volumes in our residential product categories reduced in line with the broader domestic market, which was down by around 30% compared to the prior year. Having achieved a significant selling price increase during the second half of the 2022 year, pricing remained stable through the 2023 year.

Adjusted EBITDA¹ was £107 million (2022: £140 million), reflecting the significant reduction in sales volumes. Performance benefited from the disciplined management of capacity and costs, as well as around £15 million of fixed cost absorbed into finished goods inventories, which increased materially during the year, as the Group replenished stocks from lower levels.

The adjusted EBITDA margin¹ reduced modestly to 26.5%, compared to 27.2% in 2022. Adjusted earnings per share reduced to 13.9 pence (2022: 22.7 pence).

Adjusted Return on Capital Employed¹ (ROCE) reduced to 13.4% (2022: 23.4%) reflecting both lower levels of operating profit and an increase in invested capital following investment in growth projects and finished goods inventories during 2023.

The Group's balance sheet remains strong with closing net debt at £101 million (2022: £46 million) representing leverage of 1.1x adjusted EBITDA¹ (2022: 0.4x). This robust year-end position was achieved through a resilient cash flow performance, after around £66 million of fixed capital expenditure including £45 million of growth expenditure and a £25 million investment in finished goods inventories as levels were rebuilt to support customer service and to ensure the business is well placed for market recovery.

Divisional Review

Ibstock Clay

Revenues in the Clay Division reduced by 21% to £292 million (2022: £369 million) driven by a significant reduction in sales volumes, in line with the trend experienced across the broader UK domestic brick market. Having taken action to increase prices during the second half of 2022, the Clay Division achieved a price benefit relative to the comparative period, with selling prices remaining stable through the 2023 year.

As expected, imported brick volumes reduced at a faster rate than domestic shipments, being down by 42% at 329 million (2022: 570 million). Domestic brick market volumes reduced by around 30% over the same period.

Adjusted EBITDA¹ reduced by 22% to £99 million (2022: £127 million), reflecting a significant reduction in sales volumes, partly mitigated through a resilient contribution margin performance and decisive action to reduce fixed costs. Performance benefited from an increase in inventory, with the absorption of fixed cost as production levels exceeded sales volumes in the year. The underlying performance of the division also benefited from property gains totalling around £2 million in the year (2022: £nil).

Ibstock Futures

The Group continued to make good progress with its ongoing development of the Ibstock Futures business ("Futures") during the year, with both the facades business based at our new innovation hub in the West Midlands and our organic investments in brick slip capacity at Nostell, West Yorkshire progressing to plan. Revenues for Futures, which are reported in the Clay segment, totalled £12 million (2022: £4 million), with profit performance broadly in line with our expectations. We continued to invest in research, innovation and business development, incurring around £5 million of cost in the full year (in line with 2022).

While near term performance will reflect the more challenging economic and regulatory backdrop observed across UK construction markets, we continue to see a strong pipeline of opportunities to grow Futures, both organically and by acquisition. This represents a significant opportunity for value creation as we seek to further expand and diversify our product offering over the medium term to facilitate the growth of Modern Methods of Construction (MMC) in the UK (particularly targeting the mid to high rise segment as well as modular house building).

Ibstock Concrete

The breadth of the Concrete Division's end-market exposure supported the delivery of a strong performance for the year in more difficult trading conditions, with EBITDA margin percentage maintained despite a significant reduction in sales volumes.

Revenue reduced by 21% to £114 million (2022: £144 million), reflecting a material decline in sales volumes within our residential product categories. Our infrastructure business, which is focused on a number of attractive niche markets, delivered a strong performance, growing revenues to around £19 million (2022: £17 million) at margins above the residential concrete product categories.

Adjusted EBITDA¹ for the Concrete Division was £19 million, down 21% year on year, (2022: £24 million) as a stronger performance within infrastructure and the benefit of fixed cost absorption maintained adjusted EBITDA margins¹ at 16.4% (2022: 16.4%).

Ibstock Concrete continued to add to its asset footprint and product offering during the year. In June the Division completed a small asset acquisition in its infrastructure business, acquiring the trade and assets of G-Tech, an innovative designer and supplier of concrete railway platform solutions. During the final quarter of 2023, the division also completed the bolt-on acquisition of Coltman Precast, a manufacturer of hollowcore flooring, staircases and landings, based in the West Midlands. Coltman geographically complements the Division's existing footprint and will now enable us to offer a full flooring solution to our customers. Over the medium term, these acquired businesses are expected to deliver revenues of at least £15 million per annum.

Operational review

Against the backdrop of subdued market conditions, during the year the Group completed a comprehensive operational review, with the objective of reducing our fixed cost base and aligning capacity with near-term demand.

The restructuring programme included the permanent closure of two clay brick factories, at Ravenhead in the North West and South Holmwood in the South East. Together, these two factories accounted for just under 10% of the Group's clay network capacity as at 1 January 2023.

In addition, we have taken a number of temporary steps to reduce capacity. In doing so, we have retained a core operational team at each factory, to retain the skills and knowledge at these sites. Although this will cause us to carry a level of incremental fixed cost in the near-term, crucially, it will preserve the ability of the business to build back quickly as markets recover.

Overall, the restructuring programme has reduced Group headcount by over 15% and removed fixed costs with an annualised value of £20 million, with around £5 million of this captured in 2023 and the full amount to be achieved in 2024. The total exceptional charge arising from this restructuring programme totalled £31 million. Within this charge, cash costs of the programme totalled £10 million, of which £5 million was paid in 2023.

The Group also expects to recognise additional costs of around £5 million over the next 12 months on final closure and decommissioning costs as part of our restructuring plan for our site closures.

As part of the operational review, we also took steps to integrate our core commercial and innovation capabilities from across the business into a single, unified sales team, sharpening our customer proposition and ensuring we go to market in a more aligned, coordinated way. These changes build on the "One Ibstock" approach to unify our brand and market-facing communications which were launched successfully earlier in the year, and mean we will now offer customers our entire range of clay and concrete products from one place. It is pleasing to see that these changes are already delivering some initial commercial benefits through solution selling and a more joined up approach to commercial pipeline management.

Major projects

The fundamental drivers underpinning medium-term demand in our markets remain firmly in place. In order to capitalise on these attractive fundamentals, the Group has completed the majority of a £120

million capital investment programme which began in 2021, investing in growth projects across both core and new, diversified markets.

Core clay investments in capacity at Atlas and Aldridge

Commissioning of our new Atlas factory in the West Midlands commenced on schedule during the final quarter of 2023. Atlas will produce the UK's first externally verified carbon neutral brick and will increase annual network capacity by over 100 million bricks to support the Group's long-term growth objectives. We also completed the investment to upgrade the dryers and packaging equipment in the adjacent Aldridge factory during the second half of 2023.

Production at both factories will ramp up over the course of the year, with volumes managed according to prevailing market conditions. The overall resulting increase in our clay network capacity from these investments (net of the two permanent closures at Ravenhead and South Holmwood) will be around 5%.

To date, we have invested £66 million in these two related projects, with around £10 million remaining to be invested during 2024. Once operating at full capacity, we expect these investments to generate incremental EBITDA of around £18 million per annum¹.

Diversified growth investments in brick slip capacity at Nostell, Yorkshire

The new automated brick slips cutting line at Nostell, West Yorkshire is now commissioning, with customer deliveries expected to commence during the first half of 2024. This line will deliver up to 17 million slips per annum once operating at full capacity. Customer reaction to this new high-quality source of domestic supply has been very positive, and this investment represents our first step towards building a scale leadership position in this fast-growing product category.

Phase two of the Nostell redevelopment, the construction of a larger brick slip systems line, is progressing well, and will deliver a further 30 million slips per annum. We intend to match the remaining build schedule of this factory to market growth over the next two years.

To date, we have invested around £12 million in these related slips projects, with around £30 million remaining to be invested over the next two years. Once both investments are operating at full capacity, we expect these projects to generate incremental EBITDA of at least £12 million per annum¹.

Strategic update

Our strategy is to enhance our existing business while investing for growth in both our core and diversified construction markets. Our operational strategy is centred on three strategic pillars of Sustain, Innovate and Grow, with our ambitious ESG commitments embedded across all three. At the beginning of 2023, we established several priorities across the business, based around these three strategic pillars, and I am pleased to say that we have continued to make good progress in each area. An update on progress is set out below.

Sustain

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

Health, safety and wellbeing

The Group remains committed to driving its business to zero harm for everyone and we continued to make progress towards our health and safety targets during the year, achieving a reduction in Lost Time Injury Frequency Rates (LTIFR) of over 50% from the 2016 baseline.

Key initiatives in year included safety training leadership programmes for managers and Safe Start 2023 workshops for all employees. 26 of the Group's factories were recognised for achieving LTIFR free milestones in the year, with our concrete factory in Bootle, Liverpool achieving over 4,000 incident-free days.

The Group also received several external industry awards in recognition of its safety progress and sector-leading approach, including the Award of Excellence from the British Ceramic Council (BCC) for outstanding contribution to Health & Safety across the industry.

Operational excellence

We have invested significant capital over the last five years to enhance the reliability and performance of our factory networks, and the Group's manufacturing estate delivered another robust performance in 2023, driven by a flexible and disciplined approach to capacity and cost management. Despite a material reduction in production volumes year-on-year, both the clay and concrete factory networks delivered a strong performance in reliability, quality and yield. During the year, we also completed a major kiln rebuild at the Parkhouse brick factory – another addition to the asset enhancements undertaken by the Clay Division which deliver energy and cost efficiency.

We continued to make progress on key asset transformation and automation initiatives, including the commissioning of a growth investment at our walling stone factory at Anstone, near Sheffield. Once fully operational, this automated line will drive significant safety benefits, increased product quality for our customers and an overall capacity uplift of around 30% in this attractive residential concrete product category.

Environmental performance

We continue to act at all levels of the business to deliver our ambitious target of a 40% reduction in carbon by 2030. It is pleasing to see a 37% reduction in our absolute Scope 1 and 2 carbon emissions against our 2019 baseline, and whilst a large proportion of this reduction links to lower production volumes during 2023, a number of operational efficiency and dematerialisation projects have contributed to this reduction.

Having established our high level carbon transition plan to 2030, including the impact of key investment projects and our continued operational enhancement programme across the factory estate, we remain on track to deliver our 2030 target.

