

2025 Annual Report

Britain's Brick Specialist

Financial Highlights

REVENUE

£68.9m

GROSS MARGIN

34.5%

ADJUSTED*
OPERATING PROFIT

£8.4m

ADJUSTED* EBITDA

£12.4m

PROFIT BEFORE TAX

£4.3m

NET CASH GENERATED BY
OPERATIONS

£10.9m

BASIC EPS

4.02p

ADJUSTED* EPS

7.50p

NAV PER SHARE

102.6p

* The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, costs associated with acquisitions and aborted corporate transactions, and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with these reported results in the Chief Executive Officer's ("CEO's") Statement.

Cover image: The Old Boathouse, Maidenhead. Photo © Beccy Lane

Contents

STRATEGIC REPORT

04	Lifetime Revenue Sources
06	Our Strategy
08	Geographical Locations
10	Who We Are
12	Statement From The Chairman
14	Report From The Chief Executive
19	Financial Review
22	Business Model
24	ESG Strategy
42	ESG Limited Assurance Statement
44	Task Force on Climate-Related Disclosures ("TCFD")
50	Stakeholders
54	Risk Management and Principal Risks

CORPORATE GOVERNANCE

64	Chair's Introduction to Governance
66	Board of Directors
68	Governance Framework
69	Structure of the Board and Board Committees
72	Corporate Governance Statement
74	Audit Committee Report
78	Nomination Committee Report
80	Remuneration Committee Report
90	Directors' Report
93	Statement of Directors' Responsibilities

FINANCIAL STATEMENTS

94	Independent Auditor's Report
98	Consolidated Income Statement for the year ended 31 December 2025
99	Consolidated Balance Sheet at 31 December 2025
100	Consolidated Statement of Changes in Equity
101	Consolidated Statement of Cash Flows for the year ended 31 December 2025
102	General Information and Accounting Policies
106	Notes to the Consolidated Financial Statements for the year ended 31 December 2025
122	Parent Company Financial Statements
124	Independent Auditor's Report to the Members of Michelmersh
128	Company Balance Sheet

Lifetime Revenue Sources

Michelmersh Brick Holdings PLC is home to six market-leading brands: Blockleys, Carlton, FabSpeed, Freshfield Lane, Michelmersh and Floren. Together, these brands operate as an integrated group, manufacturing premium clay bricks, pavers, special-shaped bricks, prefabricated brick systems and façade components.

The Group also includes New Acres Limited, a landfill operator, and continues to explore future landfill and development opportunities across its ancillary land portfolio.

Founded in 1997, Michelmersh has grown through a combination of disciplined acquisitions and organic investment to become a profitable, asset-rich business. Today, the Group produces more than 120 million clay bricks and pavers each year.

Michelmersh owns and operates many of the UK's most respected premium brick brands and is a leading manufacturer of specification bricks, and clay paving products recently gaining the CCPI mark for our range of clay bricks and pavers. This is complemented by advanced prefabrication and off-site construction capabilities, enabling the Group to meet the evolving needs of modern construction.

The business is committed to long-term, sustainable investment and environmentally responsible manufacturing. Providing opportunity, training and security for employees, while delivering value for customers and stakeholders, sits at the heart of the Group's purpose. Michelmersh aims to enhance the built environment by producing Britain's finest clay products for generations to come.

FOUR LIFETIME REVENUE SOURCES



BRICK MANUFACTURING

Production of premium clay bricks, pavers and special-shaped bricks.



PREFABRICATED BRICK COMPONENTS, SYSTEMS

Off-site manufactured façade solutions and bespoke products.



INVESTMENT LAND

Strategic land assets that support long-term value creation.



NEW ACRES LANDFILL

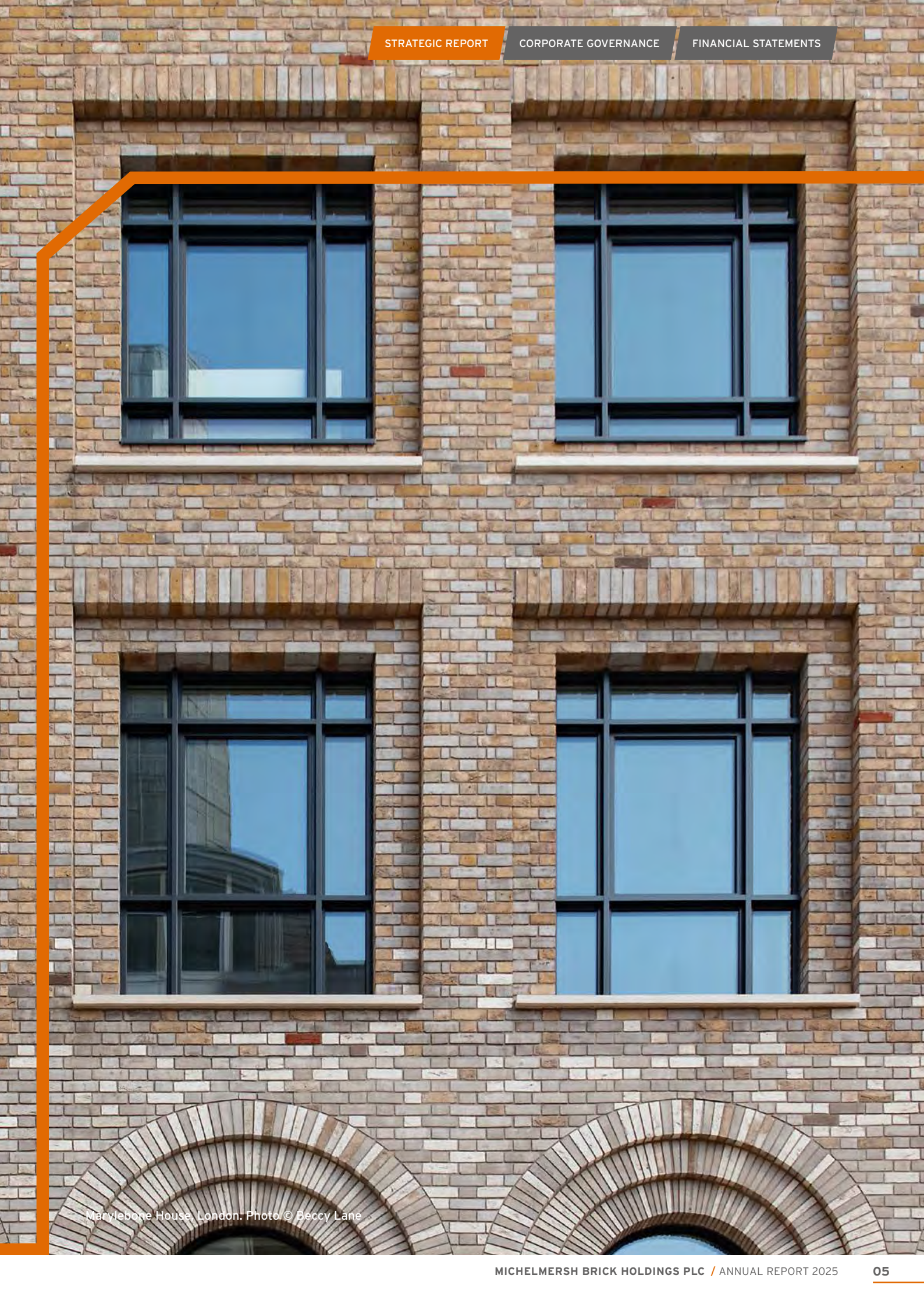
Landfill operation with historic clay extraction and land remediation.

REVENUE BY END MARKET

41% NON-RESIDENTIAL
& SPECIFICATION

45%
RESIDENTIAL

14% REPAIR, MAINTENANCE
& IMPROVEMENT ("RMI")



Marylebone House, London. Photo © Beccy Lane

Our Strategy

KEY ELEMENTS DRIVING OUR STRATEGY



PREMIUM PRODUCT **A COMMITMENT TO QUALITY**

The Group is a leading manufacturer of premium bricks, pavers, special-shaped bricks and prefabricated brick components.

Renowned for technical expertise and customer service, Michelmersh continues to invest in innovation and sustainability while maintaining the highest manufacturing and compliance standards.



FUNDAMENTAL DEMAND **SUPPORTIVE DEMAND DYNAMICS**

The business operates within markets supported by long-term structural demand.

A persistent shortage of housing, an ageing brick-built housing stock and government focus on increasing housebuilding activity underpin demand across both new build and RMI sectors.



DIVERSIFIED END MARKETS **THE FULL FAÇADE SOLUTION**

Michelmersh offers a comprehensive façade solution through its broad portfolio of clay products and prefabricated systems.

Leveraging the expertise of individual brands, the Group serves a wide customer base across RMI, housing, commercial, urban regeneration and specification-led projects.



DISTRIBUTION **ENHANCED ROUTES TO MARKET**

With more than a century of combined manufacturing heritage, the Group has established a collaborative and resilient distribution model.

Long-standing relationships with customers and distributors underpin a targeted and disciplined approach to order intake, ensuring consistent market access.



FINANCIAL STRENGTH **STRONG BALANCE SHEET**

Maintaining a robust balance sheet is central to Michelmersh's strategy.

Strong operational cash generation supports investment in innovation, sustainability and manufacturing efficiency, while underpinning disciplined shareholder returns.

FOCUS AREAS

**CAPITAL INVESTMENTS**

A targeted annual organic capital expenditure programme to enhance efficiency, sustainability and capability.

**EARNINGS GROWTH**

Building financial and operational resilience through disciplined cost control, market diversification and operational excellence.

**REGULAR RETURNS TO SHAREHOLDERS**

A consistent and disciplined annual shareholder returns policy.



Master Chef Studios, Birmingham. Photo © Beccy Lane

Geographical Locations

OUR MANUFACTURING FOOTPRINT





By far the best brick manufacturer to deal with in the UK.

Very good quality products with little/no issues, excellent range of brick types available for both matching to existing builds or for new projects.

Fantastic customer service from all of the staff at Carlton sales office, always communicate clearly and offer help when needed.

Customer Feedback – Customer Satisfaction Survey 2025

Battersea Power Station, London Photo © John Sturrock

Who We Are

Michelmersh's culture is guided by four core values: Integrity, Respect, Innovation and Sustainability. These values shape decision-making, behaviours and relationships across the Group, both internally and externally.

The business is committed to being a well-invested, long-term and environmentally responsible organisation, delivering quality products while acting as a responsible corporate citizen. Employee development, training, security and career progression are prioritised alongside the creation of sustainable value for all stakeholders.

WHO WE ARE



Over 120+ million

Clay Bricks
& Pavers made
per year



6 Market-Leading

Premium
Brands



Over 180

Core Range
Products



Over 400

Skilled
Employees



5 Plants, 3 Facilities

Across the UK & Europe



IRIS - INTEGRITY

Retain strong moral principles, mirrored by Michelmersh's employees, to act in an ethical manner in all areas of the business and uphold the qualities of being honest and reliable.



IRIS - RESPECT

Michelmersh believes all people should be treated fairly and without fear of discrimination. The Group encourages a culture of consideration and value for each other through respect.



IRIS - INNOVATION

The Group constantly strives to advance and improve through modernising processes, training staff, updating technology or equipment and always being forward thinking.



IRIS - SUSTAINABILITY

Awareness of Michelmersh's social and environmental responsibilities is key to our business, to protect the future for generations to come.

INTEGRITY RESPECT INNOVATION SUSTAINABILITY



A week at the knees, Design Week 2025 Photo © Charles Emerson

Statement From The Chairman

TONY MORRIS



Broader UK brick despatches started 2025 with a positive year-on-year trajectory but this developing momentum was undermined by the uncertainty regarding potential UK budget policy announcements in the second half, highlighting the cautious sentiment that remains in our sector. Despite this, the Group held market share and we were pleased to see an improvement in our despatch volumes broadly in line with the wider sector. We continue to focus on the provision of a broad range of premium brick and prefabricated products, and believe this is the right strategy to address our competitive end markets, both domestically and through imported products.

Adhering to our capital allocation strategy has remained our core focus with significant investment made in our facilities to improve production efficiency, delivering our integration plans for our prefabricated operations moving onto our freehold sites, balanced with returning value to our shareholders through buybacks and dividends. We believe our strategic investments will deliver value for the Group as we look into 2026. Last year, we saw a longer shutdown at Carlton and the impact of relocating our prefabricated operations away from Watlington, which combined to negatively impact our FY25 profit metrics.

We enter the new financial year with continued uncertainty around momentum in the wider UK construction industry and Belgium brick markets. Consumers remain cautious with affordability considerations and interest rate levels affecting their confidence to move or improve their homes and as a result the expected timeline for a market recovery continues to be uncertain. Notwithstanding this, we believe we have the right strategy, with a strong balance sheet, and with the investments in our facilities and operations during the year, we are well positioned for continued progression in 2026.

During the year, we continued to evolve our Board composition, welcoming Ryan formally to his role as CEO, Rachel Warren joining us as Ryan's Chief Financial Officer ("CFO") replacement from Wincanton, and completing our non-executive team through the appointment of Darren Waters, a highly experienced industry leader as independent non-executive and now chair of our Remuneration Committee. It was disappointing for us to make a change in our Executive team with Rachel now resigned from the Board and set to depart in May this year, however I have total confidence in Ryan and his wider leadership team continuing to perform the role they did for the majority of 2025 into 2026.



I believe we have a Board with the right mix of skills, experiences and perspectives to support the delivery of our strategic priorities for 2026 and beyond.

In September, Peter Sharp, our longstanding CEO also retired. Peter had been with the organisation over 20 years contributing much to its successful development. I am delighted we have retained Peter's deep industry expertise through his new role as industry adviser to the Board.

2025 proved to be another challenging year for the industry as a whole and really tested the resilience of both our business and our people. I would like to wholeheartedly thank all of our colleagues for their outstanding efforts during the year. As I go around the organisation, I see first hand the level of commitment and determination in continuing to produce a premium product and deliver high levels of service to our loyal customers. That continues to make the difference for us as a Group and I am very proud of what the wider MBH team have achieved.

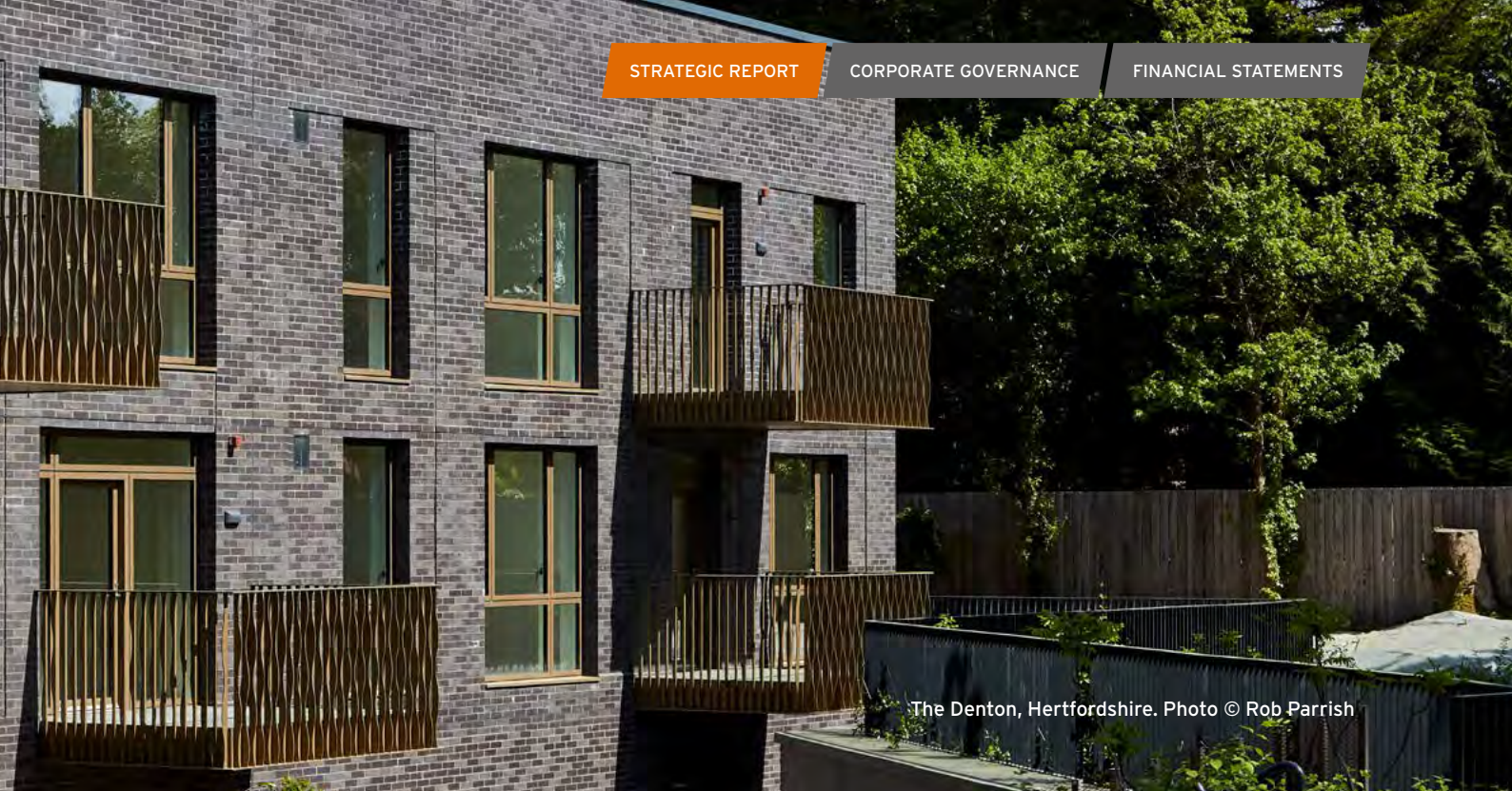
We enter 2026 with momentum from our new leadership team, and I am looking forward to continued progression under Ryan's stewardship as CEO as we remain focused on the execution of our capital allocation strategy and the return of value to shareholders.

DIVIDEND

The Board has recommended a final dividend for the year of 3.00 pence per share, to be paid on 8 July 2026 to shareholders whose names appear on the register of members at the close of business on 5 June 2026.

OUTLOOK

The prolonged downturn in construction activity in the UK and northern Europe continues to test our strategy and the robustness of our business model. In our principal regions, our key measure of the demand dynamics is the volume of brick despatches, and these are still over 20% below the most recent high of 2022. Our response to these very challenging market dynamics has been consistent through focusing on our core competencies by continuing to invest in well-maintained and efficient operations that manufacture the highest quality premium brick products for our customers. We believe that our business has remained resilient over the last three years of difficult trading, and this has largely been achieved through the quality of our people and our



The Denton, Hertfordshire. Photo © Rob Parrish

ability to address a broad range of end markets, which we view as essential as we look to make further strategic progress into 2026.

The confidence and predictability that we have historically drawn from our order intake levels has moderated over the last 12 months, which stems from weaker consumer confidence and the inability of our customers to be as clear on project commencement dates and delivery scheduling. Notwithstanding this, order intake remains an integral component in how we measure the enthusiasm of our customers for our product portfolio. This has run ahead of our manufacturing capacity throughout 2025 and has continued into the start of our new financial year. This order intake momentum is positive despite the recovery in construction activity levels remaining uncertain. The fluctuations in sector demand mean that we remain watchful of continued overcapacity in our brick markets, however our strong balance sheet allows us to plan our production scheduling and inventory management and we will respond to the changing market conditions accordingly. Commercially we are focused on staying close to our customers and continuing to diversify across RMI, housing, commercial, social and specification projects, and this whole market strategy continues to underpin our outlook.

Consumers continue to exercise caution in their decision-making to move or improve their homes, but given our facilities and portfolio we remain well placed at the premium end of the brick market in the UK and Benelux markets. The UK Government continues to highlight its commitment to improving the planning process alongside increasing the volume of new homes being delivered to the market and they are clear that a positive construction sector will support broader growth targets in the UK. These Government statements indicate that the medium-term fundamentals of our markets have a more positive horizon, and alongside the inherent characteristics of our portfolio, are hugely supportive with brick continuing to be the façade material of choice due to its longevity, sustainability and energy efficient qualities in use, low cost and broad aesthetic appeal. We believe the investment in our facilities throughout 2025, and the accelerated integration of our prefabricated operations, contributes to us being better positioned operationally in our current challenging markets, but ultimately will help us benefit when we have positive and consistent momentum from our customer base.

Active risk management of our cost base and the execution of our integration activities has supported our ability to maintain stable product pricing, and given the strength of competition in our markets we believe this approach will support us in maintaining our market share and continue to generate order intake momentum from a diverse and loyal customer base with demand from the specification, housing, RMI and commercial sectors.

We remain resolutely focused on delivering sustainable operational cash generation, which has underpinned our liquidity position at the start of the new year. Combining this with our £20 million revolving credit facility provides the Group with both considerable financial resilience and flexibility to pursue our clear capital allocation framework as we focus on delivering further value for our shareholders.

The medium-term fundamental market drivers for our business are encouraging and we continue to be well positioned, however there are ongoing challenges in our sector stemming from a lack of confidence in consumers, due principally to affordability concerns. Despite this, we believe we have an attractive portfolio of products which is in demand across the full breadth of our end markets. It is these indicative fundamentals that underpin our view that we remain resilient as a business and will continue to look to make progress against our strategic initiatives as we look into 2026 and beyond.

TONY MORRIS
Chair of the Board

Report From The Chief Executive

RYAN MAHONEY



NAVIGATING MARKET UNCERTAINTY WHILE INVESTING FOR LONG-TERM GROWTH

The Group's 2025 results have been delivered in what remained a very challenging environment across the construction industry both in the UK and in Belgium. The caution and uncertainty inherent in consumers, which is weighing on any consistent recovery in our end markets, continues to be impacted by the overall economic environment. The catalysts for supporting any significant improvements in market conditions remain uncertain, with no new Help to Buy initiatives to alleviate affordability concerns and the cautious pace of further reductions in interest rates, driven by persistent inflation, which have in combination undermined consumer confidence and impacted demand for our brick and prefabricated product portfolio. The year also saw historically low planning approvals, particularly in London and the South East, with the specific impact from the Building Safety Act and the Gateway 2 and 3 regulations, significantly impacting the recovery momentum in some of our key markets, most noticeably in the architects, specifiers and developer space. Given the trading backdrop, the Group focused on delivering on our strategic initiatives during the year with a significant capital investment programme focused on site efficiency and integration activities whilst continuing to manufacture high-quality products and delivering a positive customer experience. As ever, the Board is hugely grateful for the work and dedication of all our people across the Group in delivering a full programme of change management across our sites, which we expect to deliver benefits for the Group from the start of our new financial year.

The lack of any consistent positive momentum in the construction sector has remained the key trading environment characteristic for the Group since June 2023 and the calendar brick despatch peak, in both the UK and Belgium, of our 2022 financial year. Despite this long downturn, we still believe that the fundamentals in our end markets in the UK and Belgium remain positive. All of the market data points inform our thinking that there is a critical shortage of both new residential and social housing, a significant

legacy housing inventory constructed with brick façades underpinning future Repairs, Maintenance and Improvement ("RMI") demand, and requirements for specification and brick-cladding remedial solutions. In the UK, whilst the Government targets and messaging have evolved over the last 18 months, informed by our own interactions as well, we believe they remain committed to improving the volume of housing formations before the Government exit this current parliament in 2029. Likewise, in Belgium, the Government is targeting 70,000 new homes a year to reverse their critical housing shortages, of which currently they remain about 40% below this key metric. As a result, our strategic approach remains unchanged by focusing on targeting our broad product portfolio to address a balanced demand across each of these market segments. In our view this underpins the resilience of our business as we focus on delivering returns for shareholders. We have always recognised the importance of our relationships with our customers and we believe that these deep associations support our business strategy. Maintaining these key partnerships through the delivery of excellent products and services remains central to our resilience.

Our fundamental core competency remains our significant strength in the premium end of the brick market in the UK and Belgium. We view the long-term fundamentals of these markets as positive, with brick continuing to be the façade material of choice due to its longevity, sustainable and energy efficiency qualities, low-cost base and broad aesthetic appeal. Demand for bricks remains c. 20% below the 2022 high point with the ongoing caution from consumers continuing the long trough in activity levels. UK brick production capacity has been gradually increased over the last twelve months in anticipation of improving end markets and customer demand volumes. As a result, brick production has been running ahead of despatch volumes throughout the year and consequently inventory volumes for the sector are over the five-year average at c. 550 million. These market dynamics made pricing highly competitive throughout the year and we will continue to watch with caution as we move into the new year to see if the imbalance in supply and demand continues given the fluctuating market conditions.

BROADER PORTFOLIO BRINGING ENHANCED ROUTES TO MARKET

We have been operating with a broader portfolio of clay bricks and clay prefabricated products for the last three years and we firmly believe in the strategic importance of off-site prefabricated manufacturing for the construction industry. The expanded product offering of prefabrication has brought us enhanced routes to market with a complementary customer base and distribution channels. Equally, the decline in construction activity, which we articulate through brick despatch volumes, has also brought challenges within our prefabricated operations. As a result, we took the decision to accelerate our integration plans for prefabrication with the decision to close our leasehold site in Watlington with the relocation of all operations split equally, south to Michelmersh, and north to Charnwood. We are delighted that we have been able to repurpose vacant factory space at Michelmersh to establish chimney and arch prefabrication on the site, and this is working very well alongside our continuing brick operations. The site renovation work was completed in the summer and we are delighted with the quality of the production operation and are very grateful to our people onsite. Charnwood was already operating prefabricated operations in part of the facility so the relocation supported the expansion of existing operations. Given the expansion at Charnwood for prefabrication and following a period of strategic review for our bespoke Hathern Terra Cotta range, we took the difficult decision to cease operating the brand and to exit the market for this niche high-quality product range. Unfortunately, the level of commercial demand for the terra cotta portfolio over the medium and long term did

not support any decision to continue production operations, but we are very grateful to the long and loyal service of the Hathern team over many years and they left the Group with our sincere gratitude.

CONTINUED DELIVERY OF CAPITAL ALLOCATION POLICY

The Group's continued ability to generate operational cash underpins our confidence to follow our capital allocation policy. This has enabled us to invest in the projects that address our strategic objectives to improve the sustainability of our manufacturing operations, support our integration plans for our prefabricated portfolio and to support ongoing improvements in production efficiency. We remain committed to the importance of returns to shareholders through maintaining our attractive dividend ratio. The proposal of the final dividend of 3.00 pence per share for the year underlines our confidence in the outlook for the business. As we communicated at the start of April, we have also supplemented our dividends with our share buyback programme which completed in December with the original allocation of £2 million. The Board will continue this activity where it determines that it is appropriate to do so to deliver value for shareholders and represents an attractive investment opportunity for the Company. Balancing the returns for our shareholders through dividends and buybacks, alongside ensuring we maintain well invested manufacturing sites, are central to the Group's capital allocation priorities. This strategy leaves us well-positioned to deliver further progress and shareholder value as we move into our new financial year.

TRUSTED BRANDS

Blockleys™ | Carlton™ | FabSpeed™

Floren.be™ | Freshfield Lane™ | Michelmersh™

Report From The Chief Executive (Continued)

FINANCIAL HIGHLIGHTS

Financial Highlights		Year ended 31 Dec 2025 £'000	Year ended 31 Dec 2024 £'000	Change
Statutory results	Revenue	£68.9m	£70.1m	(1.7%)
	Gross margin	34.5%	35.8%	(1.4%)
	Operating profit	£4.7m	£8.2m	(42.7%)
	Profit before tax	£4.3m	£8.0m	(46.3%)
	Basic earnings per share	4.02p	6.59p	(39.0%)
	Cash from operations	£10.9m	£10.2m	6.9%
	Net cash/(debt)	(£0.7m)	£6.0m	-
	Dividend per share	4.60p	4.60p	-
Adjusted results*	Adjusted EBITDA ¹	£12.4m	£14.0m	(11.4%)
	Adjusted operating profit	£8.4m	£10.1m	(16.8%)
	Adjusted profit before tax	£8.1m	£9.9m	(18.2%)
	Adjusted earnings per share	7.50p	8.18p	(8.3%)

* The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, costs associated with acquisitions and aborted corporate transactions, and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with these reported results in the CEO's Statement below.

¹ EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

BOARD CHANGES

Peter Sharp stood down from the Board as CEO in September but we are delighted that Peter is staying with the business in his new role as industry adviser to the Board. Peter had been on the Board since 2016 and during that period the Company enjoyed significant growth and success with the Group's annual brick output increasing from 70 million to over 120 million. The portfolio was also broadened to include brick fabricated products and the Company also entered the European market with Floren in 2019. Peter has worked within the Clay industry for over 40 years so his extensive experience will continue to be of great use to the Board and myself in his new position. Peter has been a highly valued colleague and member of the Board and from a personal perspective I have been very grateful for his support and advice over the last four years since I joined the Company.

We announced in September that Rachel Warren joined the Board as our new Chief Financial Officer from Wincanton, the former FTSE listed group. As announced on 23 March 2026, Rachel has resigned as a Director due to personal reasons and will be leaving the business in May 2026. It was disappointing to make a change to our Executive Team so soon after Rachel joining. It is critical that we continue to challenge ourselves in making sure we have the right team in place to support the delivery of the Group's strategic priorities.

Allied to this and with our continuous focus on ensuring that the Board has the appropriate balance of skills and experience, we were therefore delighted to announce that Darren Waters joined the Board from the start of November as an Independent Non-Executive Director. Darren is a member of the audit and nomination committees and from the start of January 2026 he was appointed as Chair of the remuneration committee. Darren was the Chief Executive Officer of Eurocell plc, the leading UK

manufacturer and distributor of door and window products to the trade. He was also formally the Chief Operating Officer in the executive team at Ibstock plc, the building products business, where he was responsible for sales and operations across the clay and concrete business. Prior to Ibstock, Darren was CEO of Tyman Plc (UK and Ireland), the building products manufacturer. Darren has significant industry experience as a strategic leader in the building products sector which, alongside his operational expertise focusing on ESG, health and safety, culture and sustainable operations, will greatly assist the Group.

Following these Board changes during the year and post year end, we believe that we have a team that is well placed with the right capabilities to support the Group as we continue to deliver against our strategic objectives.

SUSTAINABILITY

Sustainability remains central to the Group's strategy which helps to inform our capital allocation priorities, our focus on operational performance and our longer-term strategic objectives. During the year, the Group continued to target reductions in our environmental footprint alongside a continuous focus on our governance frameworks through maintaining a clear focus on transparency, optimisation and the integrity of our ESG data. We have also continued to monitor our progress against our 17 non-financial ESG key performance indicator ("KPIs") disclosures which are aligned with the Group's commitment to achieve net zero by 2050.

During 2025, the Group undertook a DMA to validate the alignment between our sustainability strategy, business priorities and ESG KPIs. This process provided assurance that the Group is prioritising the appropriate strategic objectives alongside

looking to ensure that our sustainability objectives continue to be reflected within our ESG reporting and our Board decision-making.

As a manufacturing business, energy use and production efficiency represent a significant proportion of our environmental impact. Accordingly, we have continued to prioritise the quality, accuracy and independent assurance through our Scope 1 and Scope 2 emissions data. This has supported improved operational control and the identification of further production efficiency opportunities, and importantly more broadly we believe that the Group remains on track to achieve our targeted reduction in energy intensity.

Underpinning our sustainability strategy this year has been a clear focus on a continuous improvement programme of our data management and reporting capabilities including the expanded use of real-time data capture and Power BI reporting across our operational footprint. We believe that through focusing on the quality and provision of our data management, this will support improvements in site efficiency and support our capital allocation decision-making across manufacturing, logistics and our support functions.

Product transparency remains a core component of the Group's sustainability approach. Continued progress towards the publication of Life Cycle Assessments and Environmental Product Declarations we believe will ultimately inform the decision-making for our customers.

Building on this strengthened data foundation, the Group completed its first Scope 3 greenhouse gas ("GHG") emissions calculation during 2025. While Scope 3 emissions represent a smaller proportion of the Group's overall footprint compared to many organisations, this work provides increased visibility across the value chain and supports a more complete and transparent understanding of environmental impacts.

Fundamentally, our sustainability strategy remains embedded in accelerating and defining a clear pipeline of major decarbonisation projects for implementation over the next decade.

AWARDS AND RECOGNITION

We were once again delighted that our diverse portfolio of clay products was recognised in 2025 through our successes at the Brick Development Association ("BDA") industry awards. The 49th BDA awards saw the Group win four awards and we excelled across the Refurbishment, Large Housing, Specialist Brickwork and Commercial categories. The results highlight how our products have been thoughtfully utilised in both contemporary architecture and the sensitive restoration of historic buildings.

We were very pleased to receive the Architects' Choice Award, which remains a prestigious category, given the importance of this market segment to the Group. The importance of these types of award is that fundamentally it provides a showcase of the Group's range of clay brick and clay prefabricated products, which are the ideal choice for specifiers and architects.

Also among our awards was recognition for one of the Group's standout projects, Tileyard North in Wakefield, which was a project by Hawkins\Brown to transform the former Rutland Mills into one of the UK's largest creative hubs outside London. Through careful restoration the design celebrates the site's industrial heritage while introducing new spaces for collaboration and innovation. Blockleys Windermere Grey and Park Royal bricks were selected to complement the mill's original construction of historic brickwork, seamlessly blending the old and the new.

Further success came with Bulrush Court in London by Pitman Tozer Architects using Floren Avorio in a large redevelopment as part of a 950 home development scheme. This phase of the project included provision for 144 affordable homes in a mid-rise mansion block together with public areas and commercial spaces. Built with the community as its focus, the project was conceived as a city block but with a people centric approach.

We were delighted to be among the projects selected by Swift Brickwork Contractors as part of their submission for the Specialist Brickwork Contractor Award. The company showcases innovation and sustainability and their ideologies as a business align perfectly with our Group, as well as their health and safety initiatives and approach to training being industry benchmarks within the clay sector. The Bishops Stortford High School used Freshfield Lanes Lindfield Yellow and Selected Dark bricks to create a unique and contrasting façade between warm yellow bricks and elements of metalwork and window trim.

The recognition reflects the dedication of our talented employees, the skill of the architects and contractors we collaborate with, and the enduring quality of our materials. These awards reaffirm our commitment to producing sustainable, high-quality clay products that enrich the built environment and demonstrate the beauty and diversity of the Group's brickmaking.

CHARITY

We continue to believe in the importance of our charitable commitments and 2025 represented another year in which we increased our charitable giving to both local and national charities. Our people remain very engaged in how we allocate our charitable support and we were very pleased with the response from our colleagues at the beginning of the year with a total of 15 different charities receiving nominations for support this year. Following a review, we selected the Lighthouse Construction and Band of Builders charities as our two principal charities for the year with increased support not just in monetary terms but in also through raising awareness for their charities through social media and other platforms. Alongside the support for our two principal charities, we also allocated monetary donations to the other nominated charities in recognition of the important work that they all undertake in their annual activities.

Both the Lighthouse Construction and Band of Builders charities are focused on the provision of support for construction workers in the areas around mental health and we are acutely aware of the specific challenge our industry faces in this area. As a business we take the issue of mental health very seriously, not just for our colleagues, but also within the broader sector by looking to support those charities who are doing incredible work through their support for the construction sector specifically.

Again throughout 2025, in addition to the annual staff nominations, we also supported numerous community events local to our manufacturing facilities as well as donating to individual staff charity fundraisers throughout the year.

SUPPORTING EDUCATION

Supporting education and skills development remains a core element of the Group's social strategy. During the year the Group donated 110,000 bricks in support of vocational training and community initiatives across the UK under our ongoing Pledge 100 initiative.

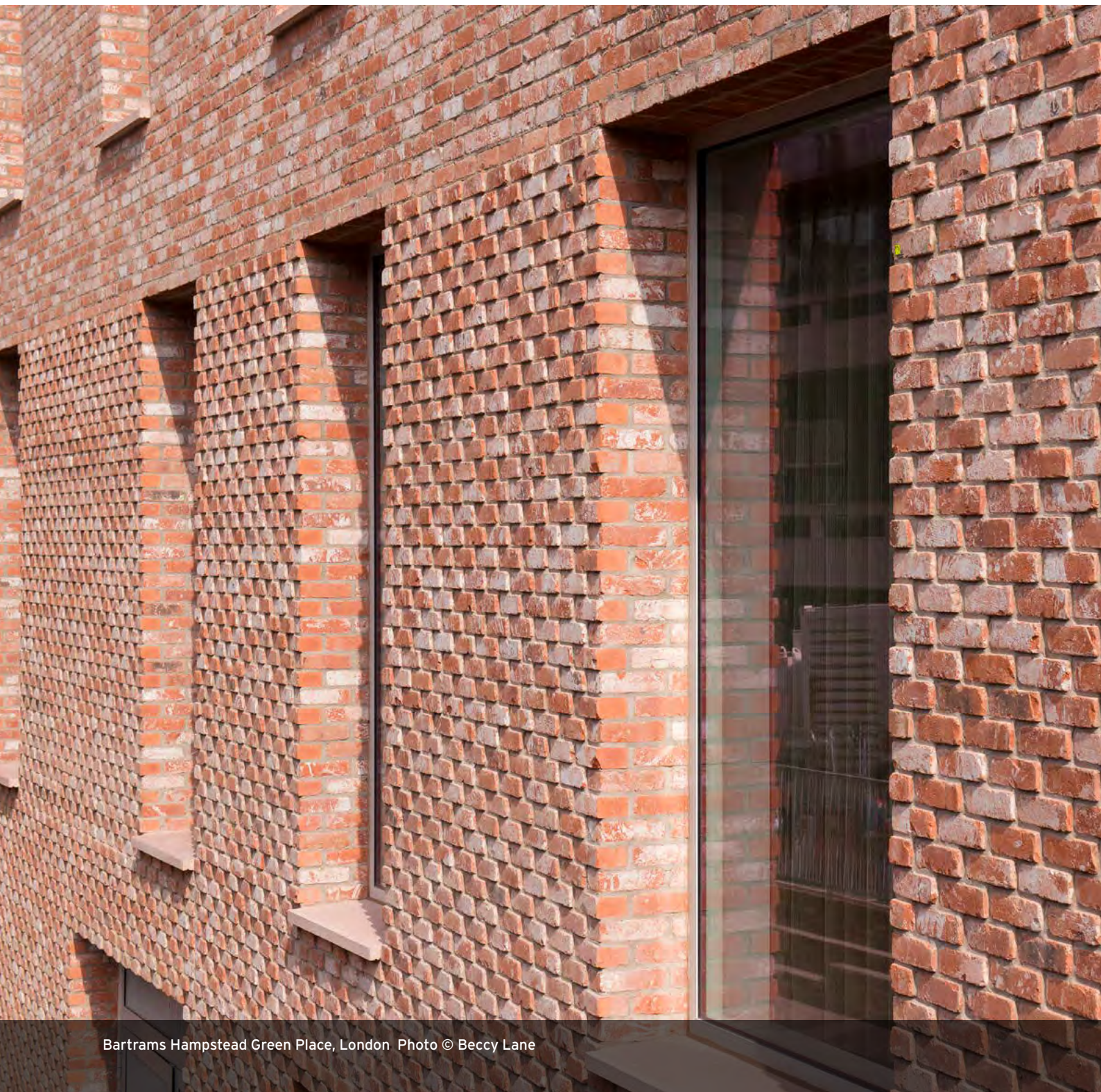
Alongside the product donations, we also provided further education colleges with materials to support bricklaying and

construction training programmes which enabled over 1,200 students to develop practical, industry-relevant skills using high-quality products. This continued investment reflects the Group's long-standing commitment to addressing the well-documented skills shortage within the construction sector and supporting the next generation to enter our industry.

In addition to the more formalised educational support, the Group also provided products to support local families and community-led youth clubs and groups, helping to deliver practical improvements where financial resources are often more constrained. These donations focused on initiatives that provide safe, constructive environments for young people and support communities located close to our manufacturing locations.

Through our ongoing commitment to education, skills development and community support, the Group continues to deliver meaningful social value while strengthening long-term resilience within the construction sector's broader community.

Ryan Mahoney
Chief Executive Officer



Bartrams Hampstead Green Place, London Photo © Beccy Lane

Financial Review

INCOME STATEMENT

	Year ended 31 Dec 2025	Year ended 31 Dec 2024	Change
Revenue	£68.9m	£70.1m	(1.7%)
Gross margin	34.5%	35.8%	(1.4%)
Adjusted EBITDA ^{1*}	£12.4m	£14.0m	(11.4%)
Adjusted operating profit*	£8.4m	£10.1m	(16.8%)
Operating profit	£4.7m	£8.2m	(42.7%)
Adjusted profit before tax*	£8.1m	£9.9m	(18.2%)
Profit before tax	£4.3m	£8.0m	(46.3%)
Adjusted basic earnings per share*	7.50p	8.18p	(8.3%)
Basic earnings per share	4.02p	6.59p	(39.0%)
Dividend per share	4.60p	4.60p	-

* The Directors believe that adjusted measures provide a more useful comparison of business trends and performance. Adjusted results exclude exceptional items, costs associated with acquisitions and aborted corporate transactions, and the amortisation of acquired intangibles. The term adjusted is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. Adjusted performance results are reconciled with these reported results in the CEO's Statement below.

¹ EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

The lack of momentum and consistent demand within the construction market, the timing of our capital improvement works, and our continued programme of phased integration of our prefabrication business have combined to affect the trading performance in the business in 2025, with the Group being impacted across all of our profit metrics.

Revenue for the year declined by 1.7% to £68.9 million over the equivalent year in 2024 (2024: £70.1 million) which was largely as a result of specific trading challenges within our Floren and FabSpeed brands, with our brick UK performance showing an improvement year on year. Taking the UK first, this performance over the year included low single digit increases in our despatches. At the same time, consistent with our approach to pricing for the last two years, we continued to maintain stable portfolio pricing to support diversity in our forward order book and this approach contributed to stable average selling prices despite, what was, and remains a very competitive pricing environment. On the continent, our Floren brand was significantly impacted by the domestic macro market which was very challenging throughout the year. The Belgium building permits granted in 2025 declined again during the year and the broader market remains over a third below the levels from 2022. Since our acquisition of the site, Floren products have been well recognised by architects and specifiers, particularly in London and the South East, but unfortunately these established markets were equally challenged by changes in planning. As a result, our Floren despatches and revenue were significantly impacted with an approximate 20% decline in both metrics. Given the dynamics of Floren's end markets we temporarily stopped production twice during the year in Q1 and Q3 which facilitated planned and brought forward capital improvement works. As with our other production pauses in the Group at Carlton and Michelmersh at the start of the year, we prioritised our inventory planning and manufacturing scheduling to try to ensure there was minimal impact on the planned despatches across our Floren customer base in both the UK and on the Continent.

The overall construction environment remains very challenging which we measure through the sector-wide UK brick despatches, which are still some 20% below their last peak in 2022. However, as we highlighted last year, we have not seen this level of decline across the Group and we remain very focused on maintaining our

market share in this current environment. We see maintaining our market position in our key end channels as an important indicator reflecting the overall resilience of our business model. Our order intake volumes remain a very important barometer for us and whilst we continue to see intake ahead of normalised capacity, it is important to highlight that it is harder to predict the timing of call-offs than it has been previously. We know that our customers remain enthusiastic about our portfolio and this reflects the benefits of our product portfolio's broad reach and the strong customer loyalty and distributor relationships we have across our end markets. Whilst our order intake and order book remain very important to us, the visibility and certainty that this has traditionally provided has been somewhat diluted by the consistency of call-offs. As a result, we start 2026 remaining watchful of our production volumes in the UK and Floren and remain ready for the potential for further facility downtime in the short term.

Due to the timing of our capital improvement activities, the interruption caused to production through the relocation and closure of our Watlington leasehold site, and more broadly the market challenges in the UK and in Europe, our profit metrics were negatively impacted in the year. Adjusted operating profit of £8.4 million was down 16.8% on the comparative 2024 year (2024: £10.1 million) and adjusted profit before tax of £8.1 million was down 18.2% (2024: £9.9 million). The extended shutdown at Carlton by two weeks and the subsequent commissioning period, combined to reduce our manufacturing volumes by three million units in the year at this key site, and this one-off impact was not recovered in the second half as expected, which was a significant drag on profits.

We continue to manage our input costs on a risk-based approach and as such, we have secured over 75% of our energy requirements for 2026. As with 2025, we see this as an appropriate hedged balance as we continue to see some opportunity in the potential for improvements in the pricing of utilities supported by the contracts we have secured beyond 2026. As such, energy contracts are also in place for broadly 50% of our expected requirements in 2027 with further contracts into 2028 in line with this approach. Despite the one-off challenge with Carlton in the first half of FY25 the Group's strategy remains focused on managing our operational efficiency to maximise our financial

Financial Review (Continued)

returns, whilst importantly maintaining a close relationship with our loyal customers through our ability to deliver a greater degree of pricing visibility.

Adjusted EBITDA of £12.4 million was 11.4% lower than 2024 (2024: £14.0 million). This lower margin of 18.0% compared to our 2024 exit margin of 20.0%, largely reflecting the impact of our Carlton production delays, the challenging trading at Floren and the interruption in production for our prefabricated operations.

On a reported basis, the results include the impact of the amortisation of acquired intangibles and some exceptional one-off items incurred over the year which we believe are more helpful to exclude from those costs which relate to ongoing operational performance. The adjustment of £1.4 million for the amortisation of intangibles is in line with 2024. Separately, during the year we have incurred exceptional items of £2.4 million. These relate to £1.4 million of costs incurred due to the closure of our Watlington operation including all wind-down operating costs, redundancy costs, dilapidation and decommissioning and non-repeating site overheads. £0.4 million of one-off costs are associated with the closure of our Hathern Terra Cotta brand and the remainder all related to other Group restructuring costs. As a result, operating profit of £4.7 million was 42.7% below 2024 with profit before tax reflecting the same performance also down 46.3% at £4.3 million.

After a tax charge of £0.7 million (2024: £1.9 million), the Group recorded a profit for the year after tax of £3.6 million (2024: £6.1 million). The tax rate of 15.9% (2024: 24.5%) is lower than our normal tax rate of 25.0% due to some prior year tax credits.

Adjusted basic earnings per share decreased by 8.3% to 7.50 pence (2024: 8.18 pence).

Basic earnings per share decreased by 39.0% to 4.02 pence (2024: 6.59 pence) reflective of the drop through of our revenue reductions and cost increases during the year.

The table below (Adjusted Performance Measures) provides a clear reconciliation of the adjusted performance to the reported numbers.

GROUP CASH AND WORKING CAPITAL

Cash generated from operations for the year was £10.9 million, compared to £10.2 million in the prior year. Operating cash conversion from adjusted EBITDA was 87.9%, ahead of our like for like comparison in 2024 of 72.9%, which is more in line with our typical rhythm of +90%. This was largely the result of the tight management of our working capital cycle and broadly matching our production output to our expected despatch volumes as we carefully monitored our inventory position as we targeted investing in the right inventory mix. As we highlighted in September, we run ahead of our normalised run rate for capital expenditure for the year given the scale of works we have undertaken over the last 12 months particularly and we still expect the investment profile to normalise in our 2026 financial year.

We believe in the quality of our underlying fundamental cash-generating ability in the business and we expect operating cash conversion to hold at these normalised levels as we look into the new year, and this continues to underpin the approach to our capital allocation priorities for the Group.

At the year end the Group had net debt of £0.7 million (2024: net cash of £6.0 million).

Our operating cash generation, small net debt position and £20 million Sterling and Euro denominated bank facility provides the Group with considerable financial resilience and flexibility to pursue our capital allocation policy. We renewed our bank facility in August and as a reminder this is committed until August 2028 with a further two one-year extension options.

ADJUSTED PERFORMANCE MEASURES

	Year ended 31 Dec 2025 £'000	Year ended 31 Dec 2024 £'000	Change
Operating profit	4,689	8,171	(42.7%)
Adjustments:			
Exceptional items	2,374	-	
Aborted corporate transaction costs and exceptional items	-	543	
Amortisation of acquired intangibles	1,373	1,372	
Adjusted operating profit*	8,436	10,087	(16.8%)
Depreciation	3,969	3,924	
Adjusted EBITDA*	12,405	14,011	(11.4%)
Finance income/(expense)	(349)	(211)	
Depreciation	(3,969)	(3,924)	
Adjusted profit before taxation*	8,087	9,876	(18.2%)
Basic earnings per share	4.02p	6.59p	(39.0%)
Adjusted basic earnings per share*	7.50p	8.18p	(8.3%)

*The calculation of adjusted basic earnings per share is based on the adjusted profit before tax of £8,086,000, which excludes amortisation of acquired intangibles and exceptional items, then deducting taxation at the effective group rate of 15.9%, and the weighted average number of Ordinary shares in issue, below in note 3.

NET CASH AND WORKING CAPITAL

	Year ended 31 Dec 2025	Year ended 31 Dec 2024
Net cash generated from operations	£10.9m	£10.2m
Tax paid	(£1.9m)	(£2.3m)
Interest received/(paid)	(£0.3m)	(£0.2m)
Proceeds from loan drawdown	£2.0m	-
Purchase of property, plant and equipment	(£5.5m)	(£5.6m)
Exceptional payments	(£2.4m)	-
Aborted corporate transaction costs	-	(£1.0m)
Proceeds from sale of land	£0.1m	-
Own shares acquired	(£2.1m)	-
Settlement for exercised share options	-	(£1.0m)
Lease payments	(£0.9m)	(£0.8m)
Dividend paid	(£4.3m)	(£4.2m)
Other	(£0.3m)	(£0.1m)
Net (decrease)/increase in cash and cash equivalents	(£4.7m)	(£5.0m)
Net cash	£1.3m	£6.0m

PROPERTY, PLANT AND EQUIPMENT

Our capital expenditure in the year highlights our continued focus on proactively maintaining well invested and efficient manufacturing facilities. The principal expenditure over the year was focused on Carlton, Floren and Michelmersh with the ongoing works carried over from 2024 continuing as the three facilities were closed from the start of 2025, with Floren temporarily stopping production again in Q3 and the integration work at Michelmersh occurring over the summer. Taking each site in turn, Carlton was offline for all of January facilitating the completion of works started in November 2024. The works took two weeks longer than we originally planned given the unfortunate delay on the manufacture of a key element of tooling. Michelmersh was closed for all of January and February as we undertook and completed major kiln refurbishment works and key equipment upgrades. Floren remained closed to the end of February as we concluded the major upgrades to improve the environmental efficiency of our manufacturing processes through the installation of a new exhaust scrubber system. The changes to the Floren exhaust system also facilitated changes in our input materials mix to importantly extend the life of our mineral reserves significantly which we successfully trialled in March with very satisfactory results. We paused production at Floren again in Q3 to bring forward some planned roof improvement work over the main factory alongside significant improvements to the brick yard.

We also took the decision to accelerate our planned integration of our FabSpeed brand where we completed the installation of a new facility at our Michelmersh site as well as expanding the scale of our operations at Charnwood which allowed us to relocate our existing Watlington operations. With the relocation work completing over the summer, we are grateful to the staff at Watlington who remained with us after cessation of production operations to undertake the extensive decommissioning work ahead of the successful handover to the landlord at the end of December.

PURCHASE OF OWN SHARES

In April 2025 we announced the renewal of our share buyback programme which we first launched in November 2022 to reduce

the share capital of the Group and to return value to shareholders. The scheme continued to run until the end of December at which point we had fulfilled the original allocated consideration of £2.0 million purchasing an additional 2,132,427 shares, taking the total shares purchased to date to 4,357,427. The shares continue to be held as treasury shares.

DIVIDEND

The Board is pleased to continue to commit to a dividend policy reflecting a balanced approach to generating and returning value to our shareholders, and as such, the Board is recommending a final dividend of 3.00 pence per share (2024: 3.00 pence per share), which, together with the 1.60 pence per share interim dividend (2024: 1.60 pence per share), gives a total dividend of 4.60 pence per share (2024: 4.60 pence per share), in line with last year. The proposed dividend will be paid on 8 July 2026 to members on the register on 5 June 2026 with shares being marked ex-div on 4 June 2026.

GOING CONCERN

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Statement From The Chairman and the Report From The Chief Executive on pages 12 to 18. In addition, note 20 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Group meets its funding requirements through a combination of cash balances and an available £20 million revolving credit facility.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Business Model

OBJECTIVES AND STRATEGIES

The Group's principal activity is as a manufacturer and distributor of clay bricks and prefabricated brick components used in the construction industry. It has previously operated a landfill site which generated income and fulfilled obligations of restitution of the land following clay extraction used in the manufacturing process. Landfill operations have been paused in order to protect mineral resources and hence maximise the long-term life of the brickworks. Ultimately, remediated land has alternative use potentially as a development site and the Group seeks to maximise long-term shareholder returns by ensuring appropriate remediation. The Board seeks to manage the four lifetime sources of revenue while recognising that each has a different cycle and is affected by different economic forces.

Clay products and prefabricated brick components are produced at five manufacturing plants and three facilities and are locally distinctive. The products are largely sold to merchants and brick factors who distribute to the construction industry. The Group has a largely fixed capacity of manufacture from existing plant at each of its current brickworks. The Company seeks to maximise the return for products by ensuring high-quality output to meet specified demand and investment to improve yields and reduce input costs.

Sector risk is continuously analysed and balanced by ensuring broad cross market coverage of customers, products and order intake. The principal markets are defined as RMI, Housing and Commercial sectors.

A robust structure of targets, KPIs and internal measurement is set by the Board. This ensures delivery of a clearly defined and

agreed set of sales, market and business objectives. The Board and the Executive Committee continually monitor these objectives to ensure they are met by the collective teams within the Group.

We take a long-term approach to establishing value in a highly capital-intensive industry and ensure that all plants are well-maintained, productive capacity is optimised, capital applied to improve efficiency and to reduce risks of interruption hence maximising shareholder value. It is paramount for investment to be supported by an extended return and, as such, that there is adequate long-term clay supply.

The key resources and relationships that the Group relies on are:

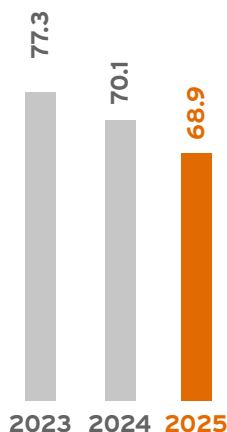
- the availability of adequate clay reserves;
- continued strong relationships with key customers and markets;
- skilled workforce;
- energy costs within steady and recoverable price structures; and
- financial resources through the banking and investment community.

The Board considers that its priority is to maintain and nurture the key resources and relationships identified above.

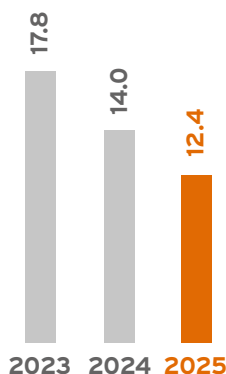
TRENDS AND FUTURE DEVELOPMENTS

The Group has a strategy of maintaining a well-balanced forward order book. The product profiles available and the size of our plants helps us to ensure that as a business we always balance sector risk. Whilst, like others, we expect to benefit from the

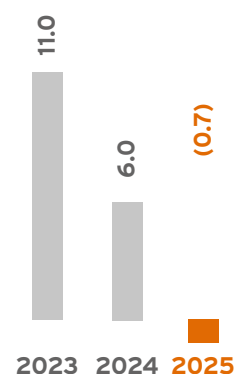
REVENUE (£M)



ADJUSTED EBITDA (£M)



NET CASH/(DEBT) (£M)



robust demand arising from a structural shortage of housing in the UK, we always seek to be well-represented in the RMI and Commercial sectors, and in this way are never overly reliant on one particular sector.

Economic conditions remain challenging with the higher interest rate environment and ongoing elevated levels of inflation combining to weigh on consumer sentiment. There remains a critical shortage of housing in the UK and the continued under supply of housing formations over the last 20 years continues to underpin the long-term fundamentals of the construction industry. Wider consumer sentiment has been impacted by the cost of living over the last 12 months and that has contributed to a 20% decline in construction activity since the end of 2022 and most noticeably impacting the volume housebuilders. The Government have renewed their commitment to supporting residential development and are promoting housebuilding through focusing on simplifying the planning process alongside balancing the needs of special interest groups.

The annual shortfall in housing completions remains and, as a result, is expected to continue to support demand in the wider property market. As a consequence, we expect brick manufacturing businesses should see healthy activity over the long term. The last three years has bought significant input cost pressures that the Group has managed throughout this period. Energy costs, whilst more stable, remain well above historic levels and the benefits of the Group's hedging arrangements have ensured that our results have been managed through this period. Whilst inflation rates have stabilised we remain watchful of our cost environment and still expect challenges to persist in this current environment. We are in regular dialogue with our

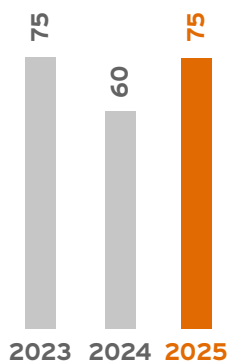
customers and we will work with them to ensure that the close management of our cost base remains supportive of pricing stability in our portfolio.

FINANCIAL AND NON-FINANCIAL INDICATORS

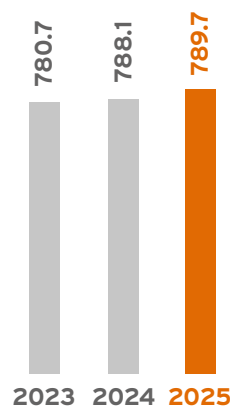
The Directors monitor the business predominantly through review of financial results, including revenue, EBITDA and cash flow, as well as through quality control indicators such as health and safety reporting, employee welfare and efficiency reviews. The Directors are satisfied that these indicators adequately address the principal business risks faced by the Group, which are outlined on page 57.

The Directors scrutinise closely the average selling price of the range of products sold, the average cost of production and despatch and manufacturing outputs for short-term performance. Other production indicators include absenteeism, yield, energy usage, and health and safety statistics. The Board also reviews prospects through energy indicators and construction trends together with the mineral reserves available at each site.

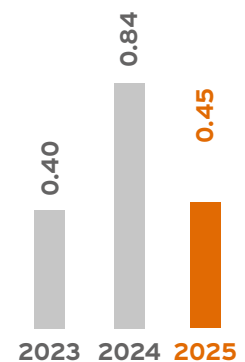
GAS HEDGED % OF FOLLOWING YEAR



ENERGY KWH/TONNE



LOST DAYS PER EMPLOYEE



ESG Strategy

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Sustainability remains at the heart of Michelmersh's values, guiding our journey towards a lower-carbon future in alignment with the UK Government's net zero target for 2050. In 2025, our commitment to transparent ESG reporting and meaningful action continued to strengthen, reinforcing our position as a responsible leader within the construction sector.