We were pleased to receive further external recognition for the leadership role we are playing in ESG, and also to receive funding, from the government's Industrial Energy Transformation Fund to support a major sustainability investment at our Laybrook brick factory in West Sussex, which we estimate will deliver a reduction in carbon emissions of more than 15%.

Innovate

Product Innovation

As market leader in clay and concrete products, we have the broadest range of building products and solutions available in the UK, and we continue to invest to enhance our customer offer. To improve the flow of innovative new products across our business, during the year the Group created a single dedicated innovation function to serve all the Group's markets, with a mandate covering new product development, quality and technical standards.

In late 2023, the Group developed the first Environmental Product Declaration (EPD) for its clay business, providing customers with essential data on the environmental impact of our product range for the first time. Our masonry product range offers a competitive sustainability proposition to our customers, and we will be expanding our EPD footprint further in the years ahead.

Within the Concrete Division, our infrastructure business continues to lead the industry for product innovation and carbon reduction. We were honoured to receive the prestigious Sustainability Supplier award at the global 2023 Siemens Mobility Awards in Munich, for the development of an innovative sustainable Signal Base solution.

Customer Experience

The Group made significant progress in 2023 on enhancing the customer experience – making it easier than ever to access the diverse range of building products and solutions offered by the Group. As well as launching a new “One Ibstock” brand and website earlier in the year, the recent restructuring of our sales and commercial teams is bringing a more co-ordinated and customer-centric approach. We firmly believe that our powerful brand and unrivalled, unified, product offering will increasingly provide us with a source of competitive advantage in UK construction markets over the years ahead.

Digital Transformation

The digitisation of our business is a key strategic enabler as we begin to drive an increasing proportion of our sales activities through digital channels. During the 2023 year we successfully piloted our online customer portal with a small number of our builders’ merchant customers and expect to scale this activity further during the year ahead.

Grow

Grow the core business

Our redeveloped Atlas ‘pathfinder’ factory will produce the UK’s first carbon neutral brick, and we are excited about making our first customer deliveries of this innovative new product later this year. We remain committed to levels of sustaining capital investment which will ensure reliable network performance, and continue to expect asset reliability and process improvement initiatives to deliver marginal gains in factory output over the medium term.

Grow through diversification

Ibstock Futures made good operational and strategic progress during the year as it continued to build its capabilities in new, fast-growth areas of the UK construction market.

We have made continued progress towards the production of sustainable building materials from our unrivalled clay reserves, successfully proving the technical feasibility of using our owned clay reserves to manufacture calcined clay for use as a cementitious replacement. We expect to progress discussions with potential partners to commercialise this activity during the year ahead.

During the 2023 year we also completed a pilot project to fire clay bricks using synthetic gas produced from waste. We are now in commercial negotiations to commission assets at a Group location.

During the first half of 2023, Futures consolidated its operations into a single location in the West Midlands. The Power Park facility in Wolverhampton provides a scalable platform for the growth of Futures in the years ahead, as we develop the site to become a state-of-the-art innovation hub for Facades and MMC.

The new automated brick slips cutting line at Nostell, West Yorkshire is now commissioning with customer deliveries expected to commence during the first half of the year. This represents a first significant step towards building a scale leadership position in this fast-growing product category.

Grow our People

Towards the end of 2023, colleagues from across the business shared their opinions in the bi-annual employee engagement survey. The results of this survey demonstrated very solid progress, with participation rates increasing to 76% (2021: 62%) and all engagement measures showing improvement. We are passionate about establishing culture as a key point of difference across our organisation, and were delighted to see that the Ibstock Story and the “Fire Up” recognition programme continue to inspire and unite colleagues across the business.

As part of our diversity and inclusion initiatives, in September 2023 Ibstock became a founding member of the Construction Inclusion Coalition (CIC), the new industry body created to improve equity, diversity and inclusion across the construction sector. We are taking an active role, with one of our senior HR leaders being seconded to the coalition to lead efforts to advance Equality, Diversity and Inclusion (ED&I) across the sector.

Progress towards medium term targets

The Group’s conviction in its medium-term prospects is underpinned by an expectation of a return to normalised conditions within its core markets combined with the incremental returns generated from our significant capital investment programme.

Despite the significant reduction in market activity experienced during 2023, our adjusted EBITDA margin¹ of 26.5% remained strong, and close to our medium-term ambition of 28%. As conditions normalise in our core residential markets, we anticipate a recovery in sales volumes and revenues, with operational leverage delivering an improvement in margins and returns.

Alongside this recovery, we are moving towards completion of the key investment projects that will underpin incremental growth over the medium term. Our investment in new low cost, efficient and more sustainable brick manufacturing capacity at our Atlas facility, and the first phase of a significant capacity expansion in the fast-growing brick slips market, are on track and will support our medium-term growth objectives.

Whilst the timing of recovery remains uncertain, given the strength of our business, and our conviction in the fundamentals of our markets, we remain confident in achieving our stated medium-term financial targets.

Outlook for 2024

With market conditions in the early weeks of the new financial year similar to those experienced during the second half of the prior year, we anticipate residential construction markets to remain subdued in the near term. While remaining cautious we currently anticipate a degree of improvement as the year progresses. In line with our well-established forward cover strategy, the Group has around 70% of its energy needs covered for the 2024 financial year.

The significant action taken to reduce fixed costs, through rationalising manufacturing capacity and reducing indirect cost, will deliver a year-on-year benefit of around £15 million in 2024, which is broadly equivalent to the benefit recognised in the 2023 year from fixed cost absorption.

With the factory network running at lower levels of utilisation, and following the commissioning of our Atlas factory, the Group will carry a level of incremental fixed cost in the near-term, although, crucially, this will preserve our ability to build back quickly as markets recover. We anticipate year-on-year inflation across the cost base as a whole in 2024, albeit at a more modest rate than 2023. We will continue to monitor and respond to cost and pricing dynamics through the year.

Market fundamentals remain supportive, with significant unmet demand for new build housing in the UK, and we expect a recovery in activity as macroeconomic conditions improve. While the pace and timing of this remains uncertain, we will continue to respond to market conditions, taking the action necessary to protect performance, while ensuring the business remains well-positioned for an increase

in activity. With a robust balance sheet and a clear growth strategy, and with the fundamental drivers underpinning residential market demand firmly in place, the Board remains confident in the medium term prospects for the business.

Chief Financial Officer's report

Introduction

The Group delivered a resilient financial performance in 2023 against a subdued market backdrop, with both adjusted EBITDA and adjusted earnings per share in line with expectations set at the start of the year. Both revenue and profit were significantly below the comparative period, reflecting lower activity levels in our core residential markets, with the domestic brick market around 30% below the prior year.

The Group managed the reduction in sales volumes well, through stable pricing and a disciplined management of capacity and costs. This intense focus on commercial execution and cost management ensured that adjusted EBITDA¹ margins remained strong at 26.5% (2022: 27.2%), despite a significant fall in activity levels.

Group statutory profit before taxation of £30.1 million (2022: £104.8 million), reflected the impact of lower underlying operating profits and an exceptional charge¹ of £30.8 million (2022: credit of £6.3 million) arising from the Group's restructuring plan.

The Group maintained a strong balance sheet, with closing net debt¹ of £101 million at 31 December 2023 representing leverage¹ of 1.1 times adjusted EBITDA¹ (Dec 2022: 0.4 times). This robust year-end position was achieved through a resilient cash flow performance which included around £66 million of capital expenditure (including £45 million of growth expenditure) and a £25 million investment in finished goods inventories as levels were rebuilt from lower levels. We also acquired Valerie Colman Precast, a business engaged in the manufacture of precast and prestressed concrete products, for cash consideration of £3 million. At 31 December 2023, the Group had £100 million of undrawn committed facilities in place.

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

Climate Change & TCFD

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

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

At the same time, we have considered the impact of both transition and physical risks of climate change on the financial performance and position of the Company, through our viability scenario assessment, our impairment testing and assessment of the useful economic lives of our assets and also our assessment the resilience of our business model, as part of our strategic planning process. The outputs from this exercise are detailed in our TCFD disclosures in the 2023 Annual Report and Accounts.

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

Alternative performance measures

This results statement contains alternative performance measures ("APMs") to aid comparability and further understanding of the financial performance of the Group between periods. A description of each

APM is included in Note 3 to the financial statements. The APMs represent measures used by management and the Board to monitor performance against budget, and certain APMs are used in the remuneration of management and Executive Directors. It is not believed that APMs are a substitute for, or superior to, statutory measures.

Group results

The table below sets out segmental revenue and adjusted EBITDA¹ for the year

	Clay £'m	Concrete £'m	Central costs £'m	Total £'m
Year ended 31 December 2023				
Total revenue	292.2	113.6	-	405.8
Adjusted EBITDA¹	98.8	18.6	(10.1)	107.4
<i>Margin</i>	<i>33.8%</i>	<i>16.4%</i>		<i>26.5%</i>
Profit/(loss) before tax	37.9	5.0	(12.9)	30.1
Year ended 31 December 2022				
Total revenue	369.2	143.7	-	512.9
Adjusted EBITDA¹	126.7	23.6	(10.6)	139.7
<i>Margin</i>	<i>34.3%</i>	<i>16.4%</i>		<i>27.2%</i>
Profit/(loss) before tax	104.9	12.5	(12.7)	104.8

¹ Alternative Performance Measures are described in Note 3 to the results announcement

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

Revenue

Group revenues for the 2023 year decreased by 21% to £405.8 million (2022: £512.9 million), reflecting significantly lower activity levels in our core residential markets. Sales volumes in our residential product categories reduced in line with the broader domestic market, which was down by around 30% compared to the prior year, with selling prices remaining stable through the year.

In our Clay Division, revenues of £292.2 million represented a reduction of 21% on the prior year (2022: £369.2 million). Volumes reduced in line with the overall domestic brick market. Year-on-year average selling prices increased, following action to increase prices taken during the second half of the 2022 year. Our Futures business grew revenues to £12 million (2022: £4 million).

In our Concrete Division, revenue decreased by 21% year-on-year to £113.6 million (2022: £143.7 million), reflecting a material decline in sales volumes within our residential product categories. Our infrastructure business, which is focused on a number of attractive niche markets, delivered a strong performance, growing revenues to around £19 million (2022: £17 million).