Our net zero and climate-related disclosures remain central to stakeholder engagement, demonstrating our ongoing efforts to reduce GHG emissions and enhance the quality of our ESG reporting. For the fourth consecutive year, we have openly disclosed our methodology, KPI performance, and the evolution of our reporting practices within the ESG Strategy section of our Annual Report and Accounts.

The continued publication of our ESG Strategy and KPI data has further embedded sustainability across the business. As the ESG landscape evolves, we recognise the need to continually refine our strategy and governance arrangements. During 2025, we voluntarily expanded our KPI reporting beyond regulatory requirements, including the completion of our first Double Materiality Assessment ("DMA") and our inaugural Scope 3 emissions calculation. Our short-, medium-, and long-term targets remain aligned with achieving net zero by 2050, supporting the global ambition to limit warming to 1.5°C.

In 2025, we took further steps to build stakeholder trust through independent limited assurance of our KPIs and GHG emissions data, alongside achieving the Code for Construction Product Information ("CCPI") assessed mark across our core product range. These assessments enhance the credibility of our reporting and provide confidence in the quality and reliability of data relating to our material issues. The statement of assurance in relation to this Sustainability Report and associated KPIs is included on pages 31 to 33.

Climate change continues to present significant challenges for the UK construction sector, including increasingly variable weather patterns and extreme events. In response, Michelmersh has mapped climate-related risks and opportunities within a Group-wide framework and continues to voluntarily disclose a Task Force on Climate-Related Financial Disclosures ("TCFD") aligned report, inclusive of all Alternative Investment Market ("AIM") - listed requirements, on pages 44 to 49.

Many elements of our ESG Strategy are embedded within our Streamlined Energy and Carbon Reporting ("SECR") framework. Our externally assessed ESG Strategy and roadmap continues to embed ESG considerations into strategic decision-making and core business activities.

Throughout 2025, we delivered a number of initiatives and achieved key milestones, including:

- Rolled out a Leadership Development Programme for all supervisors and managers to support a positive change culture.
- Completed a DMA, confirming strong alignment with existing KPIs and objectives.
- Advanced data improvement projects, including real-time reporting and Power BI integration.
- Applied for planning permission for a car port solar installation at our Freshfield Lane facility.
- Completed Scope 3 emissions calculations and maintained independent assurance of KPI and GHG reporting.
- Achieved Fleet Operator Recognition Scheme ("FORS") Silver accreditation and improved our BES6001 rating.
- Enhanced readiness to publish Life Cycle Assessments ("LCAs") and Environmental Product Declarations ("EPDs").
- Secured multiple British Board of Agreement ("BBA") certificates for prefabricated products and achieved the CCPI assessed mark across our core product ranges.

THE AIMS OF THIS STRATEGY REPORT ARE:



HIGHLIGHT THE GROUP'S CORPORATE ALIGNMENT WITH INVESTMENT VALUES



PROVE CREDIBILITY OF PLANS AND PERFORMANCE AGAINST COMMITMENTS



PROVIDE TRANSPARENT AND CLEAR GHG FOOTPRINT AND REPORTING DATA



HIGHLIGHT CLEAR GOVERNANCE AND MANAGEMENT AIMS, INCENTIVES AND ACCOUNTABILITY



Our dedication to high-quality products and robust processes, driven by a motivated and inspiring team, continues to shape Michelmersh's sustainable future. We remain committed to understanding and improving our impact on the environment, our people, local communities and the wider economy.

As we look ahead, our focus is on fostering a positive change culture, optimising data and decision-making, and ensuring that every voice within the business is heard and valued.

I am proud of what we have achieved and of the passion for positive change that defines Michelmersh. Together, we are building a legacy of sustainability for generations to come.

Sarah Le Gresley, Innovation and Sustainability Director.



Marchwood House, Berkshire. Photo © Beccy Lane

Benefits of Clay Brick

Michelmersh continues to promote the use of clay building products and is proud to manufacture natural, durable and thermally efficient materials that support long-term sustainability in the built environment. Clay bricks are inherently robust, non-toxic and tactile, offering a wide range of aesthetic qualities including colour, tone, texture, finish and size. These characteristics provide architects and developers with flexibility in design, while delivering buildings that are built to last for generations.

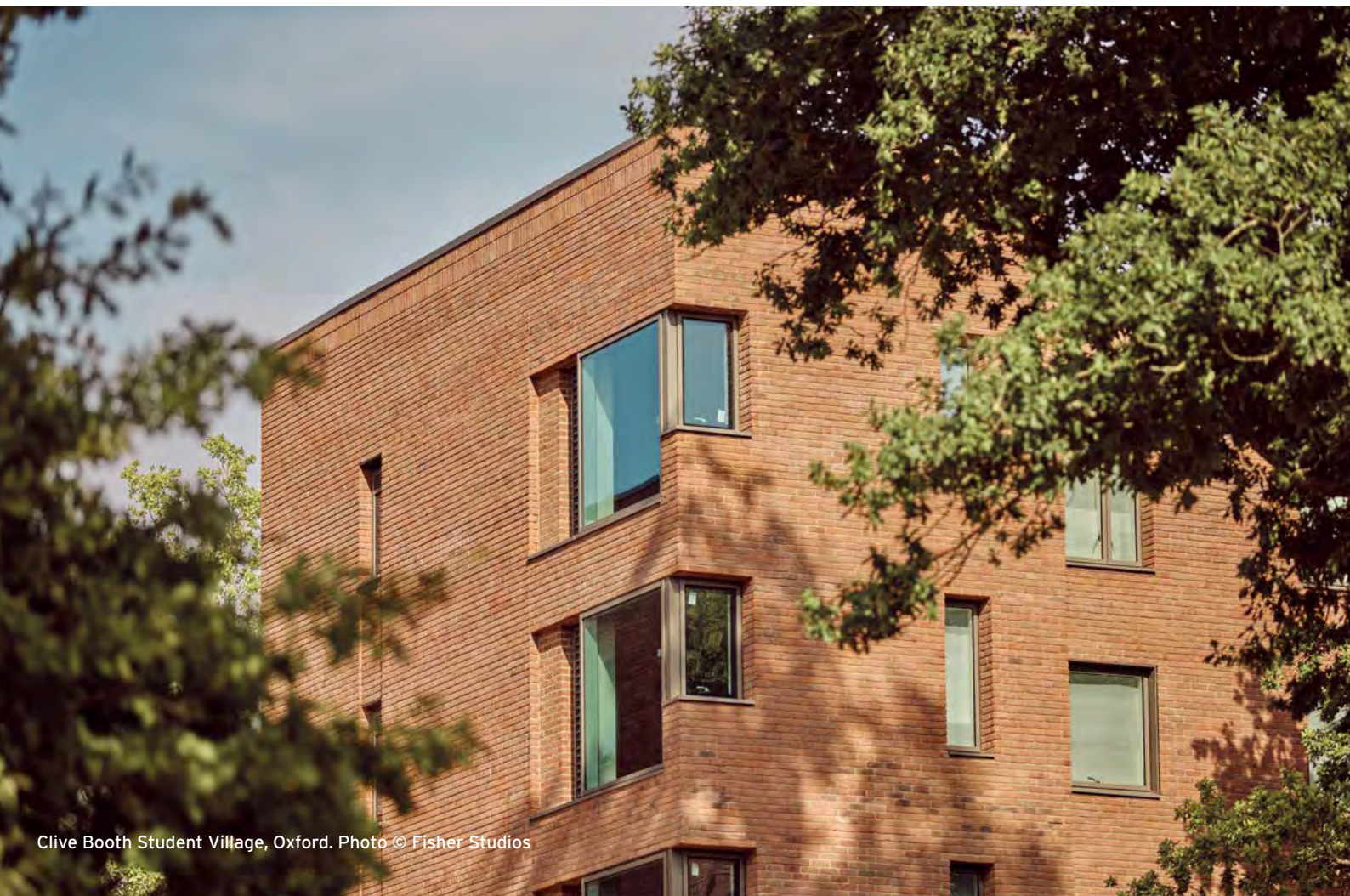
Clay brick is increasingly recognised for its resilience and safety credentials, including excellent fire resistance and strong performance in flood-prone environments. Its longevity, low maintenance requirements and zero operational carbon during use contribute to its strong whole-life sustainability profile. Clay bricks can be reused or recycled at end of life and, due to their durability, often remain in service across multiple building life cycles, reducing the need for replacement materials and associated emissions.

Whole-life thinking continues to underpin our approach to product development and specification. Building on the Group's long-standing Think Longer philosophy, first launched in 2021, we

continue to support whole-life cycle assessment as a decision-making tool for customers. During 2025, we have enhanced our readiness to publish LCAs and verified EPDs across our product ranges, supporting greater transparency and informed material selection.

These assessments evaluate the environmental performance of our products across their full life cycle, including raw material extraction, manufacture, transportation, construction, maintenance, adaptation and end-of-life scenarios, including reuse and recycling. This work supports industry-wide efforts to decarbonise construction materials and enables meaningful comparison of products based on whole-life carbon performance.

The Group recognises the lasting impact of design and material choices and continues to encourage architects, housebuilders and stakeholders to adopt longer-term sustainability objectives. Designing buildings to last 200 years rather than 20 improves resource efficiency, enhances asset value and reduces carbon intensity when measured over the full life of a building. Durable materials such as clay brick play a vital role in creating resilient, low-carbon buildings that will serve communities for generations to come.



Clive Booth Student Village, Oxford. Photo © Fisher Studios

Data Transparency, Optimisation and Trust

Michelmersh's approach to sustainability is underpinned by a strong focus on data transparency, operational optimisation and the delivery of high-quality, reliable information for our stakeholders. As a manufacturing-led business, robust data is essential to understanding our impacts, improving efficiency across our processes and ensuring that sustainability considerations are embedded within day-to-day decision-making.

During 2025, we undertook a DMA to reassess and validate the alignment between our sustainability strategy, business priorities and KPIs. This process provided assurance that our existing focus areas and objectives remain relevant, material and appropriately prioritised, while also ensuring that stakeholder expectations continue to be reflected within our ESG Strategy and reporting framework.

Our manufacturing operations and energy use represent a significant proportion of our environmental footprint, and as such we have historically prioritised the accuracy, quality and independent assurance of our Scope 1 and Scope 2 emissions data. This focus has enabled a high level of operational control, supported ongoing efficiency improvements and driven meaningful emissions reductions within our direct influence.

Throughout 2025, we continued to strengthen our data management and reporting processes, including the expanded use of real-time data capture and Power BI reporting across the business. These enhancements improve visibility of performance, support optimisation of resources and enable more effective identification of opportunities to improve efficiency across manufacturing, logistics and support functions.

Product transparency remains a core element of our sustainability strategy. Our continued progress towards publishing LCAs and EPDs supports whole-life decision-making and enables customers to better understand the environmental performance of our products. In parallel, achieving the CCPI assessed mark across our core product ranges reinforces trust in the accuracy, consistency and integrity of our product information.

Building on this strong data foundation, and following the completion of our DMA, Michelmersh completed its first Scope 3 GHG emissions calculation during 2025, based on a full 2024 data set. While Scope 3 emissions represent a smaller proportion of our overall footprint compared to many organisations, completing this assessment provides increased visibility across our value chain and supports a more complete and transparent view of our environmental impacts. Further detail on our Scope 3 methodology and results is included on page 35.

Together, these initiatives demonstrate our commitment to continual improvement, operational excellence and transparent reporting. By embedding high-quality data, optimisation and trust at the heart of our sustainability strategy, we aim to deliver lasting value for our customers, stakeholders and the communities we serve.



REUSABLE



DEMATERIALISATION



LONGEVITY



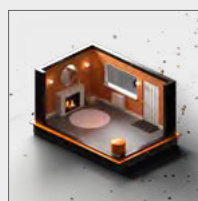
NATURAL



AUTOMATION



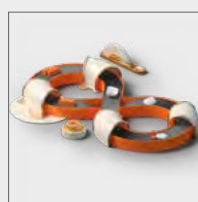
RENEWABLE



DURABLE



OPTIMISED



CIRCULAR



INNOVATION

Double Materiality and Strategic Focus

REASSESSING WHAT MATTERS MOST

Michelmersh's ESG Strategy is designed to remain relevant, robust and aligned with both business priorities and stakeholder expectations. As sustainability expectations, regulation and market dynamics continue to evolve, it is essential that our focus areas, objectives and KPIs are regularly reviewed and validated.

During 2025, Michelmersh undertook a comprehensive DMA, conducted with independent sustainability consultants, Brightest. This assessment builds on our original materiality work undertaken in 2022 and provides a structured, evidence-based review of the sustainability topics that are most material to the Group.

The DMA considers sustainability from two perspectives:

- **Impact materiality** - how Michelmersh's activities impact the environment and society, both positively and negatively; and
- **Financial materiality** - how sustainability-related risks and opportunities may influence the Group's financial performance, resilience and long-term value creation.

By assessing both dimensions together, the DMA ensures that our ESG Strategy remains grounded in real-world impacts while also supporting informed, future-focused business decision-making.

A ROBUST AND INCLUSIVE PROCESS

The assessment followed a structured methodology aligned with the European Sustainability Reporting Standards ("ESRS") and emerging best practice. It incorporated industry benchmarking, a review of regulatory and market trends, and a detailed reassessment of Michelmersh's existing ESG priorities and KPIs.

Importantly, the process also included stakeholder engagement, capturing perspectives from across the business and selected external stakeholders. Internal engagement involved a company-wide employee survey, enabling voices from a wide range of roles, departments and levels of ESG familiarity to contribute to the assessment. External stakeholders, including customers and partners, provided an additional outside-in view of sustainability priorities and risks.

This engagement reinforced the importance of culture, transparency and continuous improvement, while providing valuable insight into where Michelmersh is perceived to be performing strongly and where further focus is required.

KEY OUTCOMES AND STRATEGIC ALIGNMENT

The DMA identified a focused set of eight material topics across environmental, social and governance themes. These topics reflect the areas where Michelmersh has the greatest impacts, risks and opportunities, and where targeted action can deliver the most meaningful outcomes.

Crucially, the results of the DMA confirmed strong alignment between our existing ESG Strategy, KPIs and the material topics identified. This provides assurance that our current objectives remain relevant and appropriately prioritised, while also highlighting areas for continued development as part of our ongoing ESG journey.

Environmental topics relating to climate change mitigation, energy and resource use remain central to the Group's strategy, reflecting both the nature of our manufacturing operations and the opportunities to drive efficiency and decarbonisation. Social priorities continue to be led by health, safety and wellbeing, alongside skills development and fair treatment within our workforce and wider value chain. Governance topics, including corporate culture, regulatory compliance and data security, were also confirmed as material, underlining the importance of strong governance and transparent information management.

CULTURE, PEOPLE AND CONTINUOUS IMPROVEMENT

Culture plays a critical role in how material topics are managed and embedded across the business. The DMA highlighted the importance of employee engagement, clear communication and leadership in driving effective ESG outcomes. Feedback gathered during the assessment reinforced the value employees place on health and safety, training and development, and a positive working environment.

These insights directly support the Group's continued investment in leadership development, learning programmes and initiatives designed to foster a positive change culture across Michelmersh. They also inform how ESG priorities are communicated internally, ensuring that employees understand not only what the Group is focusing on, but why those areas matter.

A FOUNDATION FOR DATA, TARGETS AND REPORTING

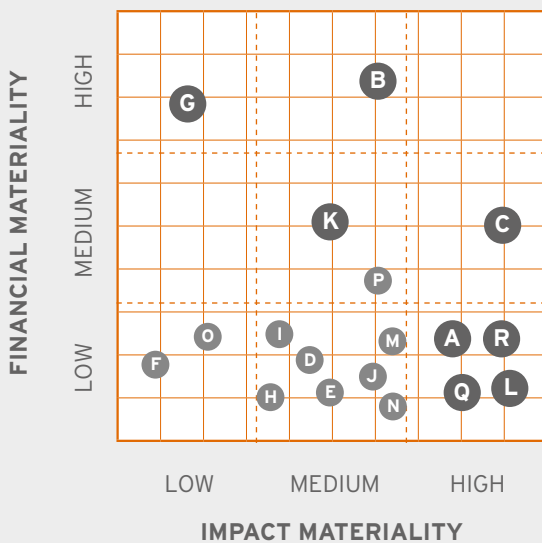
The outcomes of the DMA provide a robust foundation for the KPI reporting and performance data presented in the following sections of this report. By validating our material topics before expanding data coverage and reporting depth, including value-chain data, we ensure that resources are directed towards the issues that matter most.

The DMA will continue to inform the evolution of our ESG Strategy, target-setting and reporting approach, supporting a balanced focus on environmental performance, social value and strong governance. As expectations continue to develop, Michelmersh remains committed to regularly reviewing materiality to ensure our strategy remains relevant, credible and aligned with long-term value creation.

The materiality matrix below summarises the outcomes of Michelmersh's 2025 DMA, illustrating the sustainability topics identified as material based on both their impact on the environment and society and their influence on the Group's financial performance. The results confirm that environmental topics relating to climate change, energy use and resource efficiency remain central to the Group's activities, reflecting the nature of our manufacturing operations. Social topics, including health and safety, fair and adequate wages and access to

quality information, highlight the importance of people, product transparency and customer trust. Governance topics, spanning corporate culture, regulatory compliance, cybersecurity and supplier management, reinforce the role of strong governance and robust information management in supporting long-term value creation. Together, the matrix provides assurance that Michelmersh's ESG Strategy and KPIs remain aligned with the issues that matter most to the business and its stakeholders.

MATERIALITY HEAT MAP



ENVIRONMENT

- A. Climate Change Adaptation
- B. Climate Change Mitigation
- C. Energy
- D. Pollution of Air
- E. Biodiversity and Ecosystems – Land Use Change
- F. Resource Inflows
- G. Resource Outflows
- H. Waste

SOCIAL

- I. Fair and Adequate Wages
- J. Health and Safety
- K. Access to Quality Information

GOVERNANCE

- L. Corporate Culture
- M. Political Engagement
- N. Management of Suppliers
- O. Corruption and Bribery
- P. ESG Investments
- Q. Cybersecurity
- R. Regulatory Compliance

The matrix illustrates sustainability topics assessed as material through Michelmersh's 2025 DMA, considering both the impact of the Group's activities on the environment and society and the influence of sustainability-related risks and opportunities on financial performance.

Group ESG Objectives

KEY OBJECTIVES AND KPI FRAMEWORK

The UK construction and manufacturing sectors continue to operate in a challenging environment, shaped by ongoing economic uncertainty, energy cost volatility, labour availability pressures, evolving regulation and increasing expectations around environmental and social performance. For energy-intensive industries in particular, these challenges reinforce the importance of resilience, efficiency and informed decision-making.

Against this backdrop, Michelmersh's ESG Strategy and associated KPIs provide a structured framework to monitor performance, manage risk and identify opportunities across environmental, social and governance matters that are material to the business. The KPIs set out in this section are aligned with the outcomes of the Group's 2025 DMA and are designed to ensure that data collection, reporting and performance monitoring remain focused on the issues of greatest relevance to both the business and its stakeholders.

Transparency and data credibility remain central to our approach. While Michelmersh is not currently mandated to report under ESG regulations, we recognise growing stakeholder expectations for clear, consistent and reliable non-financial disclosures. In response, the Group continues to voluntarily disclose ESG performance beyond regulatory requirements, reinforcing trust and accountability across our reporting.

Independent assurance plays a critical role in strengthening the credibility and robustness of this data. During 2025, Michelmersh continued to seek external limited assurance over selected ESG KPIs and GHG emissions data, in accordance with ISAE 3000 (Limited Assurance).

The assurance process includes a review of systems, controls and data management practices, providing confidence that reported information is accurate, complete and supported by appropriate evidence. The independent assurance statement relating to this reporting period is included on pages 42 to 43.

This year's reporting reflects a continued focus on improving data quality, consistency and accessibility. Building on our investment in digital infrastructure, all ESG KPIs and energy and carbon data are now managed through Power BI semantic models, enabling more efficient data validation, real-time performance monitoring and improved audit readiness. This enhanced data capability supports more effective optimisation of manufacturing processes, energy use, material efficiency and operational decision-making across the Group.

Climate-related considerations continue to be integrated within our ESG framework, supported by our ongoing TCFD aligned reporting. During 2025, the focus has been on strengthening the underlying data that supports climate disclosures, including improved alignment between materiality, KPI reporting and value-chain transparency.

Together, these elements underpin a KPI framework that supports continuous improvement, robust governance and transparent communication. The performance data presented in the following pages reflects Michelmersh's commitment to responsible manufacturing, trusted product information and long-term value creation.

BUSINESS OBJECTIVES

No.	Business Objective
1	Reduce the energy and carbon intensity of our products
2	Reduce raw material usage and embed circular economy principles
3	Continue to increase support for education and local communities
4	Evolve our core offering through innovation to deliver lower embodied carbon products
5	Maintain high standards of environmental compliance while enhancing biodiversity across our land and estates
6	Continuously improve employee skills, training and development
7	Maintain and improve high standards of health, safety and wellbeing

ESG KPI TARGETS

(TABLE OF PERFORMANCE DATA, ASSESSED AGAINST BASELINE DATA IN 2016)

KPI No.	ESG Category	Business Objective	KPI Target	Target Year	Unit of Measurement	2025 Data
1a 1b	Environmental	1	1a= 10% reduction in Energy 1b= 15% reduction in Energy	1a= 2025 1b= 2030	per kWh/tonne (gas and electric)	-9.37%

Narrative: Through continued focus on energy efficiency and targeted investments in equipment and process improvements, the Group has delivered a 9.37% reduction in energy intensity by the end of 2025, narrowly missing the interim target of a 10% reduction. Performance remains aligned with the longer-term target of a 15% reduction by 2030, which remains unchanged.

A baseline year recalculation was previously introduced to accommodate structural changes to the organisation since 2016 that exceeded the materiality threshold, including acquisitions, in line with the GHG Protocol Corporate Standard. To support continued progress, a focused data and optimisation project will be implemented at a selected manufacturing site during 2026, aimed at identifying further energy reduction opportunities and supporting delivery of this ambitious, long-term target.

2	Environmental	1, 4	25% reduction in Carbon	2030	kg CO2 per tonne, excluding distribution, without reduction in production output	-10.85%
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Narrative: During 2025, the Group achieved a 10.85% reduction in carbon intensity, representing an improvement on the prior year performance of 9.9%. This reflects continued progress following operational changes implemented in previous years and demonstrates a stabilisation of performance across the Group.

Figures include all Scope 1 direct and Scope 2 indirect emissions and reflect the previously applied baseline year recalculation to accommodate structural changes to the organisation since 2016 that exceeded the materiality threshold, including acquisitions, in line with the GHG Protocol Corporate Standard. Performance is supported by the Group-wide Energy and Carbon Strategy, which has been reviewed and approved by the Board and sets a clear framework for continued emissions reduction towards 2030 and beyond.

3	Environmental	1, 4	100% of forklift fleet that are hybrid/electric	2030	% of vehicles	34.55%
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Narrative: During 2025, the proportion of the Groups hybrid and electric forklift fleet increased to 34.55%, rising approximately 5% from the prior year, reflecting a positive improvement. Progress continues to be influenced by existing lease and purchase agreements associated with previously acquired operations.

To support future improvements, the Groups Vehicle Procurement Policy remains in place to ensure that, as assets reach replacement, hybrid or electric alternatives are prioritised in line with this KPI. In addition, the ongoing consolidation of prefabrication activities into core brick manufacturing sites is expected to deliver further efficiency gains, including improved utilisation and sharing of vehicle assets across sites, supporting continued progress against this objective.

4	Environmental	1, 4	100% of car fleet that are hybrid/electric	2030	% of vehicles (UK only)	54.17%
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Narrative: During 2025, the proportion of the Group's hybrid and electric car fleet decreased to 54.17%, compared with 57.14% in the prior year, however the number of electric vehicles increased year on year. This reflects ongoing integration activity across sites, where anticipated efficiencies in fleet size have not yet been fully realised.

Performance continues to be influenced by existing lease and purchase agreements, alongside operational requirements during the consolidation phase. The Group's Vehicle Procurement Policy remains in place to ensure that, as vehicles are replaced and fleet optimisation progresses, hybrid and electric options are prioritised in alignment with this KPI, supporting improved performance over time.

5	Environmental	1, 2, 4, 5	Ensuring Zero non-hazardous waste to landfill	2025	no. of tonnes. (UK only)	20.87
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Narrative: During 2025, non-hazardous waste to landfill decreased slightly to 20.87 tonnes, and the Group did not meet its zero waste to landfill target.

While performance against the 2025 target was not achieved, the longer-term trend remains positive. This outcome reflects structural changes to the business following the integration of prefabrication operations, which generate a different waste profile compared to brick manufacturing alone. The baseline year waste to landfill was 95 tonnes, demonstrating a significant reduction over the past decade despite business growth and diversification. In response to the evolving waste profile, Michelmersh is trialling a Group-wide waste contract that embeds recycling targets and zero waste to landfill commitments within supplier agreements, with the intention of rolling this out more broadly.

As the business continues to evolve, the Group will review and reset its waste targets to ensure they remain relevant, achievable and aligned with operational realities, while continuing to explore opportunities to improve circularity and reduce waste across the value chain.

Group ESG Objectives (Continued)

ESG KPI TARGETS CONTINUED

KPI No.	ESG Category	Business Objective	KPI Target	Target Year	Unit of Measurement	2025 Data
6	Environmental	1, 2	7% reduction in all plastic use	2030	kg per saleable tonne	-5.32%
Narrative: During 2025, the Group achieved a 5.32% reduction in total plastic use compared with the baseline, demonstrating progress towards the long-term target of a 7% reduction by 2030, although performance remains slightly behind the expected trajectory at this stage. Progress continues to be influenced by the operational requirements of our prefabrication activities, which involve bespoke and irregular product shapes requiring additional protective wrapping for safe transportation, alongside the continued use of thicker plastic materials at our Belgian manufacturing site. Michelmersh has implemented a number of measures to reduce the environmental impact of plastics, including the transition to bio-based plastics derived from sugar cane. As the business evolves, the Group will continue to review this KPI to ensure it remains appropriate, with consideration given to alternative measures focused on reducing fossil-based plastics and associated environmental impacts.						
7	Environmental	1, 2	70% reduction of virgin wood pallets. Pallets re-sourced from second hand sources	2030	kg per saleable tonne	-68.51%
Narrative: During 2025, the Group achieved a 68.51% reduction in virgin wood use, demonstrating strong progress towards the long-term target of a 70% reduction by 2030. This performance reflects the continued use of second-hand pallets across the majority of the Group's manufacturing sites, limiting reliance on virgin wood materials. Performance continues to be influenced by operational requirements at the Group's European manufacturing site and by the integration of operations acquired in 2017 and 2019, which affected the baseline position. Notwithstanding these factors, the Group has maintained a positive reduction trajectory and continues to prioritise reuse and circular procurement practices in line with this KPI.						
8	Environmental	1, 2, 4, 5	50% reduction in potable mains water	2030	use of m3 per tonne of production	-49.17%
Narrative: During 2025, the Group achieved a 49.17% reduction in potable mains water use, compared with 39.46% in the prior year, demonstrating significant progress towards the long-term target of a 50% reduction by 2030. This improvement has been delivered alongside increased production output across the business. Performance has been supported by the installation of rainwater harvesting initiatives at a number of sites, alongside continued focus on water efficiency across operations. While operations acquired in 2017 and 2019 have had a marginal impact on total mains water usage compared to the 2016 baseline, the overall trajectory remains strongly positive and aligned with the Group's long-term water reduction objectives.						
9	Social & Governance	3	100,000 bricks per year	Annual	no. of products donated	111,554
Narrative: During 2025, the Group donated 111,554 bricks through its Pledge 100 initiative, exceeding the annual target of 100,000 bricks and representing an increase on the 108,496 bricks donated in 2024. This initiative continues to support bricklaying colleges and training programmes across the UK, enabling students to develop practical skills and craftsmanship. Many recipient colleges are located close to Michelmersh manufacturing sites, providing a direct local community benefit. The Group remains committed to supporting education, skills development and local communities through the continuation of this initiative.						
10	Social & Governance	3	15% year on year increase of charitable financial donations	Annual	% of charitable contributions against annual target	15.30%
Narrative: During 2025, the Group achieved a 15.3% increase in charitable financial donations, exceeding the annual target of a 15% year on year increase. Total charitable donations for the year amounted to £19,720. Charities supported during the year were selected through a combination of employee nominations and local community support applications, ensuring that donations continue to reflect both employee engagement and local community needs.						
11	Social & Governance	5, 7	Aspire for Zero environmental complaints	2030	no. of complaints	0
Narrative: Michelmersh continues to aspire to zero environmental complaints and does not set a numerical tolerance to avoid implying that any level of complaint is acceptable. During 2025, the Group received no environmental complaints, demonstrating continued focus on compliance, operational controls and proactive engagement with stakeholders.						
12	Social & Governance	5, 7	Aspire for Zero internal environmental incidents	2030	no. of incidents	6

ESG KPI TARGETS CONTINUED

KPI No.	ESG Category	Business Objective	KPI Target	Target Year	Unit of Measurement	2025 Data
Narrative: Michelmersh aspires to zero internal environmental incidents and does not set a numerical tolerance to avoid implying that any level of incident is acceptable. During 2025, the Group recorded six internal environmental incidents, compared with fourteen in the prior year, demonstrating a significant improvement in environmental controls and incident management.						
13	Social & Governance	1, 2, 5, 7	100% of material suppliers/contractors signed up to the Michelmersh Supplier Charter (Group)	2030	% of suppliers	N/A
Narrative: Michelmersh is progressing the implementation of a new Supplier Charter process, supported by the rollout of a Group-wide supplier portal. This initiative will require all material suppliers to formally commit to the Group's ESG principles, policies and KPI objectives, alongside the provision of relevant evidence relating to management systems, certifications and carbon emissions reporting.						
During 2025, this KPI is not applicable, reflecting the ongoing implementation phase and launch. Full rollout and supplier engagement will commence following completion of the supplier portal during second half of 2026, after which performance against this KPI will be measured and reported.						
14	Social & Governance	3, 6, 7	50 hrs training per employee per year	2030	average no. of training hours per employee	38.01
Narrative: During 2025, employees completed an average of 38.01 hours of training, broadly maintaining training levels compared with the prior year. During the year, the Group reviewed this KPI and revised the long-term target from 60 to 50 hours per employee by 2030, reflecting a more appropriate and achievable level aligned with operational requirements and compliance.						
Performance during the year was influenced by changes in business activity, including the consolidation of prefabrication operations, which resulted in periods of concentrated training alongside reduced training due to site implementation programs. The Group recognises the importance of consistently capturing both formal and informal training activity and will continue to promote improved training recording across the business to support delivery against this revised target.						
15	Social & Governance	3, 6, 7	100% department managers to be trained in Mental Health Awareness	2030	% of department managers	97.30%
Narrative: During 2025, 97.30% of department managers had completed mental health awareness training, compared with 85.11% in the prior year, demonstrating significant progress towards the long-term objective of 100% coverage. This training supports the Group's commitment to employee wellbeing and a supportive workplace culture.						
Mental health awareness training for department managers is maintained on a bi-annual renewal cycle. In addition, the Group continues to support a trained Mental Health First Aider network, which meets regularly and provides ongoing support across the business.						
16	Social & Governance	5, 6, 7	50% increase in proactive reporting to promote zero harm to employees	2030	% increase in reporting frequency	1254.66%
Narrative: During 2025, proactive health and safety reporting remained significantly above the target level, with a 1,254.66% increase compared to the baseline year, following similarly elevated reporting levels in 2024. This sustained performance reflects the successful embedding of a Group-wide initiative encouraging employees to proactively log safety concerns through a digital reporting system across UK sites.						
While the KPI target of a 50% increase has been substantially exceeded, the Group recognises that this measure has now fulfilled its role in driving behavioural change. During the coming year, Michelmersh will review this KPI to better reflect meaningful health and safety performance, with a focus on insight, learning outcomes and continual improvement in support of a zero-harm culture.						
17	Social & Governance	7	Achieve ISO 45001 Health & Safety Management System (UK only by 2026)	2026	% of progress of deliverables/actions	80.00%
Narrative: Progress towards achieving ISO 45001 certification across UK operations stood at 80% during 2025, reflecting continued development and embedding of the Group's health and safety management systems. Governance and accountability have been strengthened through the appointment of a dedicated Health and Safety Manager reporting to the Group Operations Director.						
An internal audit is scheduled for early 2026 to support readiness for certification and ensure alignment with ISO 45001 requirements ahead of the 2026 target. As this KPI remains in progress, it has not been subject to external assurance during the reporting period.						