Adjusted EBITDA¹

Management measures the Group's operating performance using adjusted EBITDA¹. Adjusted EBITDA¹ decreased year on year to £107.4 million in 2023 (2022: £139.7 million) reflecting significantly lower activity levels in our core residential markets, mitigated by strong commercial execution and the disciplined management of capacity and cost.

Performance also benefited from the absorption of around £15 million of fixed cost into finished goods inventories, which increased during the year as the Group built back finished goods stocks from lower levels. Adjusted EBITDA¹ margins remained strong at 26.5%, marginally below the prior year (2022:

27.2%) as a strong focus on commercial and operational execution largely offset the impact of materially lower sales volumes.

Within the Clay Division, adjusted EBITDA¹ totalled £98.8 million (2022: £126.7 million), representing an adjusted EBITDA¹ margin of 33.8% (2022: 34.3%). The reduction in adjusted EBITDA¹ reflected significantly lower activity levels in our residential markets offset by resilient contribution margin performance and disciplined and decisive cost management. The division also benefited from property gains totalling around £2 million in the year. In line with our expectations, the division recognised a cost of £5.0 million (2022: £5.3 million) in Istock Futures, as the business continued to invest in research & development, in-house innovation and commercial capability.

Adjusted EBITDA¹ in our Concrete Division decreased to £18.6 million (2022: £23.6 million). Whilst the division experienced a significant decline in demand within its residential product categories, adjusted EBITDA¹ margins were maintained at 16.4% (2022: 16.4%). This performance was achieved through significant action on cost and a strong performance from infrastructure, which achieved margins in excess of the divisional average on volumes broadly in line with the comparative period. The division also benefited from inventory build, which led to the absorption of around £2 million of fixed cost during the 2023 year.

Central costs decreased to £10.1 million (2022: £10.6 million) reflecting discretionary cost reduction action and lower variable remuneration costs.

Exceptional items¹

Based on the application of our accounting policy for exceptional items¹, certain income and expense items have been excluded in arriving at adjusted EBITDA¹ to aid shareholders' understanding of the Group's underlying financial performance.

The amounts classified as exceptional¹ in the period totalled a cost of £30.8 million (2022: £6.3 million gain), comprising:

1. Exceptional cash cost of £10.2 million (of which £4.6 million was cash settled in the period), associated with the Group's rationalisation and closure of sites as part of the restructuring plan
2. An exceptional non-cash charge of £20.6 million comprising the impairments associated with the Group's closure of sites as part of this plan.

The Group expects to recognise additional cash costs of around £5 million over the next 12 months on final closure and decommissioning costs as part of our single coordinated plan for our site closures. These costs have not been accounted for in the 2023 results since the Group was not committed to this specific expenditure at year-end and so no provision could be recognised.

Further details of exceptional items¹ are set out in Note 5 of the financial statements.

Finance costs

Net cash interest paid of £5.8 million was slightly above the prior year (2022: £4.3 million) due to higher levels of average debt. The Group continued to benefit from its £100 million private placement at a fixed coupon of 2.19% per annum, and drew down amounts under its variable rate Revolving Credit Facility (RCF) towards the latter part of the year. For the 2024 year, we expect net cash interest expense to be around £8 million.

Statutory net finance costs of £5.0 million increased in the year (2022: £2.7 million) principally reflecting reduced interest income from the Group's main defined benefit pension scheme and increased interest expense following utilisation of the Group's RCF.

Profit before taxation

Depreciation and amortisation pre fair value uplift increased to £29 million (2022: £26 million) due to charges related to new haulage assets and the Futures innovation hub in the West Midlands. We expect depreciation and amortisation pre fair value uplift to total around £34 million in 2024, reflecting incremental depreciation from the Atlas and Nostell factories and a full year of the Futures innovation hub lease cost.

Group statutory profit before taxation of £30.1 million (2022: £104.8 million), reflected the impact of lower underlying operating profits and an exceptional charge¹ of £30.8 million (2022: credit of £6.3 million) arising from the Group's restructuring plan.

Taxation

The Group recognised a taxation charge of £9.0 million (2022: £17.9 million) on Group pre-tax profits of £30.1 million (2022: £104.8 million), resulting in an effective tax rate ("ETR") of 30.0% (2022: 17.1%) compared with the average standard rate of UK corporation tax of 23.5%. The lower statutory tax charge arose from the significant reduction in taxable profits. The ETR increased as a result of the increase in standard rate of UK corporation tax, which impacted both current and deferred taxation as well as a reduction in the permanent benefit arising from the UK tax super deduction.

The adjusted ETR¹ (excluding the impact of the deferred tax rate change and exceptional items) for the 2023 year was 24.6% (2022: 16.5%). The increase in adjusted ETR from the prior year was due to the increase in the standard rate of UK corporation tax and a reduction in permanent benefit arising from the super deduction which, until March 2023, provided statutory tax relief on 130% of qualifying capital expenditure. For the 2024 year, we expect the adjusted ETR to increase to around 26%, reflecting a full year of corporation tax at 25% and normal levels of non-deductible expenses.

Earnings per share

Group statutory basic earnings per share (EPS) decreased to 5.4 pence in the year to 31 December 2023 (2022: 21.6 pence) as a result of the Group's reduced profit after taxation, reflecting the reduced trading result and exceptional costs arising from our 2023 restructuring plan.

Group adjusted basic EPS¹ of 13.9 pence per share reduced from 22.7 pence in the prior year, reflecting: a decrease in adjusted EBITDA¹; an increase in the underlying depreciation charge from recent capital investment projects and leases; and a higher adjusted ETR following an increase in the headline UK corporation tax rate. In line with prior years, our adjusted EPS¹ metric removes the impact of exceptional items¹, the fair value uplifts resulting from our acquisition accounting and non-cash interest impacts, net of the related taxation charges/credits. Adjusted EPS¹ has been included to provide a clearer guide as to the underlying earnings performance of the Group. A full reconciliation of our adjusted EPS¹ measure is included in Note 7.

Table 1: Earnings per share

	2023	2022
	pence	pence
Statutory basic EPS	5.4	21.6
Adjusted basic EPS ¹	13.9	22.7

Cash flow and net debt¹

Adjusted operating cash flow decreased by £58 million to £50.0 million (2022: 108.0 million), reflecting a reduction in adjusted EBITDA¹ from significantly lower activity levels in our core residential markets. The Group also increased working capital levels by £37.0 million (2022: £1.8 million increase) as finished goods inventories were built back from lower levels.

Net interest paid in 2023 increased to £5.8 million (2022: £4.3 million) reflecting an increased interest cost as the Group drew down on its bank facilities during the latter part of the year. Cash tax amounted to a small inflow of £0.6 million (2022: payment of £11.7 million), as taxable profit decreased from the prior year and the Group continued to benefit from the accelerated tax deduction on qualifying capital expenditure. Other cash outflows of £14.9 million (2022: £12.1 million outflow) included £1.8 million in respect of carbon emission credits purchased during the year (2022: £5.6 million), Coltman consideration of £2.7 million and lease payments totalling £10.0 million (2022: £8.0 million).

The Cash conversion¹ percentage decreased to 47% (2022: 77%), reflecting a material reduction in adjusted EBITDA¹ and the investment in working capital as finished goods inventories increased during the year.

Adjusted free cash flow¹ decreased significantly to an outflow of £15.6 million (2022: inflow of £49.7 million). Capital expenditure of £65.7 million increased by £7.3 million on 2022 (£58.4 million), reflecting the Group's continued investment in its organic growth projects to support our medium-term growth objectives. The 2023 capital expenditure figure comprised around £21 million of sustaining expenditure, £29 million on the Atlas and Aldridge redevelopments, £11 million on the slips project at Nostell (as we managed the pace of capital deployment on the larger slips systems factory) and around £5 million on other growth projects. In the 2024 year, sustaining expenditure is expected to remain at around £20 million, with growth investments in Atlas, Aldridge and Futures expected to total £25 million to £30 million.

Table 2: Cash flow (non-statutory)

	2023	2022	Change
	£'m	£'m	£'m
Adjusted EBITDA ¹	107.4	139.7	(32.3)
Adjusted change in working capital ¹	(37.0)	(1.8)	(35.2)
Net interest	(5.8)	(4.3)	(1.5)
Tax	0.6	(11.7)	12.3
Post-employment benefits	(0.3)	(1.8)	1.5
Other ²	(14.9)	(12.1)	(2.7)
Adjusted operating cash flow ¹	50.0	108.0	(58.0)
Cash conversion ¹	47%	77%	-30ppts
Total capex	(65.7)	(58.4)	(7.3)
Adjusted free cash flow ¹	(15.6)	49.7	(65.3)

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

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

The table above excludes cash flows relating to exceptional items¹ in both years. During 2023, the Group incurred £4.6 million of exceptional cash costs relating to the Group's rationalisation and closure of sites (2022: £7.8 million inflow).

Net debt¹ (borrowings less cash) at 31 December 2023 totalled £100.6 million (31 December 2022: £45.9 million; 30 June 2023: £89.1 million). The movement during the 2023 year reflected the investment of £37.0 million in working capital and £65.7 million of capital expenditure.

At 31 December 2023, the Group had drawn £25 million under its Revolving Credit Facility (RCF), and had £100 million of undrawn committed facilities in place.

The present value of lease liabilities increased to around £44 million (2023: £33 million) due principally to the long-term property lease entered into during the year for the Futures innovation hub in the West Midlands.

Return on capital employed¹

Return on capital employed¹ (ROCE) in 2023 reduced to 13.4% (2022: 23.4%). The reduction reflected both a decrease in adjusted operating profit and an increase in the capital base, as the Group invested in both working capital and growth investments to support our medium-term growth objectives.

Capital allocation

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

Our capital allocation framework is set out below:

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

Our framework remains underpinned by our commitment to maintaining a strong balance sheet, and we will look to maintain leverage at between 0.5 and 1.5 times net debt¹ to adjusted EBITDA¹ excluding the impact of IFRS 16, through the cycle.

Dividend

The Board has recommended a final dividend of 3.6p per share (2022: 5.5p), for payment on 31 May 2024 to shareholders on the register on 10 May 2024. This will bring the full year dividend to 7.0p (2022: 8.8p), a pay-out of 50% of adjusted basic earnings per share, consistent with our stated capital allocation framework.

Pensions

At 31 December 2023, the defined benefit pension scheme ("the scheme") was in an actuarial accounting surplus position of £9.8 million (31 December 2022: surplus of £15.2 million). Applying the valuation principles set out in IAS19, at the year end the scheme had asset levels of £373.7 million (31 December 2022: £373.6 million) against scheme liabilities of £363.9 million (31 December 2022: £358.4 million).

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

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

Related party transactions

Related party transactions are disclosed in Note 16 to the consolidated financial statements. During the current and prior year, there have been no material related party transactions.

Subsequent events

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

Going concern

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

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

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

Further information is provided in note 2 of the financial statements.

Statement of directors' responsibilities in relation to the financial statements

The 2023 Annual Report and Accounts which will be issued in March 2024, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval of the Annual Report on 5 March 2024, the Directors confirm to the best of their knowledge:

- the Group and unconsolidated Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings included in the consolidation taken as a whole; and
- the performance review contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 5 March 2024 and is signed on its behalf by:

Joe Hudson
Chief Executive Officer
5 March 2024

Chris McLeish
Chief Financial Officer
5 March 2024

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
		£'000	£'000
Revenue	4	405,839	512,886
Cost of sales		(290,883)	(316,521)
Gross profit		114,956	196,365
Distribution costs		(36,797)	(47,961)
Administrative expenses		(47,623)	(49,624)
Profit on disposal of property, plant and equipment		1,957	6,541
Other income		3,312	2,630
Other expenses		(774)	(524)
Operating profit		35,031	107,427
Finance costs		(5,932)	(4,553)
Finance income		968	1,890
Net finance cost		(4,964)	(2,663)
Profit before taxation		30,067	104,764
Taxation	6	(9,007)	(17,884)
Profit for the financial year		21,060	86,880
Profit attributable to:			
Owners of the parent		21,060	86,908
Non-controlling interest		-	(28)

	Notes	pence per share	pence per share
Earnings per share			
Basic - continuing operations	7	5.4	21.6
Diluted - continuing operations	7	5.3	21.5

Non-GAAP measure			
Reconciliation of adjusted EBITDA to Operating profit for the financial year for continuing operations			
	Notes	Year ended 31 December 2023	Year ended 31 December 2022
		£'000	£'000
Operating profit		35,031	107,427
Add back/(less) exceptional items impacting operating profit	5	30,762	(6,278)
Add back depreciation and amortisation	4	41,564	38,518
Adjusted EBITDA		107,357	139,667

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	Year ended 31 December 2022
		£'000	£'000
Profit for the financial year		21,060	86,880
Other comprehensive income/(expenses):			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges ¹		(591)	641
Related tax movements ¹		148	(149)
		<u>(443)</u>	<u>492</u>
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post employment benefit assets and obligations ¹	13	(5,283)	(44,581)
Related tax movements ¹		1,320	11,147
		<u>(3,963)</u>	<u>(33,434)</u>
Other comprehensive expense for the year net of tax		(4,406)	(32,942)
Total comprehensive income for the year, net of tax		16,654	53,938
Total comprehensive income attributable to:			
Owners of the company		16,654	53,966
Non-controlling interest		-	(28)

¹ Impacting retained earnings

CONSOLIDATED BALANCE SHEET

	Notes	31 December 2023	31 December 2022
		£'000	£'000
Assets			
Non-current assets			
Intangible assets		82,017	90,242
Property, plant and equipment		440,400	409,091
Right-of-use assets		39,831	31,478
Derivative financial instruments		-	116
Post-employment benefit asset	13	9,832	15,194
		<u>572,080</u>	<u>546,121</u>
Current assets			
Inventories		119,189	94,275
Current tax recoverable		1,171	1,717
Derivative financial instruments		-	451
Trade and other receivables		37,919	65,935
Cash and cash equivalents		23,872	54,283
		<u>182,151</u>	<u>216,661</u>
Total assets		<u>754,231</u>	<u>762,782</u>
Current liabilities			
Trade and other payables		(80,526)	(120,003)
Derivative financial instrument		(24)	-
Borrowings	8	(25,496)	(436)
Lease liabilities		(9,292)	(7,690)
Provisions	9	(6,002)	(1,613)
		<u>(121,340)</u>	<u>(129,742)</u>
Net current assets		<u>60,811</u>	<u>86,919</u>
Total assets less current liabilities		<u>632,891</u>	<u>633,040</u>
Non-current liabilities			
Borrowings	8	(98,992)	(99,769)
Lease liabilities		(34,541)	(25,414)
Deferred tax liabilities		(89,929)	(84,349)
Provisions	9	(9,562)	(7,299)
		<u>(233,024)</u>	<u>(216,831)</u>
Total liabilities		<u>(354,364)</u>	<u>(346,573)</u>
Net assets		<u>399,867</u>	<u>416,209</u>
Equity			
Share capital		4,096	4,096
Share premium		4,458	4,458
Retained earnings		790,971	807,894
Other reserves	15	(399,658)	(400,290)
Equity attributable to owners of the company		<u>399,867</u>	<u>416,158</u>
Non-controlling interest		-	51
Total equity		<u>399,867</u>	<u>416,209</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Other reserves (see Note 15)	Total equity attributable to owners	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023	4,096	4,458	807,894	(400,290)	416,158	51	416,209
Profit for the year	-	-	21,060	-	21,060	-	21,060
Other comprehensive expense	-	-	(3,963)	(443)	(4,406)	-	(4,406)
Total comprehensive income/(expense) for the year	-	-	17,097	(443)	16,654	-	16,654
Transactions with owners:							
Share based payments	-	-	2,308	-	2,308	-	2,308
Deferred tax on share based payments	-	-	(147)	-	(147)	-	(147)
Equity dividends paid	-	-	(34,907)	-	(34,907)	-	(34,907)
Issue of share capital on exercise of share options	-	-	(1,075)	1,075	-	-	-
Acquisition of subsidiary non-controlling interest	-	-	(199)	-	(199)	(51)	(250)
At 31 December 2023	4,096	4,458	790,971	(399,658)	399,867	-	399,867

	Share capital	Share premium	Retained earnings	Other reserves (see Note 15)	Total equity attributable to owners	Non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2022	4,096	4,458	785,609	(370,934)	423,229	-	423,229
Loss for the year	-	-	86,908	-	86,908	(28)	86,880
Other comprehensive (expense)/income	-	-	(33,434)	492	(32,942)	-	(32,942)
Total comprehensive income/(expense) for the year	-	-	53,474	492	53,966	(28)	53,938
Transactions with owners:							
Share based payments	-	-	2,547	-	2,547	-	2,547
Current tax on share based payment	-	-	1	-	1	-	1
Deferred tax on share based payment	-	-	116	-	116	-	116
Equity dividends paid	-	-	(33,701)	-	(33,701)	-	(33,701)
Purchase of own shares	-	-	-	(30,000)	(30,000)	-	(30,000)
Issue of own shares held on exercise of share options	-	-	(152)	152	-	-	-
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	79	79
At 31 December 2022	4,096	4,458	807,894	(400,290)	416,158	51	416,209

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Cash flow from operating activities		
Cash generated from operations	11 63,656	137,765
Interest paid	(3,667)	(2,888)
Other interest paid - lease liabilities	(2,368)	(1,274)
Tax received/(paid)	630	(11,699)
Net cash inflow from operating activities	58,251	121,904
Cash flows from investing activities		
Purchase of property, plant and equipment	(65,653)	(58,354)
Proceeds from sale of property plant and equipment	2,070	7,883
Purchase of intangible assets	(2,423)	(5,573)
Settlement of deferred consideration	(112)	-
Payment for acquisition of subsidiary undertaking, net of cash acquired	14 (2,642)	(959)
Interest received	257	124
Net cash outflow from investing activities	(68,503)	(56,879)
Cash flows from financing activities		
Dividends paid	(34,907)	(33,701)
Drawdown of borrowings	30,000	-
Repayment of borrowings	(5,000)	-
Debt issue costs	-	(259)
Repayment of lease liabilities	(9,986)	(8,010)
Cash outflow from purchase of shares	15 -	(30,000)
Acquisition of non-controlling interests	(250)	-
Net cash outflow from financing activities	(20,143)	(71,970)
Net decrease in cash and cash equivalents	(30,395)	(6,945)
Cash and cash equivalents at beginning of the year	54,283	61,199
Exchange (loss)/gain on cash and cash equivalents	(16)	29
Cash and cash equivalents at end of the year	23,872	54,283

Reconciliation of changes in cash and cash equivalents to movement in net debt

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Net decrease in cash and cash equivalents	(30,395)	(6,945)
Proceeds from borrowings	(30,000)	-
Repayment of borrowings	5,000	-
Non-cash debt movement	717	(134)
Effect of foreign exchange rate changes	(16)	29
Movement in net debt	(54,694)	(7,050)
Net debt at start of year	(45,922)	(38,872)
Net debt at end of year (Note 3)	(100,616)	(45,922)
Comprising:		
Cash and cash equivalents	23,872	54,283
Short-term borrowings (Note 8)	(25,496)	(436)
Long-term borrowings (Note 8)	(98,992)	(99,769)
	(100,616)	(45,922)

1. AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of Ibstock Plc, which has a premium listing on the London Stock Exchange, for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 05 March 2024. The balance sheet was signed on behalf of the Board by J Hudson and C McLeish. Ibstock Plc is a public company limited by shares, which is incorporated and registered in England. The registered office is Leicester Road, Ibstock, Leicestershire, LE67 6HS and the company registration number is 09760850.

2. BASIS OF PREPARATION

The consolidated financial statements of Ibstock Plc for the year ended 31 December 2023 have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations as issued by the IASB and IFRS as adopted by the UK. They are prepared on the basis of all IFRS accounting standards and interpretations that are mandatory as at the period ended 31 December 2023 and in accordance with the Companies Act 2006. The comparative financial information has also been prepared on this basis.

The financial information set out does not constitute the Company's statutory accounts for the year ended 31 December 2023 but is derived from those accounts. Statutory accounts for 2023 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2023. The consolidated financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand (£'000) except where otherwise indicated. The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements of Ibstock Plc for the year ended 31 December 2023 have been prepared in accordance with UK adopted International Accounting Standards (IAS). The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies except Valerie Coltman Holdings Limited and Coltman Precast Concrete Limited, for which the financial statements are prepared as at 31 March 2024. All intra-Group balances, transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Going concern

Despite the macroeconomic downturn, there are initial positive external market indicators, with inflation continuing to fall and mortgage rates stabilising, which are expected to increase consumer confidence looking forward. Management does not believe that the going concern basis of preparation represents a significant judgement.