ESG KPI Performance Summary

The KPIs presented in this section reflect Group-wide performance against Michelmersh's ESG objectives, with environmental data primarily aligned to Scope 1 and Scope 2 emissions and measured against a 2016 baseline, unless otherwise stated. Where appropriate, baseline recalculations have been applied in line with the GHG Protocol to account for material structural changes, ensuring consistency, transparency and comparability of performance over time.

Overall performance during 2025 demonstrates continued progress against the Group's long-term objectives, alongside improved data quality, governance and assurance. While not all interim milestones were achieved, performance trends remain encouraging, particularly in areas such as water reduction,

community investment, health and safety culture and operational efficiency. The integration of new business activities has added complexity to certain KPIs, reinforcing the importance of ongoing review to ensure targets remain relevant, proportionate and aligned with the evolving nature of the business.

The Sustainability Group reviews KPI performance and relevance on a quarterly basis, with any proposed changes to targets or scope subject to Executive review and Board oversight. This disciplined approach ensures that KPIs continue to support meaningful action, credible reporting and long-term value creation. The graphical highlights below summarise key areas of positive performance achieved during the year.

2025 KPI ACHIEVEMENT HIGHLIGHTS

We have reduced our
potable water usage by

49.17 %

m³/tonne of production

Reduction in CO₂

10.85 %

CO₂/tonne of production

Reduction in virgin wood
pallets

68.51 %

kg/tonne of production

Reduction in energy

9.37 %

kWh/tonne of production

Product donations

111,554

to education or social/
community-led projects

Department managers

97.30 %

trained in mental health
awareness

Energy and Carbon Reporting

Emissions and Energy use is declared on a Market and Location Basis.

Market-Based Emissions (Without Offsetting)	2025	2024
Group Energy Use (kWh):	204,470,811	201,219,073
Associated Greenhouse Gas Emissions (tCO ₂ e):	51,399	53,195
Group Intensity Ratio (tonnes CO ₂ e/tonne fired product):	0.213	0.221
SECR Scope 1 tCO ₂		50,653
SECR Scope 2 Electricity tCO ₂		2,162

Location-Based Emissions*	2025	2024
Group Energy Use (kWh):	204,470,811	201,219,073
Associated Greenhouse Gas Emissions (tCO ₂ e):	52,815	53,825
Group Intensity Ratio (tonnes CO ₂ e/tonne fired product):	0.219	0.224

* Location and Market Energy includes renewable energy generated by ourselves. Location-based emissions assumes local grid emissions.

NARRATIVE

Michelmersh has long been committed to reduction of energy consumption and emissions throughout its operations and will continue to invest in more efficient equipment and lower emission processes.

CO₂ affects the climate regardless of its emission point and we include all Group operations in our SECR reporting data, including Floren's brick production, Belgium and the UK brick cutting and fabrication division.

Reporting these separately would potentially reveal commercially sensitive data and we believe that every work has collective responsibility in meeting our energy and carbon performance targets.

Whilst performance calculations are based on market-based emissions we do not include any carbon offsetting that would artificially affect the figures.

METHODOLOGY

Figures are based on all Scope 1 & Scope 2 activities including all transport. In line with requirements of our independent auditors no Scope 3 emissions are included in the declared figures. Scope 3 emissions will be declared separately.

Activity data is determined using regulatory approved Emission Trading Scheme methodologies. Calorific values and emissions factors used are those published in National GHG inventories for the reporting year. Fired product tonnage counts only saleable masonry product and does not include any fired production waste, which is recycled as an aggregate substitute.

Due to the nature of the products UK brick cutting and fabrication production is not easily counted in tonnes, however fair and reasonable estimates have been used and any deviation will not be material to the overall data.

The intensity ratio is chosen to reflect our principal environmental impact and aligns with the Group's wider sustainability performance indicators.

SCOPE 3 GREENHOUSE GAS EMISSIONS

Scope 3 Emission Category	GHG emissions (tCO ₂ e)	Included/Excluded
C1.1 - Purchased goods and services - Physical Activity	4,508	Included: (Physical data-based method - mix of EPD and average data)
C1.2 - Purchased goods and services - Spend	3,877	Included: (Spend-based method)
C2 - Capital goods	1,926	Included: (Spend-based method)
C3 - Fuel- and energy-related activities	6,899	Included: (Physical data-based method - based on fuel and energy consumption)
C4 - Upstream T&D	2,483	Included: (Mix of physical data-based method and spend-based method)
C5 - Waste generated in operations	46	Included: (Physical data-based method - based on amount and type of waste generated)
C6 - Business Travel	29	Included: (Spend-based method)
C7 - Employee commuting	949	Included: (Physical data-based method - based on distance travelled per day and average mode of transport)
C8 - Upstream leased assets	57	Included: (Mix of physical data-based method and spend-based method)

Energy and Carbon Reporting (Continued)

Scope 3 Emission Category	GHG emissions (tCO ₂ e)	Included/Excluded
C9 - Downstream T&D	1,434	Included: (Physical data-based method)
C10 - Processing of sold products	-	Excluded: Not relevant as Michelmersh does not sell any products that need further processing
C11 - Use of sold products	-	Excluded: Not relevant as Michelmersh products do not emit any emissions during their use
C12 - End of life treatment products	309	Included: (Mix of physical data-based method and spend-based method)
C13 - Downstream leased assets	-	Excluded: Not relevant as Michelmersh does not lease out assets (e.g., warehouse, office, equipment) to others
C14 - Franchises	-	Excluded: Not relevant as Michelmersh does not have any franchises
C15 - Investments	-	Excluded: Not relevant as Michelmersh is not investing in other companies/projects
Total	22,517	

NARRATIVE

As part of our continued commitment to transparent and credible carbon reporting, Michelmersh completed its first Group-wide Scope 3 GHG emissions calculation during 2025, using a full 2024 data set. This marks a significant step in improving visibility of emissions across our value chain and supports our wider ambition to strengthen data quality, alignment and decision-making.

While Scope 1 and Scope 2 emissions remain the most significant source of emissions for the Group, reflecting the energy-intensive nature of clay brick manufacturing, Scope 3 emissions provide important insight into upstream and downstream activities that influence our overall environmental impact. Calculating Scope 3 emissions also supports improved engagement with suppliers, customers and logistics partners, and complements our work on LCA, EPDs and trusted product information, including achievement of the CCPI assessment mark.

The Scope 3 assessment has been undertaken in parallel with the Group's 2025 DMA, ensuring that value-chain emissions data is considered alongside wider environmental, social and governance risks and opportunities. Together, these initiatives reinforce Michelmersh's focus on transparency, accuracy and continual improvement, rather than selective disclosure.

A summary of the Group's Scope 3 emissions profile for 2024 is presented above, illustrating emissions by category and the calculation approach applied to each.

METHODOLOGY AND BOUNDARIES

Michelmersh's Scope 3 GHG emissions have been calculated in line with the GHG Protocol Corporate Standard, supported by relevant principles from ISO 14064 for emissions data management and reporting. The methodology has been developed to ensure consistency, transparency and robustness, while recognising the

inherent challenges of value-chain emissions estimation.

An operational control approach has been applied to define organisational boundaries, consistent with the approach used for Scope 1 and Scope 2 reporting. All relevant upstream and downstream activities across the value chain were assessed against the 15 Scope 3 categories defined by the GHG Protocol, with categories included or excluded based on relevance to Michelmersh's operations.

For included categories, a combination of physical activity-based data and spend-based estimation methods was used, depending on data availability and materiality. Where possible, physical data was prioritised, drawing on supplier-specific information, Environmental Product Declarations and operational records. Spend-based methods were applied where physical data was not yet available, using appropriate emission factors to provide a reasonable estimate.

The Scope 3 categories included within the 2024 footprint cover purchased goods and services, capital goods, fuel- and energy-related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, leased assets and end-of-life treatment of sold products. Categories relating to product use, processing of sold products, franchises and investments were assessed and excluded where not relevant to the Group's business model.

As this represents Michelmersh's first Scope 3 calculation, the results establish a baseline position from which data quality, supplier engagement and methodological refinement can be improved over time. The Group will continue to enhance data granularity and coverage in future reporting cycles, using the findings to inform procurement decisions, logistics optimisation and longer-term decarbonisation planning.



QUALITY MANAGEMENT



RESPONSIBLE SOURCING



ENERGY MANAGEMENT



ENVIRONMENTAL MANAGEMENT



HEALTH & SAFETY MANAGEMENT



EMPLOYMENT PRACTICES



ANTI-MODERN SLAVERY POLICY



CERTIFICATION IN ALL (CLAY BRICK) PRODUCTS

COMMITMENT TO CARBON REDUCTION

Michelmersh remains committed to reducing GHG emissions across both the Group's operations and value chain, recognising that meaningful climate action requires continued investment, data maturity and cross-sector collaboration. Our 2024 carbon footprint confirms that the majority of emissions arise within Scope 1 and Scope 2 activities, reflecting the energy-intensive nature of ceramic manufacturing, while Scope 3 emissions represent an important and growing area of focus.

Looking ahead, the Group is progressing a structured carbon roadmap that balances operational feasibility with long-term ambition. For Scope 1 and 2 emissions, this includes targeted efficiency improvements, fuel-switching opportunities, optimisation projects and site-specific investment planning. In parallel, our Scope 3 roadmap focuses on strengthening data accuracy, transitioning from industry-average emission factors to greater use of primary supplier data, and identifying material "hotspots" within purchased goods, upstream energy and transport and distribution.

Over the short to medium term, priority actions include enhancing data integration across systems, improving the granularity of transport and distribution emissions, and initiating structured supplier engagement on carbon reporting and reduction opportunities. By strengthening the foundation of our value-chain data, Michelmersh is well positioned to make informed, proportionate decisions on future carbon targets, while maintaining flexibility as reporting standards and heavy industry guidance continue to evolve.

As the UK progresses towards its 2050 net zero ambition, the ceramic manufacturing sector faces both technical and economic challenges in decarbonising high-temperature processes. Michelmersh will continue to evaluate emerging technologies, operational efficiencies and collaborative initiatives to support emissions reduction across the business, ensuring that our climate strategy remains credible, practical and aligned with long-term value creation.

NET ZERO TRANSITION PLAN AND CARBON REDUCTION POLICY

Michelmersh's Net Zero Transition Plan and Carbon Reduction Policy, approved by the Board and most recently revised last year, sets out the Group's structured pathway to achieving net zero carbon emissions by 2050, in alignment with the UK Government's legally binding target.

The policy applies across all Group operations and provides a clear governance framework for managing carbon reduction activities. The Board retains overall responsibility for delivery, while the Sustainability Group – sponsored by the CEO – oversees implementation, monitors KPI performance and reviews progress on a quarterly basis. This governance structure ensures that carbon reduction remains embedded within strategic decision-making, capital investment planning and operational management.

The Transition Plan is structured in phased milestones, beginning with baseline establishment and incremental reductions (2016–2030), progressing to technology integration and large-scale emissions reduction (2030–2045), and culminating in net zero by 2050 through a combination of further abatement, innovation and residual emissions management.

OPERATIONAL DECARBONISATION AND TECHNOLOGY PATHWAYS

For Scope 1 and Scope 2 emissions, the Group continues to prioritise energy efficiency, smart metering, digital optimisation and targeted capital investment across manufacturing facilities. The plan includes ongoing evaluation of fuel-switching technologies, electrification opportunities and increased integration of renewable electricity, alongside continued development of site-specific energy reduction strategies.

The phased roadmap also includes research into carbon capture, usage and storage ("CCUS") technologies and feasibility assessments for integration within ceramic manufacturing processes during the 2030–2035 period. These longer-term actions recognise the technical challenges associated with high-temperature processes while maintaining a commitment to credible decarbonisation.

Energy and Carbon Reporting (Continued)

VALUE CHAIN AND SCOPE 3 INTEGRATION

Building on the Group's first Scope 3 calculation based on 2024 data, the Transition Plan now formally incorporates value-chain emissions into the forward trajectory. Between 2025 and 2030, priorities include improving emissions data granularity, increasing supplier-specific data capture, and collaborating with logistics and procurement partners to reduce upstream and downstream emissions.

This staged approach ensures that Scope 3 emissions reduction is grounded in improved data quality and supplier engagement before the introduction of further quantitative targets. The integration of Scope 3 into the Transition Plan strengthens alignment between carbon reporting, procurement practices and product development.

INNOVATION AND INDUSTRY LEADERSHIP

Michelmersh continues to explore technological innovation as a core pillar of our carbon strategy. The Group's HyBrick™ hydrogen-firing feasibility study demonstrated that 100% green hydrogen firing is technically possible within brick manufacturing, achieving significant reductions in gas-firing emissions during pilot trials. This work contributes valuable evidence to the wider ceramics sector as it evaluates long-term decarbonisation pathways.

While large-scale fuel switching remains dependent on infrastructure development, regulatory support and economic viability, Michelmersh will continue to assess emerging technologies and collaborate with industry partners to ensure readiness as viable pathways mature.

GOVERNANCE, MONITORING AND REVIEW

The Net Zero Transition Plan is supported by:

- Annual emissions reporting (Scope 1, 2 and 3)
- Independent limited assurance of KPIs and GHG data
- Quarterly KPI review by the Sustainability Group
- Board-level oversight of target setting and strategic updates

As reporting standards, climate risk frameworks and industrial guidance evolve, the Group will continue to review and refine the transition strategy to ensure that targets remain relevant, ambitious and achievable.

Michelmersh remains committed to delivering a credible, transparent and governed transition to net zero, balancing environmental responsibility with long-term business resilience and value creation.

SECTOR ALIGNMENT AND INDUSTRY COLLABORATION

Michelmersh continues to contribute data and insight to the Ceramics UK Decarbonising UK Ceramic Manufacturing roadmap, which outlines sector-level pathways for fuel switching, electrification, process optimisation and carbon capture. The technologies and transition pathways identified at industry level closely reflect those under consideration within Michelmersh's own Net Zero Transition Plan, reinforcing alignment between company-level strategy and sector-wide decarbonisation ambitions.

The Denton, Hertfordshire. Photo © Rob Parrish



The generous donation of bricks from Michelmersh has provided our students with invaluable hands-on experience in bricklaying and construction. These materials have enhanced our vocational training programmes, allowing learners to develop real-world skills in a supportive and practical environment. We are incredibly grateful for this partnership, which continues to build brighter futures – brick by brick.

Heidi Duhig, St Edmunds Society.



We are very grateful for the generous Pledge 100 donation from Michelmersh. Their contribution of high-quality bricks has greatly enriched the learning experience at Eastleigh College (part of South Hampshire College Group). With the rising cost of building materials, this support means our students and apprentices the opportunity to work with premium materials that meet industry standards. Thank you for investing in the future of skilled trades.

Andrew Walton, South Hampshire College Group.

Woodward Road, Essex. Photo © Beccy Lane

Michelmersh: The Brick Façade Specialists

PRODUCT INNOVATION AND LOW-CARBON SOLUTIONS

Michelmersh's growing portfolio of clay and prefabricated products continues to support the transition towards lower-carbon construction solutions. The Group has expanded its off-site and modern methods of construction capability, enabling greater manufacturing precision, reduced on-site waste and improved programme efficiency for customers.

The prefabrication product range delivers bespoke masonry solutions, including arches, chimneys, façade systems and slip-based cladding products, designed to optimise complex specifications while reducing site-based inefficiencies. Following significant investment, the Group now has the capacity to produce up to 17.5 million slips per annum, sufficient to cover approximately 290,000m² of façade area using A1 fire-rated systems suitable for both new build and retrofit markets.

This investment strengthens the Group's ability to offer lower embodied carbon solutions through precision manufacturing, efficient material use and integrated façade systems. In parallel, Michelmersh continues to advance readiness for LCAs and EPDs, supporting transparent, whole-life carbon decision-making across its product portfolio.

Innovation remains a core strategic priority. During 2025, the Group further strengthened its Innovation function to support product development, process optimisation and carbon reduction initiatives. Investment is planned during 2026 to establish a dedicated Innovation Lab, enhancing research, testing and collaborative development capability. While details of this expansion will be reported in due course, the initiative reflects the Group's long-term commitment to continuous improvement and evidence-based product advancement.

Innovation also extends to biodiversity enhancement. The Bricology range integrates non-invasive habitats into masonry design, supporting biodiversity net gain principles and enhancing natural capital within urban environments. These solutions can be incorporated at design stage or retrofitted, demonstrating how product innovation can align environmental performance with ecological stewardship.

OPERATIONAL EFFICIENCY AND CONTINUOUS IMPROVEMENT

Continuous improvement remains central to Michelmersh's sustainability strategy. During 2025, the Group developed and secured Board approval for a strengthened Energy and Carbon Strategy, reinforcing the importance of data quality, operational optimisation and performance visibility across manufacturing sites. While implementation of several elements will progress from 2026 onwards, this strategic review elevated energy performance, carbon management and efficiency-led procurement as core operational priorities.

In parallel, the Group continued to enhance internal processes for energy, carbon and KPI reporting, increasing the use of real-time data capture and Power BI integration across operations. This strengthened digital foundation supports improved analysis and more informed decision-making as optimisation initiatives begin to scale.

Procurement processes have also been reviewed to embed sustainability and efficiency considerations more consistently. This includes the consolidation of waste carrier contracts into a unified Group-wide framework, with contractual KPIs linked to recycling performance, zero waste to landfill commitments, cost efficiency and social value outcomes. The new framework is currently in trial phase, with broader rollout anticipated during 2026.

The Group maintained and strengthened its operational credentials during the year, achieving FORS Silver accreditation with no minor recommendations, improving its BES6001 rating and securing multiple BBA certificates for prefabricated products. These accreditations reinforce the Group's commitment to governance, responsible sourcing and continual improvement across its operations.

RENEWABLE ENERGY INVESTMENT

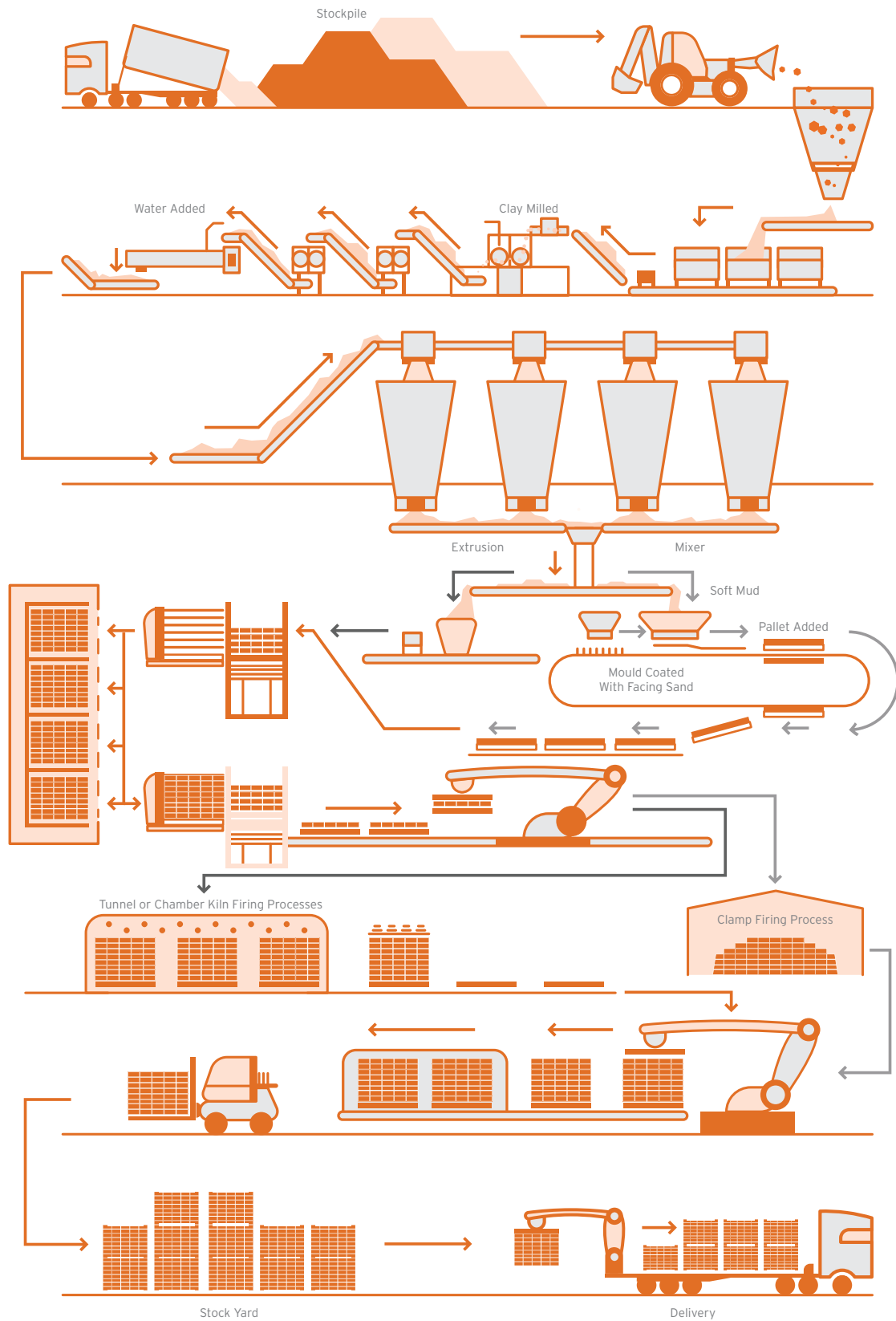
Michelmersh continues to invest in on-site renewable energy generation to reduce Scope 2 emissions and strengthen energy resilience. The expansion of the Floren solar installation now enables coverage of up to 50% of average annual electricity consumption at the site. At Blockleys Telford, solar installation provides approximately 15% of average annual electricity demand, delivering projected carbon savings of 3,117 tonnes over 25 years.

Planning permission has been submitted for a further significant solar installation at the Group's headquarters site, with installation targeted for 2027. The Group continues to evaluate additional opportunities across its estate where renewable energy integration is technically and economically viable.

BUILDING A GOVERNED PATHWAY TO NET ZERO

During 2025, Michelmersh has made meaningful progress in strengthening the foundations of its sustainability strategy. The completion of our first Scope 3 assessment, the delivery of a DMA, Board approval of an enhanced Energy and Carbon Strategy and continued investment in renewable energy and operational optimisation collectively represent a step change in the maturity of our climate governance and reporting.

While the decarbonisation of energy-intensive manufacturing remains complex and dependent on technological and policy developments beyond our direct control, the Group has established a clear, governed and data-led pathway towards net zero. By embedding carbon management into procurement, product development, capital planning and supplier engagement, Michelmersh continues to evolve from reporting performance to actively managing transition risk and opportunity. Independent assurance of selected ESG KPIs and GHG disclosures further strengthens the credibility of this reporting and is presented in the following pages. This is followed by our TCFD-aligned disclosures, which outline how climate-related risks and opportunities are governed and integrated into strategic decision-making.



ESG Limited Assurance Statement

SGS UNITED KINGDOM LTD'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE MICHELMERSH BRICK HOLDINGS PLC'S ESG STRATEGY REPORT FOR THE PERIOD 1ST JANUARY 2025 TO 31ST DECEMBER 2025

NATURE OF THE ASSURANCE/VERIFICATION

SGS United Kingdom Ltd (hereinafter referred to as SGS) was commissioned by Michelmersh Brick Holdings PLC (hereinafter referred to as Michelmersh) to conduct an independent assurance of the ESG Strategy Report (hereinafter referred to as the 'Report').

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all Michelmersh's Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the Directors and the management of Michelmersh. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Michelmersh Brick Holding PLC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

A Limited level of assurance has been obtained according to ISAE3000 (Revised, International Standard on Assurance Engagements) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and ISAE3410 Assurance Engagements on Greenhouse Gas Statements.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy, and reliability of specified performance information as detailed below:

Reporting Criteria Selected by Reporting Organisation

1	GHG Emissions (Scopes 1 & 2) - A Corporate Accounting & Reporting Standard (Rev) (GHG Protocol)
2	Environmental, Social & Governance KPIs - Organisation Set Reporting Criteria

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

#	KPI / Theme	#	KPI / Theme
1	% Reduction in Energy Intensity (1a - 2025, 1b - 2030)	11	Donate 100,000 Bricks Per Year
2	GHG Emissions (Scope 1, Scope 2 (Market & Location))	12	15% Year on Year Increase of Charitable Financial Donations
3	% Reduction in GHG Emissions Intensity	13	Aspire for 'O' Environmental Complaints
4	Group Intensity Ratio tCO ₂ e / Drawn Saleable tonnes	14	Aspire for 'O' Internal Environmental Incidents
5	% of Forklift Fleet that are hybrid/electric	15	50hrs Training Per Employee
6	% of Car Fleet that are hybrid/electric	16	100% Department Managers to be Trained on Mental Health Awareness
7	Ensuring 'O' Non-hazardous Waste to Landfill	17	50% Increase in Proactive Reporting to Promote Zero Harm to Employees
8	7% Reduction in All Plastic Use		
9	70% Reduction of Virgin Wood Pallets		
10	50% Reduction in Potable Mains Water		

ASSURANCE METHODOLOGY

The assurance comprised a preliminary stage which was concluded in December 2025 for Q1 - Q3 data. The assurance stage that commenced in January 2026 and concluded in February 2026, comprised of review of findings and collection of additional evidence as per evidence collection plan, interviews with relevant employees including Innovation and Sustainability Director, Technical Director, Director of HR, and other managers; documentation and record review and validation with external bodies and/or stakeholders where relevant. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than in, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

GHG emissions quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emission factors and the values needed to combine emissions of different gasses.

STATEMENT OF INDEPENDENCE, ETHICS, QUALITY CONTROL, AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from Michelmersh Brick Holdings PLC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders. In conducting assurance engagements, SGS is governed by the 'SGS Code of Conduct' and the 'Assurance Ethical Code SAGSP2', which has been established with the requirements of the IESSA (International Ethics Standard for Sustainability Assurance) (IESBA, 2025), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

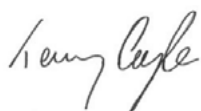
At SGS assurance quality is governed through the Sustainability Assurance Global Systems Procedure (SAGSP). This quality management system compliments the requirements of ISAEs and are designed to be as demanding as quality control requirements stipulated by ISO17029:2019, and the ISQM1.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with relevant bodies. The assurance team comprised of; Lead Assurance Practitioner - Indika Edussuriya, Trainee Assurance Practitioner - Elisa Zandanel, Technical Reviewer - Finn Han.

FINDINGS AND CONCLUSIONS ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, nothing has come to our attention that causes us to believe that the specified performance information included in the scope of assurance is not fairly stated and has not been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

SIGNED FOR AND ON BEHALF OF SGS UNITED KINGDOM LTD:



Terry Coyle - Sustainability Services Manager

Frimley, Surrey, 5th March, 2026.

www.sgs.com

Task Force on Climate-Related Disclosures

INTRODUCTION

Michelmersh continues to align our climate-related disclosures in accordance with Section 414CB of the Companies Act 2006, which are aligned to the recommendations of the TCFD. Following our inaugural TCFD-aligned disclosure in 2024, we have further strengthened our governance, risk assessment and reporting processes during 2025 to enhance the integration of climate-related considerations into strategic decision-making.

This report has been developed in line with the recommended requirements applicable to AIM-listed companies and is structured across the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets, addressing the nine recommended disclosures within these areas.

During the year, the Group completed a DMA and our first Scope 3 GHG emissions calculation based on 2024 data. These initiatives have provided improved visibility of climate-related impacts, risks and opportunities across both operations and the wider value chain. Our analysis has identified two significant climate-related opportunities and four principal risks, which are outlined in the sections that follow.

The findings have been incorporated into the Group's Net Zero Transition Plan and Energy and Carbon Strategy, reinforcing alignment between climate risk assessment, performance monitoring and long-term capital planning. The Board retains ultimate responsibility for oversight of climate-related risks and opportunities, supported by the Sustainability Group and Executive leadership team. Independent limited assurance of selected ESG KPIs and GHG data further strengthens the credibility of the disclosures presented within this report.

1. GOVERNANCE

(a) a description of the governance arrangements of the Company in relation to assessing and managing climate-related risks and opportunities.

Michelmersh maintains a structured governance framework for the oversight and management of climate-related risks and opportunities. The Board retains ultimate responsibility for climate oversight, supported by the Group Committees and the Sustainability Group, which monitors performance, risk exposure and progress against emissions reduction objectives. During 2025, governance arrangements were further strengthened through Board approval of the enhanced Energy and Carbon Strategy, continued oversight of the Net Zero Transition Plan and integration of outputs from the DMA and the Group's first Scope 3 GHG calculation into risk management processes.

KEY GOVERNANCE FORUMS

BOARD:

Overall responsibility for the stewardship of the Company's ESG framework. The Board is accountable for the overall delivery of the Company's objectives and non-financial KPI targets, including those related to climate, as well as ultimate oversight of climate-related risk and opportunity management.

- Reviews principal climate risk quarterly.
- Approves ESG (including climate-related) KPIs and Targets.
- Reviews and signs off TCFD report on Audit Committee assessment and recommendation.

AUDIT COMMITTEE:

Accountable for an independent assessment of climate-related risk and opportunity management and disclosures as part of its responsibility to monitor the effectiveness of the Group's internal controls and Annual Reporting disclosure accuracy.

- Reviews principal climate risks at least twice yearly.
- Reviews and signs off TCFD report annually.

REMUNERATION COMMITTEE:

Accountable for setting ESG incentives for Executive Director Long-term Incentive Plans ("LTIP") and allocates (subject to shareholder approval) Executive remuneration annually in line with pre-determined criteria.

- Reviews progress against ESG KPIs and targets at least annually.

SUSTAINABILITY GROUP:

Board-delegated responsibility for monitoring the Group's sustainability strategy, which includes the response to climate change. It is responsible for effective identification, monitoring and management of all sustainability risks and opportunities, including climate-related items.

- Recommends ESG (including climate-related) KPIs and targets to the Board.
- Monitors and reports progress on ESG KPIs and targets to the Board.
- Monitors and reports on risk and opportunity management plans to the Board.

CROSS DEPARTMENTAL WORKING GROUPS:

Cross-discipline meetings ensure that climate and sustainability-related issues are understood and implemented across the business.

- Implement and integrate ESG (including climate-related) risk and opportunity management plans into the organisation.

CEO AND EXECUTIVE DIRECTOR:

Has ultimate responsibility for climate-related matters. The CEO acts as the Board sponsor for sustainability and ensures alignment of discussion at Board and Sustainability Group level on sustainability including climate-related strategy and performance. The CEO is also accountable for identification and assessment of climate-related risks and opportunities.

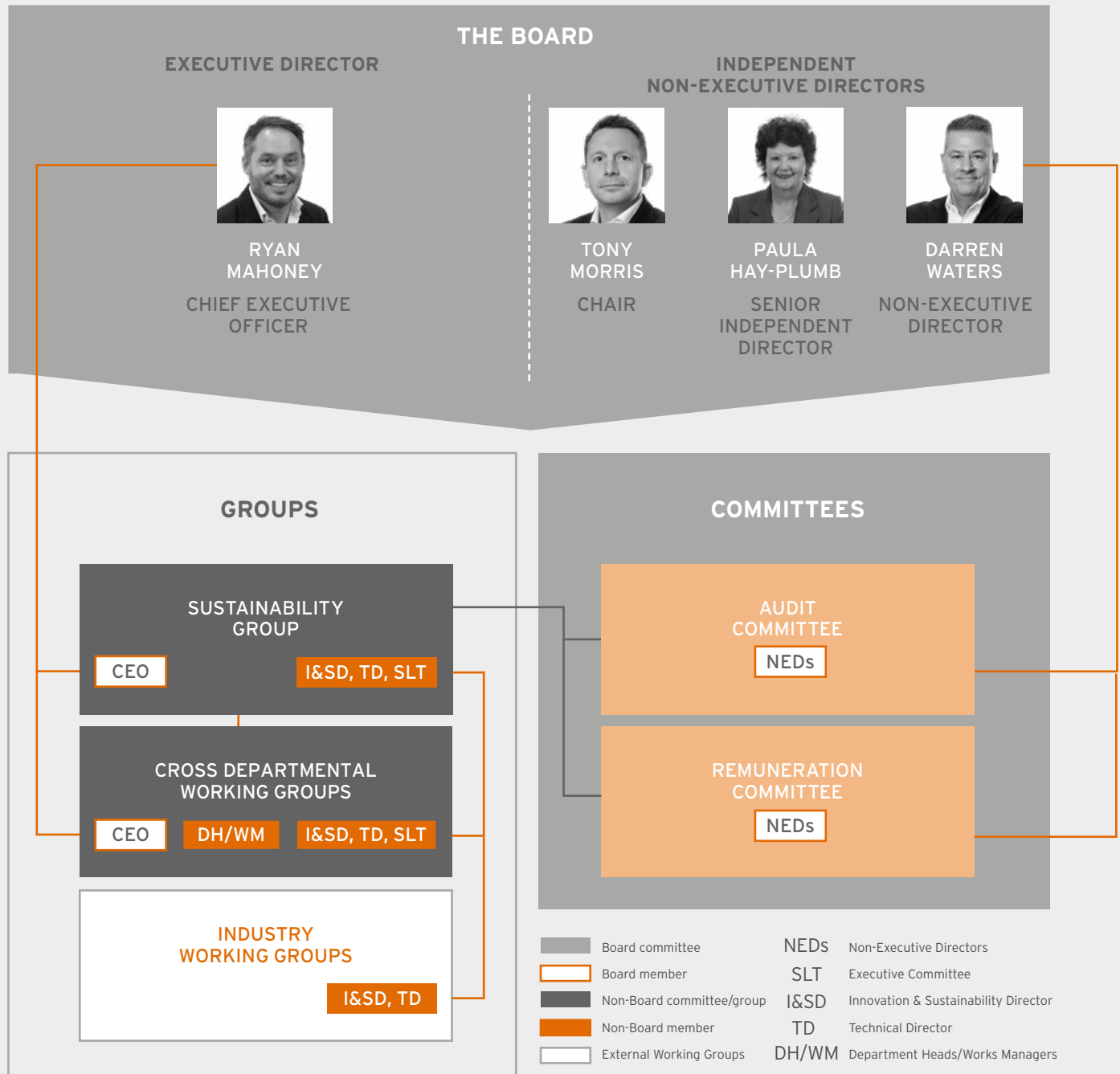
CFO AND EXECUTIVE DIRECTOR:

Sits on the Board and is responsible for identification and assessment of climate-related financial risks and opportunities.

THE GROUP INNOVATION & SUSTAINABILITY DIRECTOR:

A member of the Executive Committee ("SLT") and is the chair of the Sustainability Group. They have overarching responsibility for day-to-day implementation of the Group's sustainability strategy. Attends Board and Audit Committees as required to present on strategy updates and progress, including management of significant risks and opportunities. Attends cross departmental working groups to integrate ESG (including climate-related) response plans, identify bottom-up risks and opportunities. An

KEY SENIOR MANAGEMENT ROLES



Task Force on Climate-Related Disclosures

(Continued)

active member of industry working groups to support innovation, risk identification and effective implementation by leveraging industry expertise and aligning incentives for comprehensive climate resilience.

THE GROUP TECHNICAL DIRECTOR:

A member of SLT, they attend the Sustainability Group and also attend other cross departmental and industry working groups to support climate-related integration and innovation.

THE EXECUTIVE COMMITTEE:

Made up of the Group's Associate Directors, who are responsible for developing and monitoring the Company's approach to sustainability. This includes regularly reviewing objectives and effective operation of the Group's internal control framework including ISO certifications: ISO 14001 Environmental Management System, ISO 9001 Quality Management System, ISO 50001 Energy Management System, BES 6001 Responsible sourcing and future certifications of ISO 45001 Occupational Health and Safety Management Systems. SLT delegate to Department Heads and Work Managers ("DH/WM") across the Group as required and via Cross Departmental Working Groups.

Further information is available on the following pages:

1. Corporate Governance Statement, from page 64
2. Audit Committee Report, from pages 74 to 77
3. Remuneration Committee Report, from pages 80 to 89
4. Risk Management and Principal Risks, from pages 54 - 63

2. STRATEGY

IDENTIFICATION AND IMPACT OF SIGNIFICANT RISKS

(b) a description of:

(i) the principal climate-related risks and opportunities arising in connection with the operations of the Company, and

(ii) the time periods by reference to which those risks and opportunities are assessed;

(c) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company;

(d) an analysis of the resilience of the business model and strategy of the Company, taking into consideration different climate-related scenarios;

Michelmersh has conducted a qualitative scenario analysis to assess the long-term resilience of the business, with particular focus on the Group's UK operations. The analysis was informed by multiple authoritative sources, including the Intergovernmental Panel on Climate Change ("IPCC"), UK Government publications, Climate Analytics and the Climate Financial Risk Forum. Climate-related risks and opportunities were assessed across three defined time horizons: short term (2025-2030), medium term (2031-2045) and long term (2046-2050). All identified risks and opportunities were evaluated against the likelihood of occurrence within these timeframes and the potential financial exposure to the Group.

Of the ten risks identified, four are considered significant. For the purpose of this assessment, "significant" is defined as a potential financial impact exceeding 5% of annual Group revenue in at least one scenario and timeframe. These risks comprise both transition risks (including regulatory change, carbon pricing mechanisms,

market and technology shifts) and physical climate risks (including acute and chronic weather-related impacts).

Additionally, of the five opportunities identified, two are considered significant, with estimated potential to generate greater than 5% of annual Group revenue in at least one scenario and timeframe. These opportunities primarily relate to innovation in lower-carbon product development, increased demand for sustainable construction materials and operational efficiency improvements.

During 2025, completion of the DMA and the Group's first Scope 3 GHG emissions calculation enhanced visibility of climate-related exposures across both operations and the wider value chain. These outputs have informed refinement of the risk and opportunity assessment and strengthened alignment between scenario analysis, strategic objectives and KPI monitoring.

Michelmersh has set a 'flexible' risk appetite for sustainability and net zero risks, meaning the Group is prepared to take proportionate and managed risks where these support successful long-term delivery of the Group's strategic and decarbonisation objectives.

The identified significant opportunities and risks have been summarised on the following pages and include a description of the financial impact, under which scenario(s) and timeframes the opportunity/risk is considered to present a significant impact to management plans and supporting KPIs to track management plans. We have also mapped the opportunity and risk to the Company's strategic objectives that underpin our mission. The table is split into opportunities, physical climate risks and transition risks.

The following opportunities and risks are aligned with the Company strategy stated on page 6.

Further information can be found on the following pages:

1. Risk Management and Principal Risks, for more details on risk appetite and our Group level climate change risk and mitigation, on page 57
2. Company's strategic mission and objectives, on page 6

3. RISK MANAGEMENT

(e) a description of how the Company identifies, assesses and manages climate-related risks and opportunities;

(f) a description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the Company;

Our approach to climate-related risk management is embedded within the Group's wider enterprise risk management framework. Michelmersh maintains a comprehensive risk management approach across all levels of the organisation, enabling the identification, assessment and management of risks in a transparent and structured manner.

Climate-related risks and opportunities are identified through a combination of scenario analysis, regulatory horizon scanning, operational performance review and stakeholder engagement. During 2025, this process was further strengthened through completion of the DMA and incorporation of Scope 3 GHG emissions data into the Group's climate risk evaluation. These outputs enhanced visibility of both operational and value-chain exposures.

Two Representative Concentration Pathways (“RCPs”) scenarios were chosen to stress test the extremes of potential future states:

Scenario	Summary descriptions
RCP 8.5, a “Climate Chaos”, business-as-usual scenario, aligned to Representative Concentration Pathway (“RCP”) 8.5, which will see a temperature rise of 4 degrees by 2100	Limited action is taken to combat climate change, there are no new regulations implemented. Physical threats will be at their peak as the number of climate tipping points are likely to have been crossed. Significant rise in global temperatures and sea level, resulting in a significant increase in acute weather events. Continued use of coal, oil and gas.
RCP 2.6, an “Orderly Transition” scenario, achieving net zero in 2050 with a 1.5-degree warming in 2100 following the Representative Concentration Pathway (“RCP”) 2.6	Governments, organisations and society collaborate to keep global warming to 1.5°C/2.7°F by 2100 compared to pre-industrial levels. Paris Agreement principles are adopted and governments establish rules and regulations to drive the transition, including the transition to renewable energy. Although physical impact will be greatly lessened, there will likely be physical climate change impacts, however these will be better prepared for.

The impacts of the risks and opportunities were assessed against three time-horizons:

Description	Time horizon	Rational
Short-term	To 2030	Chosen in line with our current sustainability strategy and targets
Medium-term	2031-2045	Chosen in line with currently considered feasible technology transition to lower-carbon fuel switching alternatives
Long-term	2046-2050	Chosen in line with our 2050 net zero ambition

The Group Innovation and Sustainability Director, supported by an external ESG advisory firm, coordinates the TCFD-aligned scenario analysis and climate risk identification process. Outcomes are reviewed with relevant Directors and Heads of Department, and responsibilities for managing identified risks and opportunities are allocated to accountable leaders across the business. Progress against management actions is monitored through relevant KPIs and reported to Executive Management.

Climate-related risks are integrated into the Group’s principal risk register and assessed alongside other strategic and operational risks. The Board oversees the risk management framework, which incorporates both bottom-up operational input and top-down strategic review.

Under the bottom-up process, site-level management and functional leaders identify emerging risks and mitigation measures, which are escalated through structured reporting lines. Under the top-down process, the Board reviews principal risks and their potential impact on strategic objectives, including climate-related exposures.

This integrated approach ensures that climate-related risks are not assessed in isolation but are considered within the broader context of financial performance, operational resilience and long-term strategic planning.

Further information:

1. Risk Management and Principal Risks, from page 54

4. METRICS & TARGETS

(g) a description of the targets used by the Company to manage climate-related risks and to realise climate-related opportunities and of performance against those targets; and

(h) the KPIs used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those KPIs are based.



Task Force on Climate-Related Disclosures

(Continued)

CLIMATE-RELATED OPPORTUNITIES

Theme & description	Impact description	Scenario analysis	Realisation plan	KPIs	Alignment to strategic objectives
Products - Adaptation Opportunity from increasing demand for products that support climate adaptation, notably the UK retrofit market	Increased revenue from UK retrofit, as well as new build markets, heightened by competitive advantage Reduced cost of finance	RCP 8.5 & 2.6; Medium & Long-term	Continued investment in adaptation and thermal property innovation Clear communication to market on progress	Innovation spend on adaptation projects	Evolve our core offering, delivering lower embodied carbon products through innovative product development, technologies or solutions
Products - Transition Opportunity from increasing demand for low-carbon products which may create access to new markets	Increased revenue from sustainability driven market sentiment & policy Reduced costs of finance Potential new market opportunities in demolition and Carbon Capture & Storage	RCP 2.6; Medium & Long-term	Continued investment in sustainable brick innovation Clear communication to market on progress	Innovation spend on sustainable brick projects	Evolve our core offering, delivering lower embodied carbon products through innovative product development, technologies or solutions

PHYSICAL CLIMATE RISKS

Theme & description	Impact description	Scenario analysis	Mitigation Plan	KPIs	Alignment to strategic objectives
Acute The risk from increasing frequency of extreme weather events, such as cyclones and flooding, leading to site and critical infrastructure damage	Lost revenues from inactive sites Increased costs for site damage repair and insurance premiums Asset value loss in severe cases	RCP 8.5; Medium & Long-term	Ongoing investment and refinement of Business Continuity Plan ("BCP") Ensure appropriate insurance coverage Continued investment in biodiversity action plans	Sites insured for climate damage Annual review of BCP	Maintain high standards of environmental compliance whilst improving the biodiversity of our land/estates
Chronic The risk of increasing precipitation and lack of soil moisture impacting manufacturing productivity and supply chain disruptions	Delayed revenue from value-chain disruptions Increased energy costs in manufacturing Increased costs from damage repair and sourcing diversification	RCP 8.5; Medium & Long-term	Ongoing investment and refinement of Business Continuity Plan ("BCP") Strengthen supply chain strategy Continued investment in dematerialising products & transition from mains water	Energy intensity per site e.g. emissions per brick Site water usage, % recovered vs mains	To reduce our raw material usage and embed circular economy principles

Sustainability remains central to Michelmersh's long-term strategy, and the Group is committed to contributing to the transition towards a lower-carbon economy in line with the UK Government's legally binding target of net zero emissions by 2050.

The Group has established a series of interim targets to 2030 as part of our ESG Strategy and Net Zero Transition Plan. These targets support the management of identified climate-related risks and the realisation of climate-related opportunities across defined time horizons.

Seventeen ESG KPIs are currently tracked at Group level, each aligned to 2030 objectives. Of these, eight are directly relevant to monitoring climate-related risk mitigation and opportunity realisation, including energy intensity, carbon emissions, renewable energy integration, waste reduction and resource efficiency. A further nine KPIs support oversight of associated operational, governance and supply chain risks identified through the scenario analysis process.

Performance against these targets is reviewed quarterly by the Sustainability Group and reported to the Board through

TRANSITION RISKS

Theme & description	Impact description	Scenario analysis	Mitigation plan	KPIs	Alignment to strategic objectives
Product Risk from changing product requirements from policy and customer sentiment leading to a reduction in current product demand and requiring significant investment into innovation to remain competitive	Reduced revenue if unable to innovate in line, or ahead of competition Increased cost of innovation	RCP 2.6; Short, Medium & Long-term	Continue to invest in research and development, working with trade bodies and leading scientific institutions Proactively investigate green financing and grant funding	Revenue/orders in low-carbon products Status of sustainable projects % of green-linked funding	Evolve our core offering, delivering lower embodied carbon products through innovative product development, technologies or solutions
Policy & Legal Risk of carbon-linked policy evolution, including CBAM implementation and removal of government free allowances, increasing cost to the business	Short-term revenue risk until CBAM implemented in UK (assuming ceramics in scope) Medium and longer-term annual carbon cost to the business directly	RCP 2.6; Short, Medium & Long-term	Continued investment in sustainable brick manufacturing innovation Develop a Transition Plan Taskforce and Science Based Target aligned transition plan Continuously monitor the carbon price	Carbon price Revenue/orders in low-carbon products Status of transition plan implementation	To reduce the energy and carbon intensity of our products

established governance channels. Where appropriate, targets are recalibrated to reflect structural changes to the organisation or evolving regulatory expectations, in accordance with the GHG Protocol and internal recalculation policies.

Further detail on the Group's carbon reduction commitments, interim targets and performance outcomes can be found on pages 31 to 33.

Climate-related performance metrics include Scope 1 and Scope 2 GHG emissions, reported in accordance with SECR requirements, and, during 2025, the establishment of a Scope 3 emissions baseline based on 2024 data. This expanded emissions boundary enhances visibility of value-chain impacts and supports ongoing refinement of transition planning.

Emissions data is calculated in accordance with the GHG Protocol Corporate Standard and relevant UK reporting requirements. Where structural changes to the organisation exceed the Group's defined material threshold, base year emissions are recalculated to ensure consistency and comparability over time.

In addition to emissions metrics, energy consumption intensity (kWh per tonne), renewable electricity generation, waste to landfill, plastic and resource use reduction, and supplier engagement indicators form part of the KPI framework supporting climate risk management.

Selected ESG KPIs and GHG emissions data are subject to independent limited assurance, strengthening confidence in the integrity of the metrics disclosed.

Climate-related risks and opportunities referenced in this section are cross-referenced in the Strategy section (page 24) and Risk Management and Principal Risks section (page 54), ensuring alignment between identified exposures, mitigation plans and performance monitoring.

The Group will continue to refine its climate-related disclosures as data granularity improves and regulatory guidance evolves.

Stakeholders

SECTION 172(1) STATEMENT

The Directors continue to be fully committed to their duty under Section 172(1) of the Companies Act 2006, which requires them to act in the way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

OUR STAKEHOLDERS

The Board recognises the fundamental importance of stakeholders and their contribution to the long-term sustainable success of the business and therefore to ensuring their needs are met. Feedback from our stakeholders allows the Board to monitor the Company's corporate culture, as well as the ethical values and behaviours within the business.

OUR SHAREHOLDERS

Why they are important to us:

Ensuring investor confidence in the business strategy is essential for long-term success. In exchange, shareholders provide feedback and support which enables us to strengthen our business model and plan for the future.

How we engage at Board level and across the Company:

The Board recognises the importance of creating a clear flow of communication with all shareholders and the investment community. The key opportunity for engagement with shareholders, potential shareholders and analysts is on the announcement of the full year and interim results. The Executives make presentations of those results, and feedback from the recipients of the presentations is shared with the Board ensuring that the Non-Executives are apprised of the views of major shareholders.

There is regular dialogue between the Executive Directors and the Company's brokers, including in respect of shareholder views, and an "Investor" email address is provided on our website through which shareholders can make contact with the Board. The Chair is available to shareholders if they have concerns that contact through the normal channels of communication to the Executives is inappropriate. The AGM is also an opportunity for shareholders to meet and put questions to the Board and Chairs of the Board Committees, and we look forward to inviting shareholders to attend the AGM this year. We will welcome questions submitted by shareholders on the day of the AGM, and endeavour to publish responses to such questions on the Company's website. Full details of our AGM arrangements are contained in the Notice of AGM.

How we considered their interests:

- The Board held a strategy day in 15 May 2025 to focus on the broad range of strategic opportunities available to the Group over the medium to long term, all of which focused on targeting

the promotion of long-term value for shareholders.

- The risk register is discussed by the Board quarterly, and those discussions inform the Board in their considerations and judgements in establishing the risk appetite of the Company.
- Ongoing enhancements to our risk management framework continue, along with the Directors targeting an appropriate balance between risk and shareholder reward.
- Approving an interim dividend of 1.60 pence per share which was paid to shareholders on 8 January 2026 and recommending a final dividend for the year of 3.00 pence per share to be paid on 8 July 2026.

OUR CUSTOMERS

Why they are important to us:

Ensuring strong relationships with our customers is key to delivering long-term sustainable success. We value our customers trust and loyalty immensely, with their feedback helping us improve products, services, customer experiences and operations. Customer satisfaction is vital to brand loyalty and maintaining our strong market position.

How we engage at Board level and across the Company:

The Group aims to deal ethically and honestly with customers, building long-term relationships by delivering high-quality, value and excellent customer service. Ongoing positive engagement with customers, distribution and stakeholders is at the forefront of the Board's retail strategy. Quarterly and annual objectives are set in consultation with our key accounts and relevant buying groups. Objectives, performance and targets are regularly reviewed with call reports monitored by the Sales Directors. This is complemented by strong analytical data. The volume of orders, quality of service and products made are monitored and recorded as a matter of course on a daily basis. Value and a strong process is at the forefront of the Group offering.

How we considered their interests:

A culture of open dialogue combined with strong customer relationships help to assess where the Group can make ongoing improvements in key areas for our customers and end users. Key account review meetings are held throughout the year (attended when appropriate by a Board Director) where issues and performance are monitored, feedback received and follow-up action can be taken if required. The Group distribution aims are clearly set out within the Approved Distributors Trading Policy and Terms of Business.

OUR EMPLOYEES

Why they are important to us:

Our employees are at the heart of everything that we do and are the driving force behind all that we have achieved so far. With a diverse range of views, backgrounds and experience our employees promote our culture as well as ethical values and behaviours throughout the business.

How we engage at Board level and across the Company:

The Board is dedicated to positive employee engagement; safety, wellbeing, training, security and progression are at the forefront of the business ethos. The wellbeing of employees is addressed through training and health and safety management as a preventative process, and regular updates are provided to the Board. The Human Resources department oversees schemes to support employees through a range of medical and supportive facilities, including stress management, legal and social wellbeing

helplines, along with a robust pension and life insurance cover package that provides financial support for the long term. The Group seeks to align the interests of employees with the success of the Company through a range of share incentive schemes, including all employee sharesave schemes and, for senior staff, nil-cost option awards under the Group's Long-Term Incentive Plan ("LTIP"). The Company ensures that it complies with the requirements of the Immigration Act, anti-bribery and equality legislation and takes appropriate steps to ensure all senior staff are aware of their responsibilities, and is committed to maintaining the highest standards for all business activities and ensuring these standards are set out in written policies.

How we considered their interests:

During the year we made changes to improve the alignment between our health and safety operating activities and our health and safety reporting processes. This continuous improvement programme will better support our clear safety-first operating activities. The average hours of training per employee increased on the previous period underpinning our approach to motivating career opportunities and clear succession planning.

Health and Safety

The Group has established a documented health and safety management system with arrangements and procedures based around the Health and Safety Executive guidance HSG65. Workplace health and safety audits and inspections are carried out internally at various levels of the business ranging from our quarries to product delivery. The results of health and safety inspections are reviewed by our management teams and any corrective actions taken accordingly.

We consult regularly with our employees on health and safety matters holding quarterly health and safety meetings at each of our locations, as well as additional meetings and briefings covering specific health and safety matters. All of our employees are part of an ongoing health and safety training programme that starts with an initial induction programme and expands to include all the relevant training needs required for them to carry out their work safely. We encourage the CPD of our employees on a range of health and safety subjects across the business from the annual quarry managers' CPD awards to our HGV drivers' development programme.

All accidents and near misses are fully investigated and discussed at our health and safety meetings. Where appropriate, changes are made to our processes in order to minimise the chances of any recurrence.

Health and safety updates were regularly presented to the Directors at Board meetings throughout 2024. This provided them with a chance to understand matters affecting employees and discuss any incidents or investigations that arose during the course of the year. The Board were pleased to support the changes in organisational design during the year which clearly articulated accountability for health and safety, operational responsibility and reporting all under the remit of the Group Operations Director. The Board believe that these changes will positively benefit the Company, and our health and safety processes, and most importantly putting safety first for all of our people.

Employees

The Group's loyal and skilled workforce is essential for its future prosperity. Where appropriate, employees are provided with information on matters of interest and concern to them. The

Group encourages contact and interaction between members of staff at all levels.

At 31 December 2025, the Group employed 379 male and 48 female members of staff. The Board comprised 2 female and 3 male Directors as at 31 December 2025. Four of the Group's 12 senior leaders were female.

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for continuing employment of employees who have become disabled whilst in the Group's employment.

Michelmersh values diversity and seeks to provide all employees with the opportunity for employment, career and personal development on the basis of ability, qualifications and suitability for the work as well as their potential to be developed into the job.

The Group also believes that all employees should be treated with respect, dignity and fairness at work. We are committed to creating an environment where all our employees can feel comfortable and able to fulfil their potential. For further details of how the Directors engage with employees and have regard to their interests, please see the Section 172 Statement on pages 50 to 53.

Modern Slavery Act

The Group is committed to ensuring best practice to combat slavery and human trafficking. In February 2026 the Board undertook an annual review of the Company's Modern Slavery Act Statement and Anti-Slavery Policy. Our Anti-Slavery Policy demonstrates our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. Both documents can be found on the Company's website www.mbhplc.co.uk/about/corporate-responsibility.

OUR SUPPLIERS

Why they are important to us:

Maintaining a positive relationship with all our suppliers through mutual respect and understanding is essential in allowing us to deliver a high level of service to our customers, and benefits for all our stakeholders.

How we engage at Board level and across the Company:

The Group holds a diverse database of more than 2,500 suppliers, typically 30% of these will be engaged with annually. We strive to honour our payment term obligations and make a mid-month payment run as well as the monthly payments to ensure supplier terms are met. Our payment practices and reporting are in accordance with the recently implemented regulations and are published on the Government's website. By adopting responsible sourcing and sustainable resource and energy planning, we minimise waste and ensure the efficient use of energy, resources, water and raw materials. Energy performance is a key factor in the design, purchase and operation of equipment, vehicles and services.

How we considered their interests:

- Through our commitment to high ethical standards
- Requiring high ethical standards from all our suppliers and partners

Stakeholders (Continued)

- Ensuring regular communication with our key suppliers
- Zero tolerance approach to bribery, corruption and modern slavery and reviewing/updating the necessary Group policies to support this

OUR COMMUNITY

Why they are important to us:

We have always sought to foster a strong relationship with the communities within which we work. Our aim is to make a positive contribution to the lives of our employees, local environment, communities, charities and those within the brick industry.