The Group's financial planning and forecasting process consists of a budget for the current year followed by a medium-term projection, and the Group also re-forecasts current year performance on a quarterly basis. The going concern assessment period extends to June 2025. The Directors have reviewed and robustly challenged the assumptions about future trading performance, operational and capital expenditure and debt requirements within these forecasts including the Group's liquidity and covenant forecasts, and stress tested within their going concern assessment.

In arriving at their conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group, particularly those relating to economic conditions, operational disruption and the effect of climate change.

Group forecasts have been prepared which reflect both actual conditions and estimates of the future reflecting macroeconomic and industry-wide projections, as well as matters specific to the Group.

The Group has financing arrangements, comprising £100 million of private placement notes with maturities of between 7 and 12 years and a £125 million RCF for an initial four-year tenor, with an enacted one year extension option, both of which were arranged in 2021. At 31 December 2023 the Group had drawn £25 million under the RCF.

Covenants under the Group's RCF and private placement notes require leverage of no more than 3 times net debt to adjusted EBITDA¹, and interest cover of no less than 4 times, tested bi-annually at each reporting date with reference to the previous 12 months. At 31 December 2023 covenant requirements were met with significant headroom.

The key uncertainty faced by the Group is the industry demand for its products in light of macroeconomic factors. Accordingly, the Group has modelled financial scenarios that see reduction in the demand for its products, thereby stress testing the Group's resilience. For each scenario, cash flow and covenant compliance forecasts have been prepared. In the most severe but plausible

scenario industry demand for Clay and Concrete products are projected to be around 40% lower than 2022 in the 2024 year, recovering to around 28% lower than 2022 in 2025.

In the severe but plausible low case, the Group has sufficient liquidity and headroom against its covenants, with covenant headroom expressed as a percentage of annual adjusted EBITDA being in excess of 30%.

In addition, the Group has prepared a reverse stress test to evaluate the industry demand reduction at which it would be likely to breach the debt covenants, before any further mitigating actions were taken. This test indicates that, at a reduction of 48% in sales volumes versus 2022 levels, in both 2024 and the first half of 2025, the Group would be at risk of breaching its covenants.

The Directors consider this to be a highly unlikely scenario, and in the event of an anticipated covenant breach, the Group would seek to take further steps to mitigate, including the disposal of valuable land and building assets and additional restructuring steps to reduce the fixed cost base of the Group.

Having taken account of the various scenarios modelled, and in light of the mitigations available to the Group, the Directors are satisfied that the Group has sufficient resources to continue in operation for a period of not less than 12 months from the date of this report. Accordingly, the consolidated financial information has been prepared on a going concern basis.

3. ALTERNATIVE PERFORMANCE MEASURES

Alternative Performance Measures ("APMs") are used within the management report where management believes it is necessary to do so in order to provide further understanding of the financial performance of the Group. Management uses APMs in its own assessment of the Group's performance and in order to plan the allocation of internal capital and resources. Certain APMs are also used in the remuneration of management and Executive Directors.

APMs serve as supplementary information for users of the financial statements and it is not intended that they are a substitute for, or superior to, statutory measures. None of the APMs are outlined within IFRS and they may not be comparable with similarly titled APMs used by other companies.

Exceptional items

The Group presents as exceptional at the foot of the Group's Condensed consolidated income statement those items of income and expense which, because of their materiality, nature and/or expected infrequency of the events giving rise to them, merit separate presentation to allow users of the financial statements to understand further elements of financial performance in the year. This facilitates comparison with future periods and the assessment of trends in financial performance over time.

Details of all exceptional items are disclosed in Note 5.

Adjusted EBITDA and Adjusted EBITDA margin

Adjusted EBITDA is the earnings before interest, taxation, depreciation and amortisation adjusted for exceptional items. Adjusted EBITDA margin is Adjusted EBITDA shown as a proportion of revenue.

The Directors regularly use Adjusted EBITDA and Adjusted EBITDA margin as key performance measures in assessing the Group's profitability. The measures are considered useful to users of the financial statements as they represent common APMs used by investors in assessing a company's operating performance, when comparing its performance across periods as well as being used in the determination of Directors' variable remuneration.

A full reconciliation of Adjusted EBITDA is included at the foot of the Group's Condensed consolidated income statement within the consolidated financial statements. Adjusted EBITDA margin is included within Note 4.

Adjusted EPS

Adjusted EPS is the basic earnings per share adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets and non-cash interest, net of associated taxation on the adjusting items.

The Directors have presented Adjusted EPS as they believe the APM represents useful information to the user of the financial statements in assessing the performance of the Group, when comparing its performance across periods, as well as being used in the determination of Directors' variable remuneration. Additionally, the APM is considered by the Board when determining the proposed level of ordinary dividend. A full reconciliation is provided in Note 7.

Net debt and Net debt to adjusted EBITDA ("leverage") ratio

Net debt is defined as the sum of cash and cash equivalents less total borrowings at the balance sheet date. This does not include lease liabilities arising upon application of IFRS 16.

The Net debt to adjusted EBITDA ratio definition removes the operating lease expense benefit generated from IFRS16 compared to IAS 17 within adjusted EBITDA.

The Directors disclose these APMs to provide information as a useful measure for assessing the Group's overall level of financial indebtedness and when comparing its performance and position across periods.

A full reconciliation of the net debt to adjusted EBITDA ratio (also referred to as 'leverage') is set out below:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Net debt	(100,616)	(45,922)
Adjusted EBITDA	107,357	139,667
Impact of IFRS 16	(12,134)	(8,491)
Adjusted EBITDA prior to IFRS 16	95,223	131,176
Ratio of net debt to adjusted EBITDA	1.1x	0.4x

Adjusted Return on Capital Employed (Adjusted ROCE)

Adjusted Return on Capital Employed ("Adjusted ROCE") is defined as Adjusted earnings before interest and taxation as a proportion of the average capital employed (defined as net debt plus equity excluding the pension surplus). The average is calculated using the period end balance and corresponding preceding reported period end balance (year end or interim).

The Directors disclose the Adjusted ROCE APM in order to provide users of the financial statements with an indication of the relative efficiency of capital use by the Group over the period, assessing performance between periods as well as being used within the determination of executives' variable remuneration.

The calculation of Adjusted ROCE is set out below:

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
Adjusted EBITDA	107,357	139,667
Less depreciation	(34,626)	(31,579)
Less amortisation	(6,938)	(6,939)
<i>Adjusted earnings before interest and taxation</i>	65,793	101,149
Average net debt	94,863	40,791
Average equity	407,061	426,501
Average pension	(10,160)	(35,707)
<i>Average capital employed</i>	491,764	431,585
Adjusted ROCE	13.4%	23.4%

Average capital employed figures are derived using the following closing balance sheet values:

	31 December 2023	30 June 2023	31 December 2022	30 June 2022
	£'000	£'000	£'000	£'000
Net debt	100,616	89,110	45,922	35,660
Equity	399,867	414,254	416,209	436,792
Less: Pension surplus	(9,832)	(10,488)	(15,194)	(56,219)
Capital employed	490,651	492,876	446,937	416,233

Adjusted effective tax rate

The Group presents an adjusted effective tax rate (Adjusted ETR) within its Financial Review. This is disclosed in order to provide users of the financial statements with a view of the rate of taxation borne by the Group adjusted for exceptional items, fair value

adjustments (being the amortisation and depreciation on fair value uplifted assets), non-cash interest and changes in taxation rates on deferred taxation.

A reconciliation of the adjusted ETR to the statutory UK rate of taxation is included in Note 6.

Cash flow related APMs

The Group presents an adjusted cash flow statement within its Financial Review. This is disclosed in order to provide users of the financial statements with a view of the Group's operating cash generation before the impact of cash flows associated with exceptional items (as set out in Note 5) and with the inclusion of interest, lease payment and non-exceptional property disposal related cash flows.

The Directors use this APM table to allow shareholders to further understand the Group's cash flow performance in the period, to facilitate comparison with future years and to assess trends in financial performance. This table contains a number of APMs, as described below and reconciled in the following table.

Adjusted change in working capital

Adjusted change in working capital represents the statutory change in working capital less cash flows associated with exceptional items arising in the year of £5.4 million (2022: adding back cash flows of £0.3 million).

Adjusted operating cash flow

Adjusted operating cash flows are the cash flows arising from operating activities adjusted to add back cash flows relating to exceptional items of £4.6 million (2022: less cash flows of £7.3 million) and the inclusion of cash flows associated with interest income, proceeds from the sale of property, plant and equipment, purchase of intangibles and lease payments reclassified from investing or financing activities of £12.8 million (2022: £6.8 million).

Cash conversion

Cash conversion is the ratio of Adjusted operating cash flow (defined above) to Adjusted EBITDA (defined above). The Directors believe this APM provides a useful measure of the Group's efficiency of its cash management during the period.

Adjusted free cash flow

Adjusted free cash flow represents Adjusted operating cash flow (defined above) less total capital expenditure. The Directors use the measure of Adjusted free cash flow as a measure of the funds available to the Group for the payment of distributions to shareholders, for use within M&A activity and other investing and financing activities.

Year ended 31 December 2023	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Adjusted EBITDA	76,595	30,762	-	107,357
Change in working capital	(31,636)	(5,355)	-	(36,991)
Impairment charges	20,599	(20,599)	-	-
Net interest	(6,035)	-	257	(5,778)
Tax	630	-	-	630
Post-employment benefits	790	-	(1,081)	(291)
Other	(2,692)	(177)	(12,012)	(14,881)
Adjusted operating cash flow	58,251	4,631	(12,836)	50,046
Cash conversion				47%
Total capex	(65,653)	-	-	(65,653)
Adjusted free cash flow	(7,402)	4,631	(12,836)	(15,607)

Year ended 31 December 2022	Statutory £'000	Exceptional £'000	Reclassification £'000	Adjusted £'000
Adjusted EBITDA	146,115	(6,448)	-	139,667
Change in working capital	(2,035)	267	-	(1,768)
Impairment charges	382	(382)	-	-
Net interest	(4,162)	-	(135)	(4,297)
Tax	(11,699)	-	-	(11,699)
Post-employment benefits	(973)	-	(777)	(1,750)
Other	(5,554)	(705)	(5,882)	(12,141)

Adjusted operating cash flow	122,074	(7,268)	(6,794)	108,012
Cash conversion				77%
Total capex	(58,354)	-	-	(58,354)
Adjusted free cash flow	63,720	(7,268)	(6,794)	49,658

4. SEGMENT REPORTING

The Directors consider the Group's reportable segments to be the Clay and Concrete Divisions.