How we engage at Board level and across the Company:

Michelmersh is committed to supporting the communities in which we operate, including providing financial support to registered local and national charities and youth sport. The main charitable budget is allocated at Head Office under the direction of the Group's Charity Committee and approved by the Board. This comprises of both small donations to local charities, across the Group's areas of operation, as well as larger donations to national charities that the Group may choose to support each year. The Board is particularly keen to support charities with which our employees are personally involved, and the aim is to support causes which can make a real difference to local communities across the country. The Group is also committed to helping meet the future needs of the construction industry. Education has become a key part of the Group's culture and Board focus. The Group supports education in a number of ways, including student sponsorship, material donations, technical resources and (where appropriate) providing funds through the Charity Committee.

How we considered their interests:

- Continued to focus on charitable commitments, as well as increasing our overall charitable contributions
- Increased the financial contribution to charities that we support, including local community projects
- Directly involving employees but inviting all staff to put forward nominations for the following financial year
- Retaining one of our core commitments to supporting industry education and training of bricklayers

OUR ENVIRONMENT

Why it is important to us:

We recognise that adopting environmentally responsible practices is fundamental to the long-term success and resilience of our business. As a manufacturing Group, we understand the environmental impact associated with our operations and the importance of managing this responsibly for the benefit of all our stakeholders.

Protecting the environment, reducing emissions and minimising waste are integral to our purpose and strategy. Through continued innovation, operational efficiency and disciplined investment, we are focused on reducing our environmental footprint while strengthening the long-term sustainability of our business.

How we engage at Board level and across the Company:

The Board is fully committed to the protection of the environment, biodiversity and ecosystems, and to the minimisation of pollution and waste across our operations and value chain. Environmental stewardship is embedded within our governance framework and is overseen through structured reporting and defined accountabilities.

During the year, we continued to enhance our ESG governance arrangements, with more formalised reporting to the Board and Audit Committee. The Board Sustainability Group, sponsored by the Group CEO, Ryan Mahoney, provides focused oversight of environmental and broader ESG priorities, ensuring that sustainability considerations are integrated into strategic decision-making.

We ensure compliance with all relevant legal and regulatory requirements and maintain established procedures for identifying, managing and transparently reporting any breaches. We monitor, control and report our GHG emissions in line with regulatory requirements and our internal targets.

Further details of our environmental initiatives and performance are set out in the ESG Strategy section of the Annual Report on pages 24 to 41.

How we considered its interests:

- Continued to cascade and embed the refined Group ESG Strategy across the business, aligning operational objectives and KPIs with our long-term sustainability commitments.
- Strengthened our governance framework, including more structured and regular reporting of ESG performance to the Board and Audit Committee.
- Maintained Board-level oversight through the Board Sustainability Group, sponsored by the Group CEO.
- Continued to progress towards our commitment to achieve net zero by 2050, supported by operational efficiency initiatives and decarbonisation planning.
- Undertook a limited assurance review of selected ESG disclosures to enhance the robustness, transparency and credibility of our reporting, including methodologies and KPIs.
- Supported and contributed data to the Ceramics UK sector-wide decarbonisation roadmap, demonstrating our commitment to industry-wide collaboration.
- Delivered performance against challenging environmental KPIs during the year, supported by progressive behaviours and engagement from our employees across the Group.

EXAMPLES OF STAKEHOLDER CONSIDERATIONS IN CERTAIN KEY BOARD DECISIONS DURING THE YEAR

In discharging its duties, the Board considers the views of its stakeholders alongside information pertaining to key areas such as strategy, risk, and legal and regulatory compliance. The Board considers the following to be the key decisions it has made during the year to 31 December 2025, and has included the evidence of their regard for Section 172 duties in the explanations of their considerations:

BOARD DECISION	CONSIDERATIONS	STAKEHOLDERS			
Strategy Day held on 15 May 2025 - considering and discussing the medium to long-term future plans of the Company	To discuss the future strategic direction of the Company to evaluate the potential options available to the Group and alongside to agree the priorities for capital allocation.	     			
The Board considered Board and Committee composition and discussed succession planning	Following considerable change during 2024/25, the Board was keen to maintain an appropriate balance between Executive and Independent Non-Executive Directors, and to ensure that succession plans support the long-term sustainable success of the Company's strategy and goals.	 			
The Board reviewed its internal Board and Committee performance review	The need to ensure that the Board remained a high performing team for the benefit of our stakeholders.				
The Board agreed the final dividend for 2024 of 3.00 pence per share, and later in the year the Board agreed an interim dividend for 2025 of 1.60 pence per share	The need to address the interests of shareholders in the context of the long-term, whilst maintaining appropriate levels of reserves to run the business effectively.	 			
Review of the Remuneration Policy	The need to provide a Remuneration Policy for the Company in response to a collective desire across the Board to document principles and approaches to remuneration as a Group.				
Comprehensive review of Group-wide policies	A more detailed annual review for the benefit of a range of stakeholders and to minimise risk by ensuring the Group's policies are fully up to date and comply with new laws, regulations and best practice.	     			
Annual review of ESG Strategy	The need to review progress towards our sustainability goals established in 2021 and revisit the appropriateness of ESG KPI targets and to ensure we benchmark the Group against established best practice.	     			
Appointment of new Chief Executive Officer	To ensure business continuity and that the new CEO demonstrated the correct range of knowledge and necessary experience to help promote the ongoing success of the Company strategy.	     			
Appointment of Chief Financial Officer	To ensure continued robust financial leadership, strengthen financial governance, enhance reporting, and provide the experience necessary to navigate the business through a challenging market and period for the construction industry.	     			
Appointment of new Independent Non-Executive Director	To broaden the Board's perspective and reinforce governance standards, with the aim of augmenting industry knowledge, supporting succession planning, and ensuring the Board maintains the right balance of skills and independence to meet the evolving needs of the Company and its stakeholders.	 			
Agreement, despite progress already being made, to continue to increase engaging with the Executive Committee	A number of the Executive Committee were invited to Board and Committee meetings across the year to give presentations. Due to the success, these have been scheduled for 2026 as well.	 			
Approval of updated committee terms of references following the publication of refreshed QCA Committee Guides	The importance of keeping up to date with the latest corporate governance principles and best practice so as to ensure a robust framework within which the Company can pursue its long-term strategy.				
Shareholders	Employees	Community	Customers	Suppliers	Environment
					

Risk Management and Principal Risks

RISK OVERVIEW

Our overall approach to risk management is rooted in the concept that risk is managed at all levels of our Group from our operational facilities through our support service functions and specialist teams. Our ability to effectively manage and mitigate risk through our business is the central pillar that supports our delivery of sustainable and long-term success for the benefit of all of our stakeholders.

The last financial year has once again been challenging with the continued higher interest rate environment in the UK and Europe elevated inflation levels above central bank targets combining to dampen consumer demand and contributing to a 20% decline in construction activity across the year.

There is a broad landscape of external risks facing the Group and this highlights the importance of embedding the appropriate risk management approach and culture in the Group.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has the overall responsibility for the oversight of risk as well as embedding and maintaining a robust risk management framework and internal control system assurance activities, with the Audit Committee reviewing the effectiveness of our risk management and internal control processes. Our risk management framework is designed to ensure the Board of Directors can clearly identify our risks, assess our risk profile and set our risk appetite, and ensure these risks are being managed and mitigated transparently and effectively.

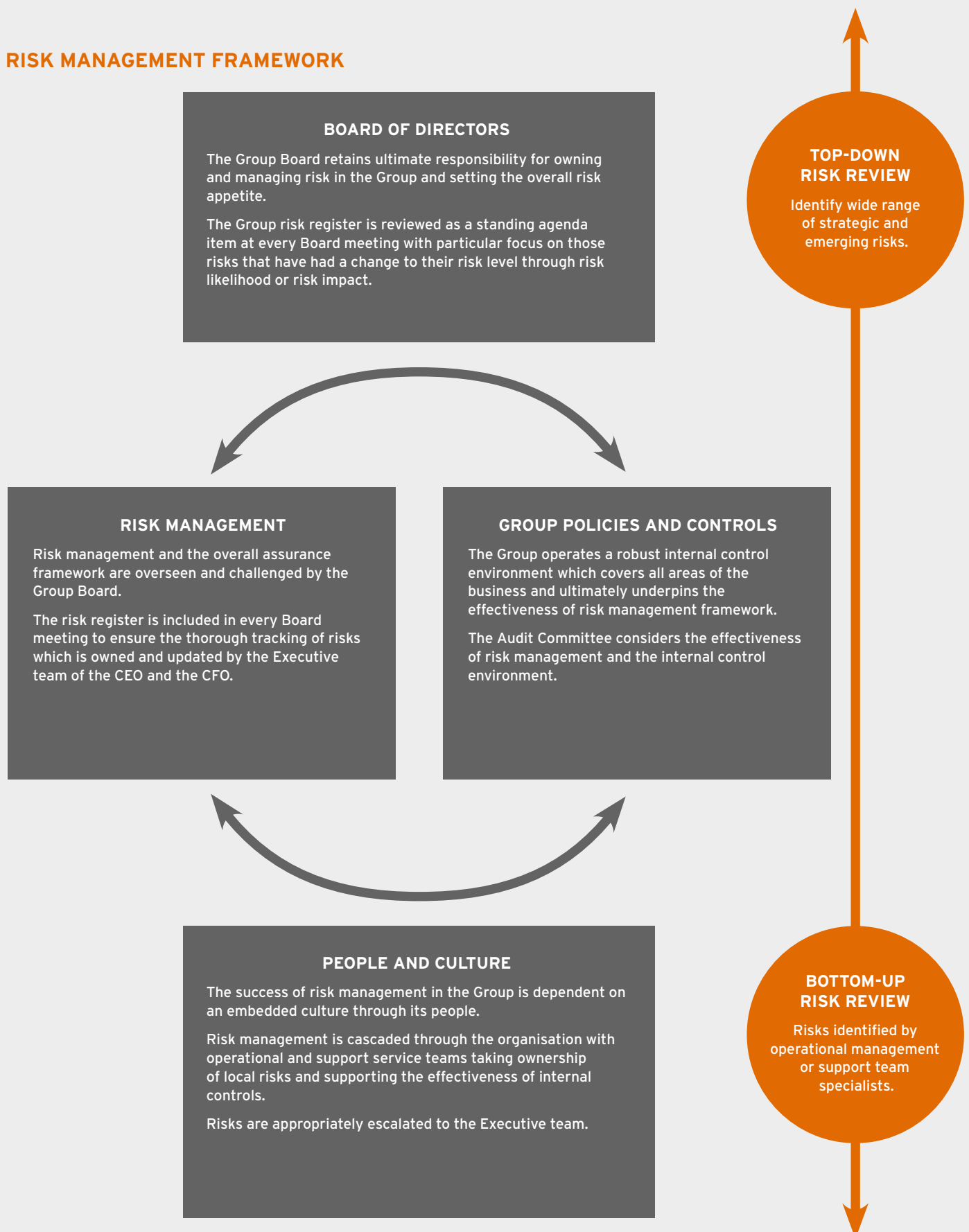
The Board of Directors reviews the risk register as a standing agenda at each Board meeting. The Board considers risks from both a top-down perspective, which is primarily focused on strategic and emerging risks and opportunities as well as encouraging a culture of a bottom-up review of risks from the operational teams and specialist support teams. At each of the Board meetings, the Directors review and consider the appropriateness and categorisation of the principal risks facing the Group with particular consideration given to those risks that have the potential to fundamentally impact the core strategic objectives of the Group.



Our overall approach to risk management is rooted in the concept that risk is managed at all levels of our Group.

Kampus, Manchester. Photo © Mark Higgins

RISK MANAGEMENT FRAMEWORK



Risk Management and Principal Risks (Continued)

RISK APPETITE

The Group's risk appetite determines the level of risk that the Group is prepared to take in trying to achieve its strategic objectives. The risk appetite level is established by the Board of Directors and is designed as a guiding principle to cascade through the organisation to support effective decision-making to support sustainable growth, but also to mitigate risk in the organisation that has the potential to erode value. The risk appetite is designed to be deliberately straightforward and clear so all levels of the Group can support the delivery of the core strategic objectives.

RISK APPETITE LEVEL DEFINITIONS:

The risk appetite levels represent a simple categorisation of Group-level targets and are designed to provide a balanced approach to risk which supports the core business strategic objectives.

AVERSE

We avoid risk and uncertainty as our key objective.

FLEXIBLE

We are willing to take justified and managed risks, considering all options and choosing the one that is most likely to result in a successful delivery or outcome.

CAUTIOUS

We are willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives where we have identified scope to achieve benefits or realise opportunities.

OPEN

We are willing to take our highest level of risk to maximise opportunities and potentially realise more significant benefits for the Group.

1	STRATEGIC We are willing to take our highest level of risk to maximise strategic opportunities and potentially realise more significant benefits for the Group. We refresh our strategic initiatives annually to ensure our considered approach to strategic risk is in line with our core business objectives.
2	OPERATIONAL We have our lowest appetite for risk which compromises our ability to manufacture the highest quality product and deliver the best quality service to our customers.
3	PRODUCTION & INPUT COSTS We are willing to tolerate a degree of risk in order to manage our costs of production and the availability of our raw materials. We take a cautious approach to mitigating these risks by seeking to fix our prices alongside the acceptance of a degree of price volatility to achieve the best outcome for the Group.
4	GOVERNANCE, LEGAL & REGULATORY We wish to avoid or otherwise mitigate risks which involve our compliance with our governance, legal or regulatory environments in which we operate across the Group.
5	LAND, PROPERTY & PLANT We are focused on maintaining well-invested, sustainable and efficient manufacturing operations and processes. We take a cautious approach to managing the risks in our land, property and plant to ensure we consider the lifespan of available on-site minerals alongside investment decisions into the property and plant.
6	FINANCIAL RISK MANAGEMENT We accept our lowest levels of risk for financial risk management of our business-as-usual activity and are cautious in our approach to business transformation activity. We significantly evaluate our financial decisions with value for money and business rationale being key factors in decision-making.
7	CONTROL AND ASSURANCE We have our lowest appetite for risk for maintaining an effective control and assurance environment around the operation of our processes. We address these risks through maintaining effective controls, assurance, reporting and governance environment.
8	COMMERCIAL We are open to higher levels of risk to ensure we maximise our commercial opportunities and deliver the highest possible benefits to all of our stakeholders.
9	CUSTOMER REQUIREMENTS & DEMAND DYNAMICS We are willing to take managed risk in maintaining our differentiated proposition at the premium end of the brick market in the UK and Benelux. We recognise the need to maintain our history and longevity of our loyal customer relationships and we are focused on delivering an excellent product and service to those customers.
10	PEOPLE AND CULTURE We are willing to take justified risks in order to build and maintain a team and culture with the right balance of skills and experiences to deliver our core strategic objectives in line with our Company values of Integrity, Respect, Innovation and Sustainability.
11	IT & TECHNOLOGY We take a cautious approach in managing the risks to our IT infrastructure and technology. We ensure that we have the right balance of investment in IT to reflect our lowest risk tolerance in order to continue to operate at all levels of the Group and are more open to risk in areas of investment that support efficiency in our processes.
12	PROJECT/PROGRAMME INVESTMENT We are willing to take a balanced approach to risk in evaluating our investment decisions in projects or programmes which have the highest potential to deliver benefits for the Group. We have a low level of risk in managing the delivery of projects with significant focus on the positive delivery of our project investment pipeline.
13	BUSINESS CONTINUITY We have our lowest appetite for risks which compromise our ability to run a continuous operation at full capacity to manufacture and deliver the highest quality product and service to our customers.
14	SUSTAINABILITY & NET ZERO We have a high level of risk tolerance as we seek to continue to lead as the sustainable face of clay brick manufacturing and deliver against our roadmap to achieving net zero. We are willing to take risks in the pursuit of these objectives as we look to deliver measurable progress against this core strategic objective.
15	HEALTH & SAFETY We have our lowest appetite for health and safety risk and aim to achieve no health and safety incidents where we operate. We are focused on mitigating health and safety risk through effective operational controls and processes.
16	ENVIRONMENTAL REGULATORY COMPLIANCE We wish to avoid or otherwise mitigate risks which involve our compliance with our environmental regulation and reporting frameworks in which we operate across the Group.

Risk Management and Principal Risks (Continued)

PRINCIPAL RISKS

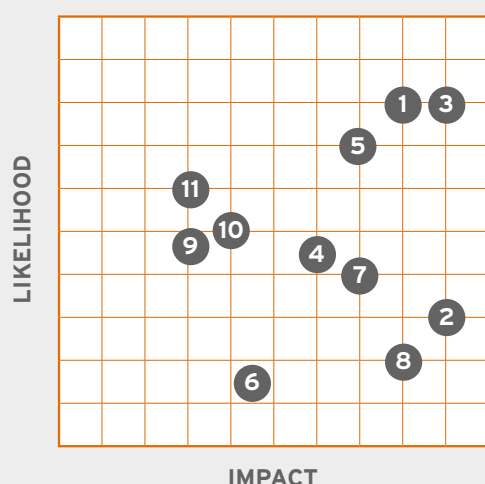
We have an established process for the identification and management of risk across the Group. The Board has developed a risk register which is reviewed and updated at each Board meeting. The key risks to the business are identified and scored according to risk likelihood and risk impact to give a combined risk rating. This risk rating is set against a designed set of mitigations which are targeted at reducing the risk rating.

This register is used as a key strategic tool and framework to consider the Group's strategic objectives, mitigate risk balanced

against reward to shareholders, and to ensure compliance with all statutory obligations including health and safety, financial compliance, staff wellbeing and environmental obligations.

The register is reviewed and updated regularly in conjunction with key personnel across the business. The Group's management structure is open with a flat profile that ensures free communication of risk as well as business ethics throughout the organisation. In addition, anonymous whistleblower and suggestion box schemes are in place.

RISK HEAT MAP



CURRENT RISK RATING

1. Economic Climate and Cycle
2. Business Continuity
3. Climate Change and Sustainability
4. Financial Risk Management
5. Product Demand
6. Availability of Raw Materials
7. Customer Relationship
8. Major Project Delivery
9. Cyber and Information Security
10. Health and Safety
11. People and Culture

The current Group's principal risks are detailed in the tables below:

1 Economic Climate and Cycle (previously "general economy and fiscal environment")		
Principal risk and relevance	Mitigation	What happened in 2025
The majority of the Group's products will be used in residential new housing schemes or repair, maintenance and improvement projects which will be affected by general economic conditions, government incentives and tax policies, and as such the demand for our products will be dependent on these factors.	- The Board continuously monitors all key business performance indicators for signs of changes in the economic climate and the potential impact on the cyclical in the construction sector. - We are focused on maintaining a broad product portfolio that meets the needs of our diverse end markets to ensure that we maintain a balanced forward order book across our key markets of: new build, RMI, commercial regeneration and social and specification projects.	- Risk Likelihood Change: $\longleftrightarrow$ - Risk Impact Change: $\longleftrightarrow$ The construction industry remained in a challenging environment throughout 2025. Including this year it is now 36 months since our industry high point for brick despatches in 2022. This remains a key barometer for our sector activity levels. The overall sentiment for consumers remains cautious as affordability considerations and interest rate levels affect confidence and demand across our key markets. As a result, the risk impact and risk likelihood have not changed this year.
Risk Appetite Link		
1 Strategic		

2 Business Continuity (previously "business interruption")

Principal risk and relevance	Mitigation	What happened in 2025
The production process is most efficient when in continuous operation at full capacity and any disruption impacts on our output and efficiency.	- Management is focused on maintaining well-invested and efficient manufacturing facilities across all of its nine operational sites. - At an operational level routine and thorough maintenance programmes are maintained alongside alternative back-up facilities. - Business interruption and continuity planning, alongside appropriate insurances, are in place to anticipate and mitigate any potential material operational interruption.	- Risk Likelihood Change:  - Risk Impact Change:  The risk likelihood in 2025 has remained aligned with 2024, as the Group continued to complete significant planned plant improvement activities during the year. At Carlton key equipment upgrades continued at the start of 2025, taking production offline for two weeks in January. Michelmersh was offline for planned kiln maintenance for eight weeks at the beginning of the year. Floren was offline in two separate tranches across the year.
Risk Appetite Link		
13 Business Continuity		

3 Climate Change and Sustainability (previously "carbon profile and environmental challenges")

Principal risk and relevance	Mitigation	What happened in 2025
- Growing external focus on environmental sustainability and the associated requirements to deliver a measurable roadmap to net zero will require evolving environmental reporting and performance evaluation. - These factors will stimulate the requirement to deliver ongoing energy efficiency and continuous improvement in the environmental performance of our manufacturing facilities. - The impact is an uncertainty on the associated quantum for cost implications given the current lack of proven technical energy alternatives.	- We prioritise working with third party experts to fully evaluate our investment strategy in projects which will deliver long-term sustainability through achieving carbon and energy reduction towards a deliverable sustainable roadmap. - We work with trade bodies and leading scientific institutions to provide innovative options and solutions in support of our energy-related investment and decision-making. - We are focused on maintaining our ISO 14001, ISO 50001 and BES6001 compliance evidenced through rolling audit programmes and engaging with regulators.	- Risk Likelihood Change:  - Risk Impact Change:  The Group continues to publish our ESG Strategy Report within the Annual Report and remain committed to delivering against our sustainability strategy and wider Group KPI targets. The Group has continued this year with limited independent assurance of our GHG emissions, KPI performance data and TCFD disclosure and as a result we have maintained the risk rating this year. We have also conducted a DMA to provide further alignment with our objectives. Please see further information in the ESG Strategy Report on pages 24 to 41.
Risk Appetite Link		
14 Sustainability & Net Zero		
16 Environmental Regulatory Compliance		

Risk Management and Principal Risks (Continued)

4 Financial Risk Management (previously "input prices")

Principal risk and relevance	Mitigation	What happened in 2025
The Group faces a broad spectrum of financial risks which could have a material impact on the financial performance of the Group, which include the following: • Input prices – utilities and labour are amongst the most significant costs whose volatility could materially affect financial performance. • Credit risk – the Group is exposed to counterparty risk in the event customers do not pay their invoices, which could lead to financial loss. • Interest rate risk – in the event the Group has external borrowings, any changes in interest rates could adversely impact the Group through servicing costs. • Liquidity risk – insufficient availability to cash and borrowing facilities or non-compliance with covenants could materially impact the Group. • Internal control weakness – failure in the Group's internal control environment could lead to potential fines, loss of reputation or fraud.	• Input prices – we ensure we have supply agreements in place alongside, fixing of costs and utilities to ensure that short and medium-term effects of global prices and energy costs have less impact on the business. Staff are highly valued and remunerated in a reward structure that promotes efficiency and retention. • Credit risk – the Group has deep, trusted and longstanding relationships with our customers and alongside we operate a credit insurance policy to ensure any potential counterparty risk is mitigated. • Interest rate risk – the Group has a Sterling and Euro denominated £20m RCF facility. In the event the Group borrows under the facility we would consider entering into interest rate swap arrangements to manage the potential for any volatility in interest rates. • Liquidity risk – the Group is inherently cash generative and manages working capital carefully to ensure that there is available cash and borrowing headroom to operate the business. • Internal control weakness – we believe the internal control environment operates effectively with close senior management oversight to mitigate reporting and control failure.	• Risk Likelihood Change:  • Risk Impact Change:  The risk likelihood increased slightly following sustained, higher than expected inflation during 2025. The associated impact on our costs of production was mitigated through effective management action. We remain very watchful of the utility market pricing environment with prices remaining above historic levels. The Group continued to experience no bad debts from our loyal customer base and the strong focus on working capital management supported positive operational cash inflows during the year to provide flexibility to support our capital allocation framework. The Audit Committee also concluded that the financial internal control environment had operated effectively during the year.
Risk Appetite Link 4 Financial Risk Management 6 Availability of Raw Materials		

5 Product Demand (previously "quality")

Principal risk and relevance	Mitigation	What happened in 2025
• Maintaining a broad and high-quality product portfolio is crucial to ensuring we continue to meet the premium standards expected of our customer base. • It is critical we produce a consistent output during the manufacturing processes and as a result product specification and quality are keenly monitored to ensure that the quality of the manufactured production output meets customer expectations.	• We have close and longstanding relationships with our customers to ensure we stay ahead of customer product requirements. • We maintain well-invested manufacturing facilities to ensure that the output is maintained at the highest possible quality through a comprehensive programme of quality control. • We have introduced an Innovation department, dedicated to ensuring our product remains relevant and of high quality. • We regularly test our products across all our sites against industry and product standards and utilise third party experts for independent verification.	• Risk Likelihood Change:  • Risk Impact Change:  Product despatches were stable year on year. During 2024 we increased our likelihood and impact risks; there is no change to this assessment in 2025. The construction industry remains in a long trough with construction activity levels still 20% below 2022 levels. The resilience of our business model and the demand levels for our product portfolio therefore continue to be thoroughly examined, but the combination of the loyalty of our customers and the diversification of our end markets continues to be a real strength of the Group as we focus on delivering against our core business fundamentals.
Risk Appetite Link 2 Operational 8 Commercial		

6 Availability of Raw Materials (previously "Mineral Resources")

Principal risk and relevance	Mitigation	What happened in 2025
- The manufacturing process relies on the availability of mineral resources and other raw materials to ensure we can continuously manufacture our products. - Future appraisals and investment considerations in our manufacturing plants and processes will always consider the lifespan of available mineral reserves.	- We prioritise ensuring we have a material life of clay reserves available at our manufacturing sites or where appropriate cost-effective import solutions to supplement shorter mineral reserves. - We prioritise having greater than 3/6 months' supply of other raw materials on-site alongside operating annual supply agreements.	- Risk Likelihood Change: - Risk Impact Change: The Group has long-term reserves at all our brick manufacturing sites supporting no change to the risk rating.
Risk Appetite Link 5 Land, Property & Plant		

7 Customer Relationship

Principal risk and relevance	Mitigation	What happened in 2025
We generate significant revenues from key customers and distributors and it is central to our business strategy to maintain good relationships to avoid potential risks to our financial performance.	- A core facet of our business strategy is to sell the majority of our premium product portfolio through key distribution partners. - We continuously monitor the competitive landscape to ensure that we are maintaining our premium product and service position as a key market differentiator. - Maintaining a broad portfolio targeted at the widest customer base and end markets ensures that we are not focused on any one sector of the market.	- Risk Likelihood Change: - Risk Impact Change: We once again undertook our customer service surveys and were delighted that we continued to score very high feedback scores for both product and service of our brick manufacturing sites. We continue to prioritise a collaborative and supportive working relationship with our customers and, as a result, there is no change to our risk levels in the year.
Risk Appetite Link 9 Customer Requirements & Demand Dynamics		

8 Major Project Delivery

Principal risk and relevance	Mitigation	What happened in 2025
- Continuing to support appropriate capital allocation strategies through investment in capital initiatives is fundamental to the growth of the business. - Investing or failing to deliver the wrong project could distract or disrupt the core operations of the business with the associated risk to the financial performance of the Group.	- All major capital allocation decisions are reserved for the Board. - The annual budget process establishes the rhythm of major projects for the following year which are appraised and approved in line with the Group's return on investment thresholds. - Management very closely monitor all aspects of project delivery to ensure it is timely and delivered to cost.	- Risk Likelihood Change: - Risk Impact Change: All major projects were either delivered within our timing expectations or continued to meet our progress thresholds during the year. There was a continuation of investment for the Group with the completion of significant upgrade works at Carlton and Michelmersh. There were also further improvement works at Floren. We restructured and integrated our prefabrication proposition into the wider Group operations and head office services. Given the successful outcome of these major works there has been no change to our risk levels this year.
Risk Appetite Link 12 Project & Programme Investment		

Risk Management and Principal Risks (Continued)

9 Cyber and Information Security

Principal risk and relevance	Mitigation	What happened in 2025
Our IT infrastructure is integral to maintaining our manufacturing and back office functionality. Disruption or unauthorised access to our IT infrastructure could materially impact our business operations and reputation.	- We work with expert third party suppliers to support our IT infrastructure through the provision of secure cloud services, off-site back-up and hardware support. - We undertake regular system penetration testing and receive third party audit assurance as to the robustness of our IT systems from external threat. - For our off-site and flexible workers we operate a secure Citrix platform. - We utilise new applications like Microsoft Teams and OneDrive to support teamwork and cross departmental collaboration.	- Risk Likelihood Change:  - Risk Impact Change:  Following the independent third party review which established our baseline cybersecurity posture in 2024, a series of improvements were implemented in 2025. A further third party review was conducted in August 2025, the results of which confirmed the effectiveness of the improvement programme. Overall the external cybersecurity landscape continued to evolve with some high profile reported incidents in 2025 and as such the Group will continue to invest in cybersecurity defences to mitigate any new and emerging threats. This includes proactive mitigation against new artificial intelligence driven threats.
Risk Appetite Link 11 IT & Technology		

10 Health and Safety

Principal risk and relevance	Mitigation	What happened in 2025
- Maintaining safe and secure manufacturing facilities for our people is our highest priority. - Failure to provide adequate Health and Safety for our people risks our ability to continuously operate and impact our output alongside the risk of fines and reputational damage.	- As a Group we prioritise the safety of our people in all areas of the organisation. We target zero reportable incidents each year and we uphold the highest standards in our Health and Safety operating processes. - In conjunction with our Learning and Development team, we ensure all employees have the appropriate training each year to support their operational Health and Safety. - All Senior Managers are NEBOSH trained and we work closely with our regulators and engage appropriate support from professional advisors. - Dedicated Health and Safety team supporting the Group.	- Risk Likelihood Change:  - Risk Impact Change:  During the year we reviewed our Health and Safety team structure, and took the decision to include additional roles and responsibilities. We adopted new in-house training mechanisms, and further enhanced alignment between our Health and Safety operating activities, reporting processes and continuous improvement programme. The Group Operations Director has embedded the Health and Safety team within operations, delivering clear accountability and support to the Group.
Risk Appetite Link 4 Governance, Legal & Regulatory 15 Health & Safety		

11 People and Culture

Principal risk and relevance

- The quality and loyalty of our people remains our greatest asset. The loss of key personnel could have a material impact on our production output or operations.
- Some of our locations are harder to recruit and retain talented people which has the potential to impact on our operational efficiency.
- A poor people culture has the potential to create a loss of morale through the organisation.

Mitigation

- The importance of the right culture is embedded in the ethos of the Group with the four core values of IRIS: Integrity, Respect, Innovation and Sustainability central to all our decision-making.
- We prioritise investment in our people to provide optimum training, security and safety alongside motivating career opportunities all underpinned by competitive remuneration policies.

What happened in 2025

- Risk Likelihood Change: $\longleftrightarrow$

- Risk Impact Change: $\longleftrightarrow$

The UK and Belgium remain competitive environments for people and as a result we are grateful for the ongoing loyalty of our key staff and are delighted by the significant tenure of many of our people; this remains a core strength of our Group.

We continue to operate in an elevated interest rate environment and maintaining competitive remuneration packages remains a challenge with continued pressure remaining on the wages and salary inflation environment particularly. As a result, we have not changed the risk assessment this year which remains elevated in reference to the ongoing potential impact on our people and culture risks.

Risk Appetite Link

10 People & Culture



Approved by the Director, Ryan Mahoney, on 23 March 2026

Michelmersh Brick Holdings PLC
Registered in England and Wales No: 03462378

Marchwood House, Berkshire. Photo © Beccy Lane

Chair's Introduction to Governance

I am pleased to present the Company's Corporate Governance Report for the year ended 31 December 2025. This section of the Annual Report describes our governance framework, sets out our Corporate Governance Statement and our approach to ensuring the continued application of high levels of corporate governance throughout the Group. Along with our core values, this provides a robust foundation from which we can deliver on the Group's strategic aims.

SUCCESSION

The Board and its respective Committees have undergone much change as a result of succession plans executed during the course of the year and post period end. In September, Ryan Mahoney took over the role of CEO following Peter Sharp's resignation and Rachel Warren was appointed to the Board as CFO. Darren Waters also joined the Board as an Independent Non-Executive Director in November. Darren has since become a member of the Audit, Nomination and Remuneration Committees and from 1 January 2026, he assumed the role of Chair of the Remuneration Committee, succeeding Paula, who had served in the position for the past 18 months. On 23 March this year, we announced that Rachel will be leaving the business in May 2026, with Ryan and his wider leadership team reassuming the roles and responsibilities they carried out for the majority of 2025. Following this change,

and after the last two years evolving the Board composition, I believe we have the right balance of skills, perspectives and capabilities to support the delivery of our strategic priorities in 2026 and beyond.

BOARD EFFECTIVENESS

The Board undertook an internal review of its own effectiveness, and that of its Committees during 2025, led by the Group's Company Secretary. The review concluded that the Board and its Committees continue to operate effectively and that they each provide an appropriate level of challenge, oversight and support. The review identified a small number of minor opportunities for further enhancement, which the Board will address during 2026 as part of its commitment to continuous improvement.

A separate review of the Chair's performance was also carried out by the Senior Independent Director, against objectives set during 2025.

In addition to this, each Board member completed a self-review of capability and skills, which helped to identify any capability and skills gaps, which we will use to inform our ongoing succession planning activities as required.



Ibstock Place School, London Photo © Jack Hobhouse

CORPORATE GOVERNANCE CODE

The Company continues to adopt the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”), as the Board believes that this is the most appropriate corporate governance code for us as an AIM listed company. The Company supports the Principles of the QCA Code and has adhered to these 10 Principles during the year. Further details can be found in our Corporate Governance Statement set out on page 72. This Corporate Governance Report should be read in conjunction with our Section 172 statement on page 50, which describes how the Board has engaged with key stakeholders and considered their interests in its decision-making.

In November 2023, the QCA issued the third edition of its Corporate Governance Code (the “2023 QCA Code”), which we adopted in full from 1 January 2025. The QCA has not made many changes in the new 2023 QCA Code, rather it has been enhanced to align with evolving investor expectations. The Company Secretary performed a gap analysis of our current corporate governance framework following which it was confirmed that we are compliant with the Principles.

2026 AND ONWARDS

Having completed the reorganisation of the Board composition in 2025, this year we will focus on embedding the new Executive and Non-Executive team to ensure continued clarity and consistency

of leadership across the Group, and good governance oversight with the reconstituted Board Committees.

Notwithstanding the challenging market conditions which continue to impact the construction sector, much progress has been made across the business particularly as it relates to the health and safety and wellbeing of our employees, as well as production efficiencies and innovation, and the learning and development of our people. These core business enablers remain a focus for 2026, and I look forward to the continuation of this organisational momentum under Ryan's leadership.

Our 2026 Annual General Meeting (“AGM”) will be held on Thursday 21 May 2026. Full details, including time, location and the resolutions to be proposed to shareholders, will be set out in the Notice of AGM, which will be made available on our website. My colleagues on the Board and I very much look forward to taking the opportunity to meet with our longstanding shareholders, and those that have recently joined us.

TONY MORRIS,
Chair
23 March 2026



Board of Directors



TONY MORRIS, CHAIR

APPOINTMENT

Tony joined Michelmersh initially as an independent Non-Executive Director in November 2020, before taking over as Chair of Michelmersh in May 2024. He currently also chairs the Nomination Committee and remains a member of the Remuneration Committee.

SKILLS AND EXPERIENCE

Tony has over 20 years' experience as principal and advisor in M&A and equity capital markets, and holds a number of directorships within public and private companies in an executive and non-executive capacity. He began his career in credit working within leveraged finance at Barclays, before moving to Marwyn Capital, a UK-based listed equity investor that backed consolidation strategies within numerous sectors including software, media and entertainment rights, support services and industrials. In 2012, he co-founded Tessera, a strategic advisory firm that works with organisations and family offices in the development and execution of their acquisition and investment strategies, where he remains a director. Tony is also a Non-Executive Director of Main Market Listed Bay Capital PLC and was formerly a Non-Executive Director of Summerway Capital PLC. Tony graduated from Kings College London with a first-class honours degree in Business Management (BSc).



PAULA HAY-PLUMB, SENIOR INDEPENDENT DIRECTOR

APPOINTMENT

Paula joined Michelmersh as an Independent Non-Executive Director in June 2020 and was immediately appointed as a member of the Audit, Remuneration and Nomination Committees. Since then, she was appointed as Chair of the Audit Committee in August 2020, and as Chair of the Remuneration Committee in May 2024. Paula also holds the role of Senior Independent Director.

SKILLS AND EXPERIENCE

Paula has extensive directorship experience and has sat on the Board of a number of prominent organisations in the property sector. Paula is a board member of Shurgard Self Storage Limited, as well as a Trustee of Calthorpe Estates and a Trustee of the Mineworkers' Pension Scheme. Until recently Paula was on the Board at The Crown Estate and Oxford University Hospitals NHS Foundation Trust. In her executive career, Paula was Corporate Finance and Group Reporting Director at Marks & Spencer PLC, and Chief Executive of national regeneration agency English Partnerships. With her extensive experience, Paula brings wide-ranging finance, governance and risk management expertise to the Board. Her experience in stakeholder engagement, corporate finance, major project delivery and pensions and investment management enhances the Board's overall skill mix. Paula is a Chartered Accountant (FCA) and is a Fellow of the Association of Corporate Treasurers.



RYAN MAHONEY, CHIEF EXECUTIVE OFFICER

APPOINTMENTS

Ryan was appointed as CFO on 3 June 2021. Alongside the announcement in December 2024 of Peter Sharp's decision to retire from the Board, it was announced that Ryan was appointed as the Designate CEO and he took over this role on 2 September 2025.

SKILLS AND EXPERIENCE

Prior to joining the Company, Ryan was previously Deputy CFO of Avon Rubber, the FTSE 250 defence engineering and manufacturing group, from April 2018. Ryan had also been the Group Financial Controller of Unite Students, the FTSE 250 property group, from November 2015 having previously held other senior roles within the business. Ryan is a qualified Chartered Accountant (FCA) and prior to joining Unite, Ryan worked for KPMG in both advisory and audit roles. Ryan's background brings a broad range of skills to the Board including expertise across finance, risk and assurance and M&A activities.



DARREN WATERS, NON-EXECUTIVE DIRECTOR

APPOINTMENT

Darren joined Michelmersh Brick Holdings PLC as an Independent Non-Executive Director in November 2025. He also serves as a member of the Audit, Nomination and Remuneration Committees, and was appointed Chair of the Remuneration Committee on 1 January 2026.

SKILLS AND EXPERIENCE

Darren is an accomplished business leader with over 25 years' experience in the building products sector. Until recently Darren was CEO of Eurocell PLC, the UK's leading manufacturer, recycler and distributor of building products for doors, windows and roofs after three years of leadership. He has previously held senior executive roles including Chief Operating Officer at Ibstock PLC and CEO (UK & Ireland) at Tyman PLC. Darren brings extensive expertise in operational management, ESG leadership and sustainable manufacturing, providing valuable strategic insight to Michelmersh as it continues to focus on growth and long-term sustainability.

Governance Framework



Structure of the Board and Board Committees

CHAIR:

The Chair is responsible for the leadership of the Board, ensuring its overall effectiveness through overseeing high standards of corporate governance, and allowing stakeholder views to be incorporated as part of the Board's decision-making. The Chair's role is also to build collaborative relationships, and promote debate and openness so as to ensure the effective contribution by all Directors and Non-Executive Directors.

CHIEF EXECUTIVE OFFICER:

The CEO is responsible for the daily operation and running of the business of the Group, supported by the management team. The CEO also leads the development and implementation of the strategy and business plan, maintains effective working relationships with the Chair and NEDs, whilst providing leadership in the Company's commitment to its purpose, high business standards, culture and core values, and communication with key stakeholders.

CHIEF FINANCIAL OFFICER:

The CFO is responsible for helping to drive the direction and success of the Group using their knowledge and understanding of the financial position of the Company, as well as the requirements of the shareholders and market. The CFO ensures rigorous financial discipline whilst developing and delivering the strategic financial objectives agreed with the Board.

NON-EXECUTIVE DIRECTORS:

The Non-Executive Director role is to bring external perspective, independent judgement and objectivity to the Board's decision-making and discussion. The Non-Executive Directors bring a range of skills, expertise and knowledge to the Board, and constructively challenge the Executive Management of the Company. The Non-Executive Directors are responsible for a range of activities, including monitoring the performance of the Executive Management, determining appropriate levels of remuneration, ensuring financial controls and risk management systems are robust, as well as challenging and supporting Executive Management in the development of the strategy and objectives of the Company. Following a review of the membership of the Board it was agreed that there was an appropriate mix of Executive and Non-Executive Directors, and that Paula Hay-Plumb, Darren Waters and Tony Morris continue to be considered independent.

The Non-Executives are committed to devoting adequate time to the business to discharge their responsibilities effectively. As set out in their appointment letters, they are required to attend scheduled Board and Committee meetings, and to become more involved for periodic special activity if required. Before accepting any additional commitments that might affect the time that they devote to their roles as Non-Executive Directors of the Company, they must obtain agreement from the Board first.

HOW THE BOARD OPERATES

The Board is accountable to shareholders for all the actions of the Company. The Company's Articles of Association set out the rules governing how the Company is run as well as the powers and responsibilities of the Directors. There is also a formal Schedule of Matters Reserved for the Board which sets out matters which only the Board may decide on and approve. It is reviewed annually and was last updated in February 2026 and can be found on our website www.mbhplc.co.uk/investor-relations/corporate-governance.

At each Board meeting, the Executives report on key matters such as finance, operations, sales, health and safety, IT, HR and sustainability along with upcoming expectations and strategic opportunities. The Non-Executives review the Executives' reports with a balanced view against the Company's business and risk model. The Board periodically invites the Company's Brokers and legal advisor to address Board meetings to provide comment on current market issues and specific developments. Additionally, members of the Executive Committee from across the business are invited to attend and present; this supports the Non-Executive Directors in having a greater insight into certain aspects of the business which they may otherwise not see.

The Chair, with support from the Company Secretary, sets each agenda and ensures that the Group's key stakeholders are considered throughout its discussions as necessary. Board packs are distributed electronically in good time before all meetings, and following the meetings minutes are recorded and actions logged on a Schedule of Matters Arising. Each Director has access to independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors of the Company. Each Director also has access to the Company Secretary who is responsible for ensuring that Board procedures are complied with and advising the Board on all corporate governance matters.

The Board is supported by three Committees (the Audit Committee, the Remuneration Committee and the Nomination Committee) to which it formally delegates matters as set out in each Committees' terms of reference. These are reviewed annually, and as and when required, and can be found on our website. Details of the key responsibilities of each Committee along with areas of focus for the year can be found within their respective Committee Reports. Outside the formal meetings, the Chair meets regularly with each of the Executives individually, promotes an open and constructive environment in the boardroom and actively invites the Non-Executives to express their views. The Non-Executives also hold meetings at which the Executive Directors are not present.

Structure of the Board and Board Committees

(Continued)

BOARD ACTIVITIES

The information below is a non-exhaustive list of the key areas of focus for the Board and topics discussed during the year to 31 December 2025:

- Board and Committee composition
- Succession planning and contingency planning
- Board performance review
- Review Schedule of Matters Reserved for the Board
- Review Committees' terms of references
- Approval of year end 2024 Annual Report and Financial Statements
- Approving an interim dividend
- Recommending to shareholders the payment of a final dividend
- Annual review of Group-wide policies
- Sustainability
- Approval of ESG Strategy
- Health and Safety
- Directors' conflicts of interest
- New Corporate Governance Code
- Risk Appetite and Register

BOARD AND COMMITTEE MEETING ATTENDANCE

There were five formally scheduled Board meetings during the year, with additional ad hoc meetings convened when required. Attendance at the formally scheduled Board and Committee meetings during the year was as follows:

Director	Board Meetings (5 Meetings)	Audit Committee (3 Meetings)	Remuneration Committee (3 Meetings)	Nominations Committee (2 Meetings)
Peter Sharp*	3/5	N/A	N/A	N/A
Paula Hay-Plumb	5/5	3/3	3/3	2/2
Tony Morris	5/5	3/3	3/3	2/2
Ryan Mahoney	5/5	3/3	N/A	N/A
Rachel Warren*	1/5	1/3	N/A	N/A
Darren Waters*	0/5	1/3	1/3	1/2

* Peter Sharp resigned from his position as a Director on 2 September 2025 and attended all meetings except for one until his resignation. Rachel Warren and Darren Waters were appointed as Directors on 2 September and 1 November 2025 respectively.

In addition to the scheduled Board and Committee meetings, there were two meetings held by a Sub-Committee of the Board to approve the Annual Report and Financial Statements for the year ended 31 December 2024, and the Interim Financial Statements for the half-year ended 30 June 2025. There were four ad hoc Board meetings held in June, July, August and October 2025. The Remuneration Committee held three ad hoc meetings in February, March and May 2025; the Nomination Committee held one ad hoc meeting in October 2025; and the Audit Committee held two ad hoc meetings in March and December 2025.

EXTERNAL APPOINTMENTS AND CONFLICTS OF INTEREST

The Chair and Non-Executive Directors have other third party commitments, including directorships of other companies, which are set out in their biographies on pages 66 to 67. The Company is satisfied that these associated commitments have no measurable impact on their ability to discharge their responsibilities effectively. The Executive Directors have no third party commitments. Ahead of any new Director appointments, the candidate will be required to advise the Board of any external appointments, which the Board will be required to review and approve.

Directors have a statutory duty to avoid conflicts of interest with the Company. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy for managing and, where appropriate, approving potential conflicts of interest. New Directors will be briefed on their duty to avoid conflicts of interest as part of their induction upon appointment. Authorisations are recorded in the minutes of the meetings at which they are raised, and all requests for authorisation of potential conflicts are held centrally in a register which is maintained by the Company Secretary.

DIRECTOR SKILLS AND ONGOING TRAINING

Each Director maintains and updates their skillset by attending technical briefings from industry forums, and attends seminars and training offered by accounting, legal and financial organisations. These are augmented by interaction with the Company's professional advisors including legal, audit, Nominated Advisor and Registrar. The Executives regularly attend meetings with the brick and ceramic trade body, government departments, the unions and industry regulators, covering a wide range of operational and business subjects. The Company Secretary also provides a comprehensive governance update at each Board meeting which sets out all relevant legal and regulatory updates that have occurred since the previous meeting. Each Director has completed a recently refreshed and updated skills matrix. This was then reviewed by the Nomination Committee with the intention of informing succession planning activities for the forthcoming year. Please also see Directors' Biographies on page 66.

BOARD AND COMMITTEE ANNUAL PERFORMANCE REVIEW

At the end of the year, the Board undertook a formal review of Board and Committee performance. Questionnaires for the Board and each of its Committees comprised of questions covering Board and Committee effectiveness, leadership, strategy, composition, diversity, skills, stakeholder engagement and processes. These were circulated to all Directors to complete, and the results were collated by the Company Secretary with a summary report tabled to the Board for discussion at its meeting in March 2026. The responses confirmed that the Board and its Committees remain effective, providing appropriate challenge, oversight and support. A few minor areas for refinement were identified, which the Board will progress during 2026 as part of its commitment to continuous improvement. In addition to the annual performance review, as part of the process for monitoring Board performance, the Non-Executives also meet to discuss and assess the performance of the Executives.

SUCCESSION PLANNING

The composition of the Board and its Committees was reviewed throughout the year as part of an ongoing programme of succession, which resulted in a new CFO being appointed following Ryan Mahoney ascending to CEO, and a new Independent Non-Executive Director. The Board understands that this is a vital task to ensure that they are able to support the Company in its long-term goals and strategy. The membership of the Board was considered and it was agreed that the Board would benefit from an additional Independent Non-Executive Director, and this was achieved with the appointment of Darren Waters in November 2025. The Company's Articles of Association require that any Director who has been in office for three years or more since their last election or re-election by shareholders must retire and, being eligible, may stand for re-election at the AGM. Despite this, it has been agreed by the Board that all Directors will stand for election or re-election at the 2026 AGM.

CULTURE

The Group undertakes to at all times act as a responsible corporate citizen. Through our employees, we aim to act fairly, openly, professionally and politely with all stakeholders in all areas of activity. We seek to provide the highest quality products and services, to protect the environment and to act ethically in all aspects of the business. In this way, business risk should be minimised, stakeholders can trust the Company and its employees are protected. The Company ensures that it complies with all relevant legislation (including the Immigration Act, Bribery Act and equality legislation) and takes appropriate steps to ensure staff are aware of their responsibilities. We are committed to maintaining the highest standards for all business activities and ensuring that these standards are set out in written policies. Feedback from stakeholders (in particular employees, customers and suppliers) allows the Board to monitor the Company's corporate culture, as well as the ethical values and behaviours within the business, and the Non-Executive Directors further test the extent to which this culture is embedded across the organisation in their interactions with employees during site visits.

Pears Building, London. Photo © Beccy Lane

Corporate Governance Statement

For the year ended 31 December 2025, and up to the date of this report, the Company has applied the 2023 QCA Corporate Governance Code (the “QCA Code”). Full details of how we have complied fully with the QCA Code throughout the year are provided below.

Principle:	How we comply:	Further information:
1. Establish a purpose, strategy and business model which promote long-term value for shareholders	The Board regularly discusses the Group’s long-term goals, with maximising shareholder value at the core of those goals, and ensures that a business plan aligned to the delivery of the strategy is in place and is executed effectively by the Executive Directors. A robust structure of targets, KPIs and internal measurement is also set by the Board. This ensures delivery of a clearly defined and agreed set of sales, market and business objectives. The Board and the Executive Committee continually monitor these objectives to ensure they are met by the collective teams with the Group. The Board meets at least five times a year to review the Group’s performance and revised forecasts, to discuss strategy and to ensure the business is on track to achieve its stated goals. Our strategy and business model, including the key challenges in their execution, are set out in the Strategic Report.	Strategy on page 6. Business Model on page 22.
2. Promote a corporate culture that is based on ethical values and behaviours	The Board places much importance in fostering a strong and ethical culture and believes that its employees are crucial to the success of the Group. The Board therefore monitors culture and the values which underpin it during the year to ensure they drive the right behaviours and are aligned with the Group’s purpose and strategy.	Corporate Governance on pages 64 to 93.
3. Seek to understand and meet shareholder needs and expectations	The Board recognises the importance of creating a clear flow of communication with all shareholders and the investment community. Further details of how we engage with our shareholders can be found in the Strategic Report. The Board also looks forward to meeting with the Company’s longstanding shareholders, and those who have recently joined, at the 2026 AGM.	Strategy on page 6. Business Model on page 22. AGM details on page 92.
4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success	The Board recognises the fundamental importance of stakeholders other than investors and their contribution to the long-term sustainable success of the business and therefore to ensuring their needs are met. Feedback from our stakeholders allows the Board to monitor the Company’s corporate culture, as well as the ethical values and behaviours within the business. We consider our key stakeholders, other than our shareholders, to be our customers, employees, suppliers, the communities we operate in, and the environment. Further details of our stakeholders, methods of engagement with them as well as examples of stakeholder considerations in certain key Board decisions during the year can be found as part of the Section 172 Statement.	Section 172 Statement within the Strategic Report on page 4.
5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation	The Board has an established risk register which is reviewed at Board meetings. Key risks to the business, as well as controls and mitigating factors, have been identified, and the risks are categorised according to likelihood and impact. This allows the Board to assess the effectiveness of controls, and monitor emerging and changing risks on an ongoing basis. The risk register is reviewed and updated regularly with key personnel across the business, and the Group’s open management structure ensures free communication of risk throughout the organisation.	Risk Management on pages 54 to 63.
6. Establish and maintain the board as a well-functioning, balanced team led by the chair	Our Chair, Tony Morris, is responsible for leading the Board which currently comprises one Executive Director (Ryan Mahoney, the CEO) and two independent Non-Executive Directors (Paula Hay-Plumb, Senior Independent Director and Darren Waters). Details of all Directors can be found in their biographies, with information such as meeting attendance set out in the Corporate Governance section of this report.	Directors’ Biographies on pages 66 to 67. Corporate Governance on pages 64 to 93.

Principle:	How we comply:	Further information:
7. Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities	The Chair is responsible for effectively leading the Board and ensuring that the Group's corporate governance framework is appropriate and effective. The Board has adopted the QCA Code as a guide by which to measure its corporate governance procedures and regularly reviews all aspects of its corporate governance policies and procedures. Each of the Committee's terms of reference and the Schedule of Matters Reserved for the Board were reviewed during the year by the Board, with minor updates approved. Details of the roles and responsibilities of the Chair, CEO, CFO and Non-Executive Directors are described earlier in the Corporate Governance section of the Annual Report. The skills and experience of each of the Directors as set out within their biographies are contained within the Governance Section of this Report. The terms of reference for each of the Committees and the Schedule of Matters Reserved for the Board are available on our website, along with the Company's Corporate Governance Statement, setting out how it has applied the principles of the QCA Code www.mbhplc.co.uk/investor-relations/corporate-governance.	Corporate Governance on pages 64 to 93. ESG Strategy report on pages 24 to 41. Directors' Biographies on pages 66 to 67.
8. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement	The Board places much importance in fostering a strong and ethical culture and believes that its employees are crucial to the success of the Group. The Board therefore monitors culture and the values which underpin it during the year to ensure they drive the right behaviours and are aligned with the Group's purpose and strategy.	Corporate Governance on pages 64 to 93.
9. Establish a Remuneration Policy which is supportive of long-term value creation and the company's purpose, strategy and culture	The Board recognises the pivotal role its people play in delivering the Group's growth and strategy whilst considering the long-term interests of our shareholders. The Remuneration Policy aims to attract, retain, motivate and develop the best talent that supports the culture of high achievement and delivery performance. Our ethos is to reward without incentivising the taking of unnecessary risk.	Corporate Governance (Remuneration Committee Report) on pages 80 to 89.
10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	There are three Board Committees: the Audit Committee, the Remuneration Committee and the Nomination Committee. More information on the activities of each Committee is set out in their respective reports. Each of the Committees has formal terms of reference, in line with corporate guidelines, and reports back to the Board and to shareholders through the Annual Report as a matter of course.	Audit Committee Report on pages 74 to 77. Remuneration Committee Report on pages 80 to 89. Nomination Committee Report on pages 78 to 79.

Birmingham Conservatoire, Birmingham. Photo © Beccy Lane

Audit Committee Report

On behalf of the Board, I am pleased to present the Audit Committee Report for the year ended 31 December 2025.

MAIN RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee has delegated authority from the Board set out in its written terms of reference, which are available at www.mbhplc.co.uk/corporate-governance.

The key responsibilities of the Audit Committee are:

- to advise the Board on whether the Committee believes the Annual Report and Accounts, taken as a whole, is true and fair and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- to provide effective governance over the integrity of the Group's financial reporting and review the significant financial reporting judgements;
- to monitor the effectiveness of the Group's internal controls and risk management systems;
- to oversee the relationship with the external auditor, monitor the external auditor's objectivity and independence, and make recommendations to the Board in relation to the reappointment of the external auditor; and
- to review the adequacy of the Company's whistleblowing arrangements and ensure they allow appropriate investigation of any matters raised.

MEMBERS OF THE AUDIT COMMITTEE

The members of the Committee are Paula Hay-Plumb (Chair), who is an independent Non-Executive Director, and Darren Waters also an independent Non-Executive Director appointed to the Committee in November 2025 replacing Tony Morris who is the Chair of the Board. The Board considers that the members of the Committee, individually and as a whole, have sufficient recent and relevant financial and commercial experience to discharge its function.

ACTIVITIES DURING THE YEAR

The Audit Committee met on five occasions during 2025, including one specially convened meeting in December 2025 to discuss and decide on the outcome a competitive re-tendering process of the Group's external audit and to ultimately agree on the reappointment of S&W Partners Audit Limited. Attendance at the meetings held during the year is set out in the Corporate Governance statement on page 70.

During the year the Audit Committee discharged its responsibilities by:

- annual and interim financial statements: reviewing the full year and interim financial statements, including consideration of significant audit risks identified by the external auditor, and the key accounting judgements and estimates (see further details on page 106). The Committee also reviewed the principal risks and uncertainties disclosures.
- external audit: approving the external auditor's plan for the audit of the Group's annual financial statements, including the key audit matters and key risks, and confirming the auditor's independence and terms of engagement (including fees). Completing a competitive re-tendering exercise for the FY26 audit process;
- accounting policies: considering the appropriateness of accounting policies and practices, in particular the presentation of adjusted performance measures;
- dividends: reviewing management's proposals relating to the interim and final dividends, including confirming that the proposed amounts were supported by the Company's distributable reserves;
- risk management and internal control systems: reviewing the Group's internal control and risk management framework, and challenging management on the effectiveness of those controls (see further details below);
- internal audit: approving the appointment of a new independent outsourced internal auditor RSM UK Consulting and approving a first-year programme of work to include a complete review of the Group's Order to Cash process;
- ESG external assurance review: continuing a limited assurance process to review the methodology and accuracy of the Group's ESG reporting;
- committee governance: reviewing its terms of reference, and reviewing its own performance by way of a formal questionnaire completed by all regular attendees
- failure to prevent fraud: oversight of the Group's response to the failure to prevent fraud legislation; and
- whistleblowing: continuing the oversight of the Group's whistleblowing policies and procedures. The Committee was able to recommend to the Board that the whistleblowing procedures and policies are appropriate.

SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

The Committee reviewed the financial statements, with particular attention to accounting policies and areas of judgement. The key matters considered by the Committee in respect of the year ended 31 December 2025 are set out in the table below:

Significant issues and judgements	How the issues were addressed
Property valuations; the Group's principal assets are tangible assets including a significant element of land and buildings. The valuation of the tangible assets involves significant judgement and changes in the underlying valuation assumptions could have a significant impact on the carrying value of the assets.	The Committee reviewed a report detailing the key issues outlining the valuation process and the assumptions and methodology and was satisfied that this had resulted in an effective valuation and that disclosures were appropriate and concurred with management that carrying values were appropriate. There were no inconsistencies or misstatements that were material in the context of the financial statements as a whole.
Intangible asset valuation and impairment – the valuation of intangible assets, including the determination of CGU, involves significant judgement and changes in the underlying assumptions could have a significant impact on the carrying value of these assets. The Group's intangible assets are the result of acquisitions and are classified under two categories: goodwill and acquired intangibles.	The Group assesses whether goodwill and intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash-generating unit to which the intangible assets are allocated. For the purposes of assessing impairment, assets are grouped at their lowest levels for which there are currently separately identifiable cash flows (cash-generating units "CGU"). The Directors manage the business as a single operating segment and consider that at the year end the Group also operates one CGU but recognise the judgement involved in this regard. As such, the Group continues to also test for impairment under the consideration of FabSpeed as a separate CGU to further verify there was no impairment requirement. This assessment involves estimation of future cash flows, estimating a growth rate for extrapolation purposes and choosing a suitable discount rate leveraging from the weighted average cost of capital and useful lives. The Committee reviewed a report outlining the key issues and detailing the valuation process and assumptions, including the intangible assets within the Group. The Committee also discussed management's assessment of the applicable life of the intangible assets and any changes in circumstances that might impact their value, and was satisfied that this had resulted in an effective valuation and that disclosures were appropriate. There were no inconsistencies or misstatements that were material in the context of the financial statements as a whole.
Going concern.	The Committee reviewed the forecast cash flows of the Group, together with existing and potential funding facilities, and examined underlying risks and sensitivities. The Committee was satisfied that the financial statements should be prepared on a going concern basis. There were no reported inconsistencies or misstatements that were material in the context of preparing the financial statements on a going concern basis.