The key Group performance measure is adjusted EBITDA, as detailed below, which is defined in Note 3. The tables, below, present revenue and adjusted EBITDA and profit before taxation for the Group's operating segments.

Included within the unallocated and elimination columns in the tables below are costs including share based payments and Group employment costs. Unallocated assets and liabilities are pensions, taxation and certain centrally held provisions. Eliminations represent the removal of inter-company balances. Transactions between segments are carried out at arm's length. There is no material inter-segmental revenue and no aggregation of segments has been applied.

For all the periods presented, the activities of Ibstock Futures were managed and reported as part of the Clay Division. Consequently, the position and performance of Ibstock Futures for all periods have been classified within the Clay reportable segment.

	Year ended 31 December 2023			
	Clay £'000	Concrete £'000	Unallocated & elimination £'000	Total £'000
-				
Total revenue	292,220	113,619	-	405,839
Adjusted EBITDA	98,847	18,623	(10,113)	107,357
Adjusted EBITDA margin	33.8%	16.4%		26.5%
Exceptional items impacting operating profit (see Note 5)	(28,170)	(2,404)	(188)	(30,762)
Depreciation and amortisation pre fair value uplift	(23,406)	(5,733)	(175)	(29,314)
Incremental depreciation and amortisation following fair value uplift	(7,374)	(4,876)	-	(12,250)
Net finance costs	(2,015)	(569)	(2,380)	(4,964)
Profit/(loss) before tax	37,882	5,041	(12,856)	30,067
Taxation				(9,007)
Profit for the year				21,060
Consolidated total assets	610,867	133,502	9,862	754,231
Consolidated total liabilities	(174,062)	(46,127)	(134,175)	(354,364)
Non-current assets				
Consolidated total intangible assets	56,178	25,839	-	82,017
Property, plant and equipment	389,165	51,235	-	440,400
Right-of-use assets	29,915	9,310	606	39,831
Total	475,258	86,384	606	562,248
Total non-current asset additions	62,837	6,654	-	69,491

Included within revenue for the year ended 31 December 2023 were £1.1 million of bill and hold transactions in the Clay Division. At 31 December 2023, £1.1 million of inventory relating to these bill and hold transactions remained on the Clay Division's premises. Additionally, £0.1 million of inventory related to bill and hold sales in previous years remained on the Concrete Division's

premises. The unallocated segment balance includes the fair value of the Group's share-based payments and associated taxes (£2.5 million), plc Board and other plc employment costs (£5.4 million), pension costs (£1.1 million) and legal/administrative expenses (£3.5 million). These costs have been offset by research and development taxation credits (£2.4 million). During the current period, one customer accounted for greater than 10% of Group revenues with £70.6 million of sales across the Clay and Concrete Divisions.

	Year ended 31 December 2022			
	Clay	Concrete	Unallocated & elimination	Total
	£'000	£'000	£'000	£'000
Total revenue	369,193	143,693	-	512,886
Adjusted EBITDA	126,687	23,604	(10,624)	139,667
Adjusted EBITDA margin	34.3%	16.4%		27.2%
Exceptional items impacting operating profit (see Note 5)	6,222	56	-	6,278
Depreciation and amortisation pre fair value uplift	(20,659)	(5,546)	(187)	(26,392)
Incremental depreciation and amortisation following fair value uplift	(6,936)	(5,190)	-	(12,126)
Net finance costs	(366)	(430)	(1,867)	(2,663)
Profit/(loss) before tax	104,948	12,494	(12,678)	104,764
Taxation				(17,884)
Profit for the year				86,880
Consolidated total assets	596,769	146,553	19,460	762,782
Consolidated total liabilities	(183,079)	(52,172)	(111,322)	(346,573)
Non-current assets				
Consolidated total intangible assets	60,945	29,297	-	90,242
Property, plant and equipment	361,389	47,702	-	409,091
Right-of-use assets	20,869	10,419	190	31,478
Total non-current assets	443,203	87,418	190	530,811
Total non-current asset additions	70,118	8,713	131	78,962

Included within the revenue of our Concrete operations during the year ended 31 December 2022 were £0.1 million of bill and hold transactions. At 31 December 2022, £0.4 million of inventory related to bill and hold sales in previous years remained on the Group's premises. The unallocated segment balance includes the fair value of the Group's share based payments and associated taxes (£2.7 million), Plc Board and other plc employment costs (£6.4 million), pension costs (£0.8 million) and legal/administrative expenses (£2.8 million) These costs have been offset by research and development taxation credits (£1.6 million). During the current period, one customer accounted for greater than 10% of Group revenues with £80.6 million of sales across the Clay and Concrete Divisions.

5. EXCEPTIONAL ITEMS

	Year ended 31 December 2023	Year ended 31 December 2022
	£'000	£'000
<u>Exceptional cost of sales</u>		
Impairment charge - Property, plant and equipment	(15,397)	(554)
Impairment charge - Right-of-use assets	(1,181)	-
Impairment charge - working capital	(4,022)	-
Total impairment charge	(20,600)	(554)
Redundancy costs	(7,470)	-
Other costs associated with restructuring programme	(1,196)	(126)
Total exceptional cost of sales	(29,266)	(680)

<u>Exceptional administrative expenses:</u>		
Redundancy costs	<u>(1,496)</u>	-
Total exceptional administrative expenses	(1,496)	-
<u>Exceptional profit on disposal of property plant and equipment:</u>		
	-	<u>6,958</u>
Exceptional items impacting operating profit	(30,762)	6,278
Total exceptional items	(30,762)	6,278

Included within the current period were the following exceptional items:

2023

Exceptional cost of sales

Impairment charges arising in the current year related to the impairment of non-current assets and working capital items at the Group's closed sites as set out in Note 10. Due to the materiality and non-recurring nature of the events giving rise to them, these costs have been categorised as exceptional.

Exceptional redundancy costs relate to employees engaged in production activities following the Group's announced restructuring activity across the Clay and Concrete Divisions. These costs have been categorised as exceptional due to their materiality and the non-recurring nature of the events giving rise to them.

Costs associated with the closure of sites relate to other costs incurred as a result of the Group's restructuring decisions during the year. These costs include closed site security and decommissioning activities.

Exceptional administration expenses

Exceptional redundancy costs arising in the current period relate to costs of redundancy of employees within the Group's selling, general and administrative ("SG&A") functions following the Group's announced restructuring in October 2023. The costs have been treated as exceptional due to their materiality, and the non-recurring nature of the event giving rise to them.

Cash flow on exceptional items

Exceptional cash cost of £10.2 million associated with the Group's rationalisation and closure of sites as part of the restructuring plan, of which £4.6 million was cash settled in the year as detailed in Note 3.

The exceptional non-cash charge of £20.6 million comprising the impairments associated with the Group's closure of sites as part of this plan as detailed in Note 11.

Tax on exceptional items

In the current year, impairment charges arising on non-current assets are not tax deductible but give rise to a deferred tax credit in the period. The impairment charge on current assets and redundancy costs are treated as tax deductible in the period. The total tax credit on exceptional items is £7.0 million.

2022

Exceptional cost of sales

Impairment charge – property, plant and equipment

The Group impaired the fixed assets at Atlas as part of a restructuring programme in 2020. Upon making the decision to redevelop the factory, a partial reversal of this amount was recognised in 2021, based on an estimate of the assets which were fit for continuing usage. As the redevelopment activity at the Atlas site has continued, existing building assets have been identified as unfit for usage, thereby requiring replacement.

Accordingly, those assets that have been identified as unfit for usage have been fully impaired in 2022. This impairment expense is, in effect, an adjustment to the impairment reversal booked in 2021. As such, it is considered appropriate to treat this adjustment on a basis consistent with the corresponding entry in 2021.

Other costs associated with restructuring programme

As part of the Group-wide restructuring plan to upgrade the Group, the business announced during 2020 a single coordinated plan to rationalise its sites. This programme proceeded throughout 2021 and the costs, as expected, concluded during the first half of 2022.

The Group incurred c£0.1m of net residual costs relating to the sites subject to closure during the 2022 year. The net balance in the current period comprised rates and other standing charges related to the former operations, partly offset by savings from previously provided redundancy schemes.

Exceptional profit on disposal of property, plant and equipment

The Group completed the sale of land and buildings at West Hoathly, Sussex in October 2022 for a total consideration (net of costs and sales tax) of £7.8 million. The combined book value of the site amounted to £0.8 million, which had previously been disclosed with assets held for resale, leading to a gross profit of £7.0 million recognised as an exceptional gain in 2022. In the prior year, the impairment charge relating to property, plant and equipment was not tax deductible but gave rise to a deferred tax credit in the period.

The costs associated with the closure of sites are tax deductible in the period.

The profit on disposal of property, plant and equipment gave rise to a nil chargeable gain in the period due to the effect of indexation allowance.

Cash flow on exceptional item

Exceptional cash impact comprising cash inflow of £7.8 million associated with total consideration from the sales of land and buildings and cash outflow of £0.1 million associated with the restructuring programme.

The exceptional non-cash charge of £0.6 million comprising the impairments associated the property, plant and equipment.

6. TAXATION

Year ended 31 December 2023	Total statutory		Exceptional and other adjusting items		Adjusted PBT	
	£'000	Percentage	£'000	Percentage	£'000	Percentage
Profit before tax	30,067	100%	42,186	100%	72,253	100%
Profit before tax multiplied by the rate of corporation tax in the UK	7,067	23.50%	9,913	23.50%	16,980	23.50%
Effects of:						
Expenses not deductible / items not taxable	1,175	3.91%	(278)	(0.66%)	897	1.24%
Permanent benefit of super-deduction on capital expenditure	(292)	(0.97%)	-	-	(292)	(0.40%)
Changes in estimates relating to prior periods	195	0.65%	-	-	195	0.27%
Changes in taxation rate on deferred tax	862	2.87%	(862)	(2.04%)	-	-
Total taxation expense from continuing operations	9,007	29.95%	8,773	20.80%	17,780	24.61%

Year ended 31 December 2022	Total statutory		Exceptional and other adjusting items		Adjusted PBT	
	£'000	Percentage	£'000	Percentage	£'000	Percentage
Profit before tax	104,764	100%	4,473	100%	109,237	100%
Profit before tax multiplied by the rate of corporation tax in the UK	19,905	19.00%	850	19.00%	20,755	19.00%
Effects of:						
Expenses not deductible / items not taxable	(717)	(0.68%)	1,390	31.08%	673	0.61%
Permanent benefit of super-deduction on capital expenditure	(1,741)	(1.66%)	-	-	(1,741)	(1.59%)
Changes in estimates relating to prior periods	(1,658)	(1.58%)	-	-	(1,658)	(1.52%)

Changes in taxation rate on deferred tax	2,095	2.00%	(2,095)	(46.84%)	-	-
Total taxation expense from continuing operations	17,884	17.08%	145	3.24%	18,029	16.50%

7. EARNINGS PER SHARE

The basic earnings per share figures are calculated by dividing profit for the year attributable to the parent shareholders by the weighted average number of Ordinary Shares in issue during the year. The diluted earnings per share figures allow for the dilutive effect of the conversion into Ordinary Shares of the weighted average number of options outstanding during the year. Where the average share price for the year is lower than the option price the options become anti-dilutive and are excluded from the calculation. The number of shares used for the earnings per share calculation are as follows:

	Year ended 31 December 2023 (000s)	Year ended 31 December 2022 (000s)
Basic weighted average number of Ordinary Shares	392,217	402,746
Effect of share incentive awards and options	3,437	2,010
Diluted weighted average number of Ordinary Shares	395,654	404,756

The calculation of adjusted earnings per share is a key measurement used by management that is not defined by IFRS. The adjusted earnings per share measures should not be viewed in isolation, but rather treated as supplementary information.

Adjusted earnings per share figures are calculated as the Basic earnings per share adjusted for exceptional items, fair value adjustments being the amortisation and depreciation on fair value uplifted assets and non-cash interest expenses. Adjustments are made net of the associated taxation impact at the adjusted effective tax rate. A reconciliation of the statutory profit to that used in the adjusted earnings per share calculations is as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Profit for the year attributable to the parent shareholders	21,060	86,908
Add back/(less) exceptional items (Note 5)	30,762	(6,278)
Less tax credit on exceptional items	(6,952)	(453)
Add back fair value adjustments	12,250	12,126
Less tax credit on fair value adjustments	(2,878)	(2,000)
Less net non-cash interest	(826)	(1,376)
Add back tax expense on non-cash interest	194	227
Add back impact of deferred taxation rate change	844	2,095
Adjusted profit for the year attributable to the parent shareholders	54,454	91,249

	Year ended 31 December 2023 pence	Year ended 31 December 2022 pence
Basic EPS on profit for the year	5.4	21.6
Diluted EPS on profit for the year	5.3	21.5
Adjusted basic EPS on profit for the year	13.9	22.7
Adjusted diluted EPS on profit for the year	13.8	22.5

8. BORROWINGS

	31 December 2023 £'000	31 December 2022 £'000
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Current		
Private Placement	333	436
Revolving Credit Facility (RCF)	25,163	-
	25,496	436
Non-current		
Private Placement	98,992	99,769
Total borrowings	124,488	100,205

At current and prior year end, the Group held £100 million of private placement notes from Pricoa Private Capital, with maturities of between 2028 and 2033 and an average total cost of funds of 2.19% (range 2.04% – 2.27%). The agreement with Pricoa also contains an additional uncommitted shelf facility of up to \$88.1 million (or equivalent in available currencies). The agreement contains debt covenant requirements of leverage (net debt to adjusted EBITDA) and interest cover (adjusted EBITDA to net finance charges) of no more than 3 times and at least 4 times, respectively, tested semi-annually on 30 June and 31 December in respect of the preceding 12-month period.

Additionally, a £125 million RCF facility is held with a syndicate of five banks for an initial four year period ending in November 2025, which was extended to November 2026 in the prior year. Interest is charged at a margin (depending upon the ratio of net debt to Adjusted EBITDA) of between 160bps and 260bps above SONIA, SOFR or EURIBOR according to the currency of the borrowing. The facility also includes an additional £50 million uncommitted accordion facility. Based on current leverage, the Group will pay interest under the RCF initially at a margin of 160bps which is expected to increase to a margin of 180bps in the second quarter of 2024 as a result of an increase of the Group's leverage. This facility contains debt covenant requirements that align with those of the private placement with the same testing frequency. As at 31 December 2023 the RCF was drawn down by £25.0 million (2022: £nil). As at the date of approval of these financial statements, the drawn down amount had increased to £48.0 million.

The carrying value of financial liabilities have been assessed as materially in line with their fair values, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £88.3 million (2022: £86.4 million).

No security is currently provided over the Group's borrowings.

9. PROVISIONS

	31 December 2023	31 December 2022
	£'000	£'000
Restoration (i)	5,489	4,550
Dilapidations (ii)	4,620	3,910
Restructuring (iii)	5,037	-
Other (iv)	418	452
	15,564	8,912
Current	6,002	1,613
Non-current	9,562	7,299
	15,564	8,912

(i) The restoration provision comprises obligations governing site remediation and improvement costs to be incurred in compliance with applicable environmental regulations together with constructive obligations stemming from established practice once the sites have been fully utilised. Provisions are based upon management's best estimate of the ultimate cash outflows. The key estimates associated with calculating the provision relate to the cost per acre to perform the necessary remediation work as at the reporting date together with determining the expected year of retirement. Climate change is specifically considered at the planning stage of developments when restoration provisions are initially estimated. This includes projection of costs associated with future water management requirements and the form of the ultimate expected restoration activity. Other changes to legislation, including in relation to climate change, are factored into the provisions when legislation becomes enacted. Estimates are reviewed and updated annually based on the total estimated available reserves and the expected mineral extraction rates. Whilst an element of the total provision will reverse in the medium-term (one to ten years), the majority of the legal and constructive obligations applicable to mineral-bearing land will unwind over a greater than twenty-year timeframe. In discounting the related obligations, expected future cash outflows have been determined with due regard to extraction status and anticipated remaining life. Discount rates used are based upon UK Government bond rates with similar maturities.

(ii) Provisions for dilapidations arose as contingent liabilities recognised upon the business combination in the period ended 31 December 2015. They are recognised on a lease-by-lease basis and are based on the Group's best estimate of the likely contractual cash outflows, which are estimated to occur over the lease term. Third party valuation experts are used periodically in the determination of the best estimate of the contractual obligation, with expected cash flows discounted based upon UK Government bond rates with similar maturities.

(iii) The restructuring provision comprised obligations arising from the completion of the Group's review of operations during the second half of 2023, which involved sites closures and associated redundancy costs. The key estimates associated with the provision relate to redundancy costs per impacted employee. All of the cost is expected to be incurred within one year of the balance sheet date.

(iv) Other provisions include provisions for legal and warranty claim costs, which are expected to be incurred within one year of the balance sheet date.

10. IMPAIRMENT

For tangible asset impairment testing purposes, the Group has determined that each factory is a separate Cash Generating Unit (CGU), with the exception of: Leighton Buzzard and Stretton which are considered as one roofing CGU; Bedford and Barnwell considered as one South fencing and building CGU; and Thornley and Northwich considered as a North Rail CGU in Concrete Segment. These combined CGUs are newly identified CGUs in 2023 as each individual factory was identified as a separate CGU in 2022. The changes to the CGUs are due to the production and supply arrangements made in 2023.

For intangible asset impairment testing, the Group has determined that each legal entity is a separate CGU as this is the lowest level at which the intangible assets can be directly attributed.

Following announcement of the proposed cessation of production at Ravenhead and South Holmwood, Gloucester and Hampshire in the Clay Division and Masoncrete and Castle Dawson in Concrete Division, management performed detailed impairment testing for the carrying value of the assets associated with these sites.

Management determined the recoverable amount based on the fair value less costs to disposal ("FVLCTD"). This assessment falls within level 3 of the fair value hierarchy and was based on management's judgement that the assets could not be sold for any value, this being the assumption the recoverable amount is most sensitive to.

Determination of FVLCTD by management reflected full impairment of all items of plant and machinery, buildings, minerals and majority of working capital for which management's assessment was that no alternative use, future salvage value or disposal proceeds are expected for the impacted assets.

However, management separately apply the requirements of IAS 36 to the land on sites owned, according to the accounting policy and concluded that the recoverable amount for the land is expected to exceed the carrying value, and hence these assets remain unimpaired.

This assessment of impairment resulted in the recognition of an exceptional impairment charge of £20.6 million within cost of sales within the Group's consolidated income statement.

The impairment of assets valued at historical cost impacted the Clay and Concrete operating segment of the Group in the current period as follows:

	Clay	Concrete	Total
	£'000	£'000	£'000
Buildings	5,333	195	5,528
Mineral reserves	2,262	-	2,262
Plant, machinery and equipment	7,489	118	7,607
Working capital	3,921	101	4,022
ROU	1,074	107	1,181
Total	20,079	521	20,600

Additionally, management completed detailed impairment testing based on value-in-use ("VIU"), for the Group's other operating CGUs as at 31 December 2023.

The key assumption used within the VIU calculation is noted below:

- Management has used the latest Board approved budget and strategic planning forecasts in its estimated future cash flows, covering the period 2024 to 2028, which includes assumptions regarding industry demand for the Group's products. These forecasts assume a return to normalised levels of industry demand for the Group's products (defined as a level of demand in line with the 2022 year) over the medium term.

Management is of the view that a downside sensitivity, evaluated as an unforeseen material reduction of greater than 10% in the long-term industry demand for the Group's products (against a level of demand in line with the 2022 year) could lead to a risk of impairment of the Group's non-current assets of between £15 million and £25 million.

The other assumptions used within the VIU calculation are noted below:

1. A pre-tax weighted average cost of capital (“WACC”) of 11%-15% was used within the VIU calculation based on an externally derived rate and benchmarked against industry peer group companies.
2. Terminal growth rates of 2% were used reflecting long term inflationary expectations and management’s past experience and expectations.

Management is of the view that no reasonable movement in the other assumptions of the WACC or terminal growth rate outlined would result in impairment of the Group’s non-current assets.

The cash flows include ongoing capital expenditure required to maintain the productive capacity of the network but exclude any growth capital initiatives not committed.

The immediately quantifiable impacts of climate change and costs expected to be incurred in connection with our climate resilient plan, are included within the budget and strategic plan, which have been used to support the impairment reviews, with no material impact on cash flows. We also expect any changes required due to physical risks arising from our assessment of climate change would be covered by business-as-usual site refurbishments and phased over multiple years. Therefore, the related cash outflow would not have a material impact in any given year. As a consequence, there has been no material impact in the forecast cash flows used for impairment testing.

As a result of the detailed impairment testing performed as at 31 December 2023 no further impairment charges were recognised. No impairment reversals arose during the year.

Goodwill

The Group’s goodwill balance of £4.1 million, arose on the acquisition of the Longley operations in July 2019 (£3.0 million), acquisition of the Generix operation in July 2022 (£0.9 million) and acquisition of Coltman in November 2023 (£0.2 million). Based upon management’s detailed testing of the recoverable value of the CGUs to which goodwill is allocated, no impairment was indicated. Key assumptions used within the testing of goodwill for impairment are consistent with those set out above.

For the Longley CGU, a pre-tax discount rate of 12.4% has been used, together with a long-term growth rate of 2%. CGU-specific cash flows for the detailed five-year time period used by management contain a revenue compound growth rate of 11.4%.

Based on management’s projections, no reasonably possible change in key assumptions within the VIU calculation supporting the impairment calculation could cause the carrying value of goodwill to exceed its recoverable amount.

11. NOTES TO THE GROUP CASH FLOW STATEMENT

	Year ended 31 December 2023	Year ended 31 December 2022
	£’000	£’000
Cash flows from operating activities		
Profit before taxation	30,067	104,764
Adjustments for:		
Depreciation	34,626	31,579
Impairment of property plant and equipment (Note5)	15,397	554
Impairment of right-of-use assets (Note 5)	1,181	-
Impairment of working capital (Note 5)	4,022	-
Amortisation of intangible assets	6,938	6,939
Net finance costs	4,964	2,663
Gain on disposal of property, plant and equipment	(1,957)	(6,541)
Research and development expenditure credit	(2,427)	(1,560)
Share based payments	2,308	2,547
Post-employment benefits	790	(973)
Other	(617)	(172)
	95,292	139,800
Increase in inventory	(28,495)	(21,255)
Increase in debtors	28,298	(930)
Increase in creditors	(36,865)	20,650
Decrease in provisions	5,426	(500)
Cash generated from operations	63,656	137,765

12. FINANCIAL INSTRUMENTS

IFRS 13 ‘Financial Instruments: Disclosures’ requires fair value measurements to be recognised using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

At 31 December 2023 and 31 December 2022, the Group's fair value measurements were categorised as Level 2, except for (i) quoted investments within the Group's pension schemes, which were valued as Level 1 and (ii) the insured pensioner and deferred pensioner asset, which was categorised as a Level 3 valuation and uses assumptions set out in Note 13 to align its valuation to the related liability.

The Group entered into forward currency contracts as cash flow hedges to manage its exposure to foreign currency fluctuations associated with the future purchases of plant and equipment required for the construction of major capital expenditure projects. These instruments are measured at fair value using Level 2 valuation techniques subsequent to initial recognition.

At 31 December, a liability valued at £0.1 million (31 December 2022: an asset of £0.6 million) was recognised for these derivative financial instruments.

At 31 December 2023 and 31 December 2022, the Group held no other significant derivative financial instruments. There were no transfers between levels during any period disclosed.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount, with the exception of £100 million of private placement notes. The fair value of these borrowings has been assessed as £88.3 million (2022: £86.4 million).

13. POST EMPLOYMENT BENEFITS

The Group participates in the Ibstock Pension Scheme (the 'Scheme'), a defined benefit pension scheme in the UK. During the year ended 31 December 2023, the opening Scheme surplus of £15.2 million decreased to a closing surplus of £9.8 million. Analysis of the movements during the year ended 31 December 2023 was as follows:

	£'000
Scheme surplus at 1 January 2023	15,194
Administration expenses	(1,082)
Interest income	711
Remeasurement due to:	
- Change in financial assumptions	(9,272)
- Change in demographic assumptions	5,217
- Experience losses	(6,476)
- Return on plan assets	5,248
Company contributions	292
Scheme surplus at 31 December 2023	9,832

On 20 December 2022, the Scheme completed a full buy-in transaction with a specialist third-party provider, which represented a significant step in the Group's continuing strategy of de-risking its pensions exposure. This transaction, together with the partial buy-in transaction in 2020 insured the majority of the Group's defined benefit liabilities. As a result, the insured asset and the corresponding liabilities of the Scheme are assumed to be broadly matched without exposure to interest rate, inflation risk or longevity risk. However, there is a residual risk that the insurance premium may be increased following a data cleanse to reflect a more accurate liability position. If the surplus Scheme assets are insufficient to meet any additional premium, then the company may need to pay an additional contribution into the Scheme.

The cover for current deferred pensioners at the date of the transaction attracted a total buy-in premium of £175.6 million. The initial premium payment of £81.3 million was settled on 28 December 2022 by the transfer of certain Scheme-invested assets. The remaining premia were settled in three instalments, with the final instalment paid in August 2023.

The financial assumptions used by the actuary have been derived using a methodology consistent with the approach used to prepare the accounting disclosures at 31 December 2022. The assumptions have been updated based on market conditions at 31 December 2023:

	31 December 2023	31 December 2022
	Per annum	Per annum
Discount rate	4.55%	4.80%
RPI inflation	3.10%	3.20%
CPI inflation	2.50%	2.60%
Rate of increase in pensions in payment	3.60%	3.65%
Commutation factors	21.20	18.60

Mortality assumptions: life expectancy from age 65		
For a male currently aged 65	21.4 years	21.9 years
For a female currently aged 65	24.1 years	24.5 years
For a male currently aged 40	23.1 years	23.6 years
For a female currently aged 40	25.9 years	26.4 years

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

14. BUSINESS COMBINATIONS

On 30 November 2023, the Group acquired 100% of the share capital of Valerie Coltman Holdings Limited and its subsidiary Coltman Precast Concrete Limited. The acquisition of the Coltman business will expand the Group's Concrete segment and supports further growth in precast and prestressed concrete business. The headline price for the acquisition was £3.4 million. The net cash paid in 2023 totalled £2.7 million (comprising gross payments of £5.2 million less cash acquired of £2.5 million). This net payment of £2.7 million excluded £0.7 million of the headline consideration, withheld ahead of finalisation of closing adjustments, expected to be concluded during the first half of the 2024 year.

The goodwill of £0.2 million was attributable to the workforce and reflected the profitable nature of the acquired business. It was not deductible for tax purposes.

On 29 July 2022, the Group acquired 75% of the share capital of Generix Facades Limited with total consideration of £1.1 million, of which £0.1 million was deferred and paid in July 2023. In December 2023, the Group acquired the remaining 25% of share capital for a consideration of £0.3 million.

Management has reviewed the assessment of fair values attributable to the acquired identifiable assets and concluded that no further fair value adjustments are required.

15. OTHER RESERVES

	Cash flow hedging reserve	Merger reserve	Own shares held	Treasury shares	Total other reserves
	£'000	£'000	£'000	£'000	£'000
At 1 January 2023	418	(369,119)	(1,589)	(30,000)	(400,290)
Other comprehensive expense	(443)	-	-	-	(443)
Issue of own shares held on exercise of share options	-	-	1,075	-	1,075
At 31 December 2023	(25)	(369,119)	(514)	(30,000)	(399,658)
					-
At 1 January 2022	(74)	(369,119)	(1,741)	-	(370,934)
Other comprehensive income	492	-	-	-	492
Shares purchased - share buyback scheme	-	-	-	(30,000)	(30,000)
Issue of own shares held on exercise of share options	-	-	152	-	152
At 31 December 2022	418	(369,119)	(1,589)	(30,000)	(400,290)

Cash flow hedging reserve

The cash flow hedging reserve records movements for effective cash flow hedges measured at fair value. The accumulated balance in the cash flow hedging reserve will be reclassified to the cost of the designated hedged item in a future period.

Merger reserve

The merger reserve of £369.1 million arose on the acquisition of Figgs Topco Limited by Ibstock plc in the period ended 31 December 2015 and is the difference between the share capital and share premium of Figgs Topco Limited and the nominal value of the investment and preference shares in Figgs Topco Limited acquired by the Company.

Own shares held

The Group's holding in its own equity instruments is shown as a deduction from shareholders' equity at cost totalling £0.5 million at 31 December 2023 (31 December 2022: £1.6 million). These shares represent shares held in the Employee Benefit Trust to

meet the future requirements of the employee share based payment plans. Consideration, if any, received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to the profit and loss reserve. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

Treasury share reserve

The Treasury share reserve represents shares acquired by the Group as part of its share buyback programme in 2022.

In 2022, the Group engaged its brokers to purchase up to £30.0 million of shares on the open market on its behalf. These shares are held by the Group to meet future requirements of employee share based payment plans. At 31 December 2023, the Treasury shares reserve contained 16,791,470 shares.

16. RELATED PARTY TRANSACTIONS

There were no related party transactions nor any related party balances in either the 2023 or 2022 financial year.

17. DIVIDENDS PAID AND PROPOSED

The Directors are proposing a final dividend in respect of the financial year ended 31 December 2023 of 3.6 pence (2022: 5.5 pence) per Ordinary Share, which will distribute an estimated £14.1 million (2022: £21.6 million) of shareholders' funds. Subject to approval at the Annual General Meeting, this will be paid on 31 May 2024, to shareholders on the register at the close of business on 10 May 2023.

These condensed consolidated financial statements do not reflect the 2023 final dividend declared.

18. POST BALANCE SHEET EVENTS

Except for the proposed ordinary dividend (see Note 17), no further subsequent events requiring either disclosure or adjustment to these financial statements have arisen since the balance sheet date.