EXTERNAL AUDITOR

The Audit Committee oversees the relationship with the external auditor, S&W Partners Audit Limited (previously CLA Evelyn Partners Limited) ("S&W"), to ensure that auditor independence and objectivity are maintained, and this includes monitoring the nature and extent of any non-audit services that the external auditor is engaged to provide. The breakdown of fees for audit and non-audit work paid to S&W Partners Audit Limited during 2025 is set out in note 10 to the financial statements on page 108.

At the outset of the audit process, the Committee receives from the auditor a detailed audit plan, identifying their assessment of the key audit matters and their intended areas of focus. The Committee also reviews the effectiveness of the external process on an annual basis, with the review including considering the views of both the external audit team, and the CFO and finance team, as well as assessing the Committee's own interactions with the external auditor. The Committee reviewed the effectiveness of the 2024 year-end audit process during the year, and concluded that it was effective. It will review the 2025 year-end audit process during the course of 2026.

At the conclusion of the 2024 audit cycle, the Committee recommended to the Board that it should run a competitive tender process to support the Group's assessment that the audit process is effective and independent. Based on the recommendation, during autumn 2025 a competitive tendering process was completed for the FY26 audit. In December 2025, at a specially convened Audit Committee meeting, the Committee met to consider the tender submissions and presentations and were grateful for the quality of the materials from the tender participants. Following a thorough discussion, the Committee recommended that the Board reappoint S&W Partners Audit Limited as the Group's auditor for FY26.

Audit Committee Report (Continued)

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining sound internal control and risk management systems and has delegated to the Committee responsibility for monitoring their effectiveness (see more on page 54). The Group risk register is regularly reviewed by the Board together with mitigating actions which aim to provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the internal control systems in place are:

- a Group organisational structure with clear lines of responsibility;
- detailed business planning procedures, including the annual preparation of detailed budgets for the year ahead and projections for future years;
- weekly review meetings between the Executive Directors focused on KPIs and significant business matters;
- comprehensive daily, weekly and monthly financial reporting systems, highlighting operational performance against agreed budgets and setting out regularly updated forecasts;
- monthly Group management accounts packs prepared by the Executive Directors, and circulated to the Board;
- monthly balance sheet reviews by the Finance Director;
- monthly reviews by the Finance Director and CFO of the journal report; and
- regular review of the detailed risk register and ongoing assessment of risk levels and the effectiveness of mitigating actions or controls.

The Committee has discussed the internal controls framework during the year, and received detailed updates from the CFO on developments to continually strengthen and improve the framework. Activity during the year has included:

- a full review of the Delegated Authority Matrix (which was reviewed by the Audit Committee and approved by the Board);
- a full review conducted by the Group's new independent outsourced Internal Audit partner, RSM, of the Order to Cash processes to ensure that the control environment was robust and appropriate;
- a follow-up review conducted by an independent third party of the cybersecurity and IT control environment to ensure that the environment remained robust and fit for purpose, following an initial baseline audit in FY24;
- supporting management as it continues to develop the internal controls framework, ensuring that all relevant controls are appropriately documented alongside a continuous improvement of the assurance methodology; and
- supporting management to undertake a limited assurance review conducted by an independent third party of the methodology and accuracy of the Group's ESG KPI reporting set out in pages 31-33.

WHISTLEBLOWING

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Committee reviewed the whistleblowing policy, and agreed there were no changes to the policy.

ANTI-BRIBERY & CORRUPTION POLICY

The Committee also reviewed the Group's Anti-Bribery & Corruption Policy during the year, and agreed that no changes to the policy (which provides clarity to employees with regards to the definition of bribery, our zero tolerance approach to bribery as well as providing clarity on gifts and hospitality) were required.

FAILURE TO PREVENT FRAUD

Following the introduction of a new offence, the Failure to Prevent Fraud, which came into effect on 1 September 2025 under the Economic Crime and Corporate Transparency Act 2023, the Committee reviewed the Group's response to the new offence during the November meeting, including approval of a new Group Failure to Prevent Fraud Policy.

For more information on Group policies please visit the following link on the website: www.mbhplc.co.uk/about/policies-certificates/

PAULA HAY-PLUMB
Audit Committee Chair
23 March 2026



Marchwood House, Berkshire. Photo © Beccy Lane

Nomination Committee Report

On behalf of the Board, I am pleased to present the Nomination Committee Report for the year ended 31 December 2025.

MAIN RESPONSIBILITIES OF THE NOMINATION COMMITTEE

The Nomination Committee has delegated authority from the Board set out in its written terms of reference, which are available at www.mbhplc.co.uk/corporate-governance. The Committee's terms of reference are reviewed annually and were last reviewed and updated in November 2025.

The key responsibilities of the Nomination Committee are:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board;
- ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- keep under review the leadership needs of the organisation;
- be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise; and
- review annually the time required from Non-Executive Directors.

MEMBERSHIP AND ATTENDANCE AT MEETINGS

The members of the Committee are Tony Morris (Chair), Paula Hay-Plumb and Darren Waters, all of whom are considered independent. Darren Waters joined the Committee as a member on 1 November 2025. The Nomination Committee met on three occasions during 2025, and once following the year end with all Committee members being present at every meeting. Attendance details are provided in the Corporate Governance Statement on page 70.

The Company Secretary attends meetings as Secretary to the Committee and, by invitation of the Chair, meetings are attended by the CEO for all, or part of, any meeting as and when appropriate and necessary.

ACTIVITIES DURING THE YEAR

Throughout the year the Nomination Committee discharged its responsibilities by reviewing and discussing successions plans at each meeting, along with contingency planning for both Board members and senior management. Through an ongoing programme of thematic presentations and site visits, the Non-Executive Directors had an opportunity to interact and engage with the Company's Executive Committee that support the Executive Directors and gain insights into business operations below Board level. In addition to overseeing the recruitment of a new CFO and Non-Executive Director, the Committee reviewed the newly introduced Board Skills Matrix, completed a performance evaluation, and undertook its annual review of the Committee's terms of reference.

BOARD CHANGES DURING THE YEAR

During the year, Peter Sharp stepped down as CEO and as a Director of the Company with Ryan Mahoney assuming the CEO Designate role from 1 January 2025 before formally acceding to the CEO on 2 September 2025. Rachel Warren joined as CFO on that same date and was appointed to the Board as Executive Director. The Board also welcomed Darren Waters as an Independent Non-Executive Director on 1 November 2025. Following Peter Sharp's retirement from his role as CEO he became a retained industry advisor to the Board, enabling the Company to continue to benefit from his wealth of industry knowledge and expertise.

After a year of considerable change in 2024 and a review of Board and Committee composition, the Directors felt comfortable moving forward into 2025 with a Board consisting of two Executive Directors and two Non-Executive Directors (one of whom was the Chair of the Board). The Board and Committee compositions were compliant with the Code throughout the year whilst the Committee closely monitored the Company's corporate governance structure. With the recent additions, the Board now has the membership and balance it had been working towards and is confident its composition supports the Company's strategic priorities and long-term objectives.

EXECUTIVE DIRECTOR APPOINTMENT

Since the end of 2024 a formal search process for a new CFO was undertaken. The process to identify a CFO was led by Ryan Mahoney with the support of the Committee and began with the appointment of Korn Ferry, a third-party firm specialising in executive searches, to lead the recruitment process as part of a programme of ongoing succession planning work. A shortlist of six external candidates was compiled, and interviews and assessments were held with Ryan Mahoney and the Committee in relation to the requirements set out in a success profile that had been built for the CFO role.

The Committee concluded that Rachel Warren had demonstrated the requisite skills and aptitude and the potential to take on the CFO role within a listed company environment. However, on 23 March 2026, due to personal reasons, the Company announced that Rachel would be resigning from the Board and leaving the business in May 2026.

In all of its decision making, the Committee continuously considers the composition of the Board and its Committees and specifically as it relates to the balance of knowledge, skills, diversity and experience of Board members needed to promote the success of the Company's strategy.

NON-EXECUTIVE DIRECTOR RECRUITMENT

As part of its ongoing review of Board composition and future leadership needs, the Board considered the increasing importance of maintaining an appropriate balance of skills, experience and independence to support the Company's strategic progress. Although the Board continued to operate effectively and had not received any concerns from shareholders or proxy advisers regarding its structure, the Directors recognised the value of further strengthening non-executive capability, particularly in light of the Board changes over the past 12-18 months.

As a result of this work, in November 2025, the Board appointed Darren Waters as Independent Non-Executive Director. The Committee concluded that Darren would bring additional industry insights to bear given his substantial building products and manufacturing experiences as an Executive Director, and the appointment reflects the Board's commitment to maintaining a well balanced, forward looking governance structure that strengthens its capabilities and ensures the Board is well-positioned to deliver on its responsibilities and future strategic priorities.

DIRECTOR INDUCTION

Comprehensive and tailored induction programmes were provided to both Rachel Warren and Darren Waters following their respective appointments. Each induction was designed to provide a thorough understanding of the Company's business, the brick manufacturing industry, operations, corporate governance framework and strategic priorities. This included one-to-one meetings with the Chair, Senior Independent Director, members of the Executive team, and the Company Secretary, as well as briefings from key external advisors on the responsibilities of an AIM-listed Company Director. In addition, a detailed induction pack was provided via the secure Board portal, containing key governance documents, financials and regulatory information. The Board will continue to review and enhance its induction programme to ensure new Directors are fully equipped to contribute effectively.

DIVERSITY AND INCLUSION

The Company values diversity and seeks to provide all employees with the opportunity for employment, career and personal progression and development on the basis of ability, qualifications and suitability for the work as well as their potential to be developed by the job. The Board undertook its annual review of the Group's Diversity & Dignity at Work Policy in November, a copy of which can be found along with other Group policies here: www.mbhplc.co.uk/about/corporate-responsibility.

RE-ELECTION OF DIRECTORS AT AGMS

Ahead of the 2025 AGM the Committee considered and approved the re-election of all Directors. In previous years Director election/re-election had been undertaken on a rotational basis, however, to ensure that Company was in line with best practice and the new 2023 QCA Corporate Governance Code, the Committee agreed that going forward all Directors would stand for re-election at the Company's AGM.

ANNUAL COMMITTEE PERFORMANCE REVIEW

A formal internal review of the Committee's performance was undertaken in January 2026. The members were asked to anonymously complete a comprehensive questionnaire to rate the effectiveness of the Committee and submit feedback. The results were then discussed at the Committee meeting in March 2026. Further details on the performance review and the results can be found in the Corporate Governance Statement on page 72.

FOCUS FOR 2025

It is expected that the following items will be focused on by the Committee during the forthcoming year;

- monitor the structure, size and composition of the Board throughout the year.
- continued review and evaluation of business continuity planning for senior management.
- maintain and refresh the Board Skills Matrix.
- keep under review the balance of skills, knowledge and experience and diversity on the Board.

TONY MORRIS
Nomination Committee Chair
23 March 2026

Remuneration Committee Report

On behalf of the Board, I am pleased to present our Remuneration Committee Report for the financial year ended 31 December 2025.

The report summarises our approach to Director remuneration, the remuneration paid to the Directors with respect to the year under review, and indicates how remuneration will operate in 2026. The report consists of three sections: this introduction, the Annual Remuneration report and the Directors' Remuneration Policy.

The principles underlying our Remuneration Policy remain in line with the prior period. Specifically, our Remuneration Policy aims to:

- attract, retain, motivate and develop the best talent and align the interests of Group employees (including the Executive Directors) to the strategic goals of the Group and the long-term interests of our shareholders;
- support a culture of high achievement and delivery of performance;
- reward without incentivising the taking of unnecessary risks; and
- present as transparent and understandable.

MEMBERS OF THE REMUNERATION COMMITTEE (THE "COMMITTEE")

The members of the Committee are Tony Morris, Paula Hay-Plumb and myself (as Chair). The QCA Corporate Governance Code notes that members of a remuneration committee should be independent, and I can confirm that all members of the Committee are considered to be independent Directors by the Board.

DUTIES AND RESPONSIBILITIES

The responsibilities of the Committee are set out in its terms of reference which are available at www.mbhplc.co.uk/investor-relations/corporate-governance. The Committee's terms of reference are reviewed annually and were last reviewed and updated in November 2025. The Committee's core responsibilities include:

- determining the policy for the remuneration of the Executive Directors;
- determining the policy for remuneration of the Chair of the Board;
- recommending the total remuneration packages (including bonus payments, long-term incentive awards and outturns as applicable) for the Executive Directors;
- ensuring that no Director or senior manager is involved in any decisions as to their own remuneration (the Chair and Non-Executive Director remuneration is determined by the Board); and
- ensuring that remuneration policies and practices support the long-term strategy of the Company and effective risk management.

The Committee meets at least twice annually, and met formally on three occasions during 2025. All Committee members attended each meeting that they were invited to attend, and attendance is set out in the table in the Corporate Governance Statement on page 72.

ANNUAL COMMITTEE PERFORMANCE REVIEW

A formal internal review of the Committee's performance was undertaken at the end of 2025. The members were asked to anonymously complete a questionnaire to rate the effectiveness of the Committee and submit feedback. The results were then discussed at the Committee meeting in March 2026. Further details on the performance review and the results can be found in the Corporate Governance Statement on page 72.

By order of the Board

DARREN WATERS
Remuneration Committee Chair
23 March 2026

ANNUAL GENERAL MEETING

A resolution to approve the Annual Remuneration Report will be put to an advisory resolution at our 2026 AGM along with an advisory vote on the Directors' Remuneration Policy.

DIRECTORS AND THEIR INTERESTS IN SHARES IN THE COMPANY

The Directors who served the Company during the year together with their beneficial interests in the shares of the Company were as follows:

Analysis of Directors' emoluments for the year and their interest in options in shares in the Company is shown in the Remuneration Committee Report on pages 80 to 89. Further details of the Directors, along with their brief biographical details, are given on pages 66 to 67.

	31 December 2025 Ordinary Shares of 20p each	31 December 2024 Ordinary Shares of 20p each
Ryan Mahoney	32,040	-
Rachel Warren	-	-
Tony Morris	22,658	22,658
Paula Hay-Plumb	17,300	17,300
Darren Waters	-	-
Peter Sharp (resigned 2 September 2025)	145,233	104,157



Remuneration Committee Report (Continued)

KEY REMUNERATION DECISIONS

The Committee considered, and amongst other items, made proposals and recommendations in respect of the following matters:

Base salaries	- Performed an annual Executive Director remuneration benchmarking exercise supported by a specialist third party remuneration adviser - Approved a 6% increase in base salary for Ryan Mahoney as CEO and a 2% increase in base salary for Rachel Warren as CFO, both with effect from 1 January 2026
Bonus	- Resolved not to pay a bonus under the 2025 Executive Director Bonus Plan ("EDBP") to the Executive Directors in light of the financial performance of the Company for the financial year ended 31 December 2025 - Simplified the financial performance metrics, and corporate and personal objectives for the 2026 EDBP for Executive Directors - Changed the financial performance weighting under the EDBP to 90% (up from 80%.) and correspondingly reduced the corporate and personal objectives weighting to 10% (down from 20%.)
Share plans and awards	- Approved an options grant to senior employees of the Group - Approved an options grant to Ryan Mahoney, CEO of the Company, (the "2025 Grant") under the 2022 LTIP - Approved an options grant to Rachel Warren, CFO of the Company under the 2022 LTIP as a replacement grant for forfeited options triggered by her joining the Company (the "2025 Replacement Grant") - Approved the level of vesting achieved by the Executive Directors (both current and former) for the 2019 LTIP Tranche under the 2017 LTIP and the 2023 Grant issued under the 2022 LTIP - Established simplified performance targets for any 2026 Grant to better align to the Company's capital allocation policy
Other	- Review of Remuneration Policy - Reviewed the outcome of the Committee's evaluation of its own performance during the year - Reviewed and recommended updates to the terms of reference of the Committee - Considered Executive Director remuneration (and the application of the Remuneration Policy) in 2026 - Reviewed and approved the Directors' Remuneration Report/Committee report in the 2025 Annual Report and Accounts

EXECUTIVE DIRECTOR BONUS PLAN

In 2023, the Committee worked with its specialist third party remuneration advisers to design a new annual bonus plan for the Executive Directors to take effect from 2024. This was done in order to replace the Group's PBS, which had been operating from 2017 through to 2023, and in doing so, create an annual bonus plan with closer alignment to industry standard practices with regards to Executive Director remuneration, and the broadening of performance metrics away from a single profit measure, which are also better linked to the delivery of corporate strategy. A summary of the key aspects of the EDBP that operated during 2025 are provided below:

The EDBP operates with an overall bonus cap which shall continue to be set at 100% of an Executive Directors' base salary. Under the

EDBP performance metrics	Allocation	Threshold	On target	Maximum
Adjusted EBITDA	26.7%	90%	100%	110%
Payout		-	50%	100%
Adjusted PBT	26.7%	90%	100%	110%
Payout		-	50%	100%
Cash conversion	26.7%	90%	100%	110%
Payout		-	50%	100%
Corporate and personal objectives	20.0%			
Payout			Committee discretion	
Total	100.0%			
Payout cap (as a percentage of base salary)				100.0%

EDBP for 2025, at least 80%. of any bonus payout was linked to the delivery of financial metrics. Under this component of performance, bonus can only be earned by delivering greater than 90% of plan, with on target performance resulting in a 50% payout. For an Executive Director to achieve the maximum bonus cap of 100%. of base salary, they would have needed to deliver an outperformance to plan of at least 10% and deliver all of their corporate and personal objectives. Bonus vesting was straight line between threshold and max payout levels.

LONG-TERM INCENTIVE PLANS

2022 LTIP

During the year, the Committee continued to operate the 2022 LTIP as it related to existing grants made in 2022 and 2023, and two new grants in 2025. The 2022 LTIP was designed in order to create a long-term incentivisation structure which had closer alignment to industry standard practices with regards to frequency of Executive Director awards, performance measurement, retention and Executive Director incentivisation linked to the delivery of corporate strategy.

In 2025, the Committee resolved to grant an award to Ryan Mahoney, CEO under the 2022 LTIP (the "2025 Grant"). The 2025 Grant includes three-year performance targets linked to the delivery of EPS growth, Total Shareholder Return performance when benchmarked against a UK based industry peer group, net cash generated from operations, and delivery of ESG metrics. The 2025 Grant equated to a value of 100% of basic salary and provided Ryan Mahoney with options over 312,565 shares.

No other options were granted under the 2022 LTIP in 2025.

A summary of the key terms of the 2022 LTIP (excluding the 2025 Replacement Grant) are provided below:

Frequency of award	Annually at the discretion of the Committee
Awards	For any awards made from 2025 onwards, nil cost options equivalent to 100%. of base salary
Performance period and vesting	Awards vest after three years based on the delivery of financial, operational and strategic performance over a three-year period from the year of grant
Performance metrics	For the award made in 2025: • Delivery of EPS growth (55% weighting) • Total Shareholder Return Performance when benchmarked against a UK industry peer group (20% weighting) • Net cash generated from operations for each year under the performance period (15% weighting) • Delivery of ESG Strategy and performance objectives (10% weighting) For any awards made in 2026: • Delivery of cumulative EPS targets (70% weighting) • Total Shareholder Return Performance when benchmarked against a UK industry peer group (30% weighting) The Committee has discretion to amend these terms to ensure that any performance targets remain appropriate
Other	Awards are subject to; • good leaver, malus and claw back provisions. • two-year post vesting hold conditions (save for those shares sold to settle tax liabilities arising on exercise). • two-year post employment hold conditions. • dividend equivalents. • pro rated accelerated vesting on a change of control.

Remuneration Committee Report (Continued)

2025 PERFORMANCE

The challenging trading conditions faced by the Group, and industry as a whole in 2024 continued into 2025, whereby the construction sector suffered significant contraction due to high inflation and interest rates that combined to dampen consumer demand during a period of considerable economic uncertainty. The resilience and robustness of our business model was tested significantly, with another year of period on period declines in financial performance.

Revenue in the period was down 1.7% on the prior year, with reported profit before tax down by 46.3% and Adjusted EBITDA also down 11.4%. A lower cash flow from operations in the period meant the Group finished the year with net debt of £0.7 million. The Company retains a £20 million committed banking facility with HSBC, which remains largely undrawn and this continues to unpin the financial resilience and strategic optionality for the Group.

As a result of this resilience, the Company has been able to announce a full year dividend of 3.00 pence per share, in line with 2024, demonstrating the Company's confidence in the outlook for the 2026.

DIRECTORS' REMUNERATION

The total remuneration earned by each of the Directors who served during the year is set out in the table below:

	Basic Salary 2025 £'000	Annual Bonus 2025 £'000	Other Benefits 2025 £'000	Pension 2025 £'000	Total Emoluments 2025 £'000	Total Emoluments 2024 £'000
Tony Morris	114	-	-	-	114	87
Paula Hay-Plumb	57	-	-	-	57	52
Darren Waters (appointed 1 November 2025)	7	-	-	-	7	-
Peter Sharp* (resigned 2 September 2025)	318	-	29	19	366	416
Ryan Mahoney*	300	-	27	17	344	329
Rachel Warren (appointed 2 September 2025)	77	-	8	4	89	-
	873	-	64	40	977	884

* Peter Sharp also received share options with a value of £82,252, Ryan Mahoney received share options with a value of £64,157.

Total emoluments including share options and employer's NI amounted to £1,282,720 (2024: £2,090,734).

OTHER BENEFITS

Other benefits include motor expenses, medical cover and sundry benefits.

PENSION

Peter Sharp is a member of the Michelmersh Group Pension Scheme and the Company contributed 5% of his salary and bonus during the year and prior to the cessation of his employment in December 2025.

Ryan Mahoney has also opted out of the Michelmersh Group Pension Scheme and instead the Company paid Ryan a cash amount equivalent to 5% of his base salary, which was processed monthly through PAYE.

Rachel Warren receives a contribution of base salary to the Group pension scheme..

EXECUTIVE DIRECTOR BONUS PLAN

Under the EDBP, Executive Directors are entitled to an annual bonus payout of up to 100% of base salary, and in 2025, 80% of the potential payout was linked to the achievement of financial performance objectives, and 20% of any potential payout was linked to the delivery of certain corporate and personal objectives.

For 2025, the Group delivered adjusted EBITDA, adjusted PBT and cash conversion at levels that were less than 90% of the Group budget for the financial year. As a result, the Executive Directors did not achieve the threshold level of financial performance required to trigger a bonus payout for the financial performance component of the EDBP.

During the year the Executive Directors did deliver on certain corporate and personal objectives, which under the EDBP entitlement them to up to 20% of base salary as a potential payout. However in light of the continued decline in year-on-year financial performance of the Company as a whole, the Committee resolved to exercise discretion and not award any bonus to Executive Directors under the EDBP for 2025.

LONG-TERM INCENTIVE PLAN

2017 LTIP SUMMARY

The options disclosed in the table below reflect the options under the 2017 LTIP (which initially included two awards made in 2017 and in 2019 (2017 LTIP Tranche and 2019 LTIP Tranche). At the period end, only the 2019 LTIP Tranche remained outstanding, with 2025 being the final performance period under the 2019 LTIP Tranche.

2019 LTIP TRANCHE

In December 2019, a grant of 1,000,000 options each was made to Frank Hanna and Peter Sharp, and in September 2021 the Committee approved the grant of 916,712 options to Ryan Mahoney (all under the 2019 LTIP Tranche). All of these options were exercisable at nil cost, and accrued in incremental annual tranches over five years commencing in 2022 provided EPS targets (for the financial years ending 2021, 2022, 2023, 2024 and 2025) are achieved and the relevant Executive Director remains in office through the five years.

The EPS target for the 2019 LTIP Tranche for the financial year ended 31 December 2025 was not met and therefore a total of 200,000 options for Peter Sharp and Ryan Mahoney lapsed.

The table below shows those options that have accrued based on EPS performance in each year from 2018 to 2025, with vesting of the 2019 LTIP Tranche now complete.

Following completion of the final performance period of the 2019 LTIP Tranche under the 2017 LTIP, and vesting and exercise as announced on 5 February 2026, there are no further options outstanding under the 2017 LTIP and this scheme has now ceased.

In line with the terms of the 2017 LTIP and completed vesting of the 2019 LTIP Tranche, the Company paid Peter Sharp and Ryan Mahoney dividend equivalents in cash of £189,900 and £151,908 respectively on the basis of dividends paid to shareholders during the 2017 LTIP performance period and the overall level of options vesting to each participant.

2022 LTIP

Executive Director	2019 LTIP Tranche available to accrue in 2025 No.	2019 LTIP Tranche EPS lapsed in 2025 No.	2019 LTIP Tranche Accrued in 2025 No.	Total 2017 LTIP Options 2025 No.	Total 2017 LTIP Options 2024 No.
Peter Sharp	200,000	(100,000)	100,000	900,000	800,000
Ryan Mahoney	200,000	(100,000)	100,000	816,712	716,712
	400,000	(200,000)	200,000	1,716,712	1,516,712

Under the 2022 LTIP, four grants have made since its implementation in October 2022; the 2022 Grant, the 2023 Grant, the 2025 Grant and the 2025 Replacement Grant. Following the completion of the performance period pertaining to the 2023 Grant and associated lapsing and exercising of these options as announced on 5 February 2025, only options under the 2025 Grant and 2025 Replacement Grant remain outstanding under the 2022 LTIP. These are detailed as follows:

Executive Director	2023 Grant lapsed No.	2023 Grant vested and exercised No.	2025 Grant issued No.	Total 2022 LTIP Options 2025 No.	Total 2022 LTIP Options 2024 No.
Frank Hanna*	(312,836)	-	-	41,627	354,463
Peter Sharp	(254,558)	-	-	99,905	354,463
Ryan Mahoney	(198,555)	-	312,565	390,491	276,481
	(765,949)	-	312,565	532,023	985,407

* Of 354,463 options issued to Frank Hanna, former Joint CEO of the Company under the 2023 Grant, 206,770 of the total 312,814 options that lapsed, lapsed due to time as a result of his cessation of employment during the performance period.

Remuneration Committee Report (Continued)

The performance targets for the 2023 Grant were based on EPS growth (65% weighting), Total Shareholder Return performance (25% weighting), and delivery of ESG Strategy and performance objectives (10% weighting).

The performance period for the 2023 Grant closed on 31 December 2025. The three-year performance target pertaining to EPS was missed and as such 65% of the options issued under the 2023 Grant lapsed. Following third party testing of the Total Shareholder Return performance, it was confirmed that the Company achieved 72.7% of this target, and therefore 18.2% of the 25% linked to Total Shareholder Return vested. In addition, ESG performance criteria were also delivered. In aggregate, this resulted in 28.2% of options vesting under the 2023 Grant (before the effects of time based pro rating for Frank Hanna).

In line with the 2022 LTIP Rules, the Executive Directors each received dividend equivalents in cash for those vested shares under the 2023 Grant, which totalled between £9,000 and £12,000 per Executive Director.

SUMMARY

Options outstanding under both the 2022 LTIP and 2017 LTIP were valued using the principles of the Black Scholes Model. This valuation is amortised to the income statement over the vesting period. The charge for the year relating to Executive Directors amounted to £316,048 (2024: £201,593).

2026 REMUNERATION

SALARY AND FEES

Following the annual review of the Executive Director remuneration packages with support from the Company's specialist remuneration consultants which included a benchmarking exercise, the Committee agreed that the Executive Director salary for Ryan Mahoney would be increased by 6% and Rachel Warren's salary would be increased by 2%, both effective 1 January 2026.

Ryan's increase was on the basis of his substantial positive impact to the business since taking over as CEO from retiring Peter Sharp in January 2025, alongside the continued delivery of the Group's capital allocation strategy and industry benchmarks for a role of this complexity taking into account also the size of comparable organisations. Rachel's increase was on the basis of her being new to role having joined the Group in September 2025, and applying the Group wide pay increase of 2%.

For 2026, the Executive Director base salaries will therefore be as set out below:

Director	2026 Salary £'000
Ryan Mahoney	320
Rachel Warren	235

On recommendation of the Executive Directors, the Board resolved to apply the wider Group workforce increase of 2% to the Chair and Non-Executive Director fees following a benchmarking exercise, and to take into account the scope of the roles performed by the Chair and Non-Executive Director. These fee changes are effective from 1 January 2025.

For 2026, the Chair and Non-Executive Director fees will therefore be as set out on the following table:

Director	2026 Salary £'000
Tony Morris	116
Paula Hay-Plumb	57
Darren Waters	48

EXECUTIVE DIRECTOR BONUS PLAN

The participants of the EDBP are CEO Ryan Mahoney and CFO Rachel Warren. Under the terms of the EDPB, the participants can achieve up to a maximum of 100% of their base salaries by way of an annual bonus on the basis they delivery at least a 7.5% outperformance to plan and meet all of their corporate and personal objectives.

For 2026, the EDBP performance targets are as follows:

EDBP performance metrics	Allocation	Threshold	On target	Maximum
Adjusted EBITDA	45%	92.5%	100%	107.5%
Payout		33%	67%	100%
Net cash generated from operations	45%	92.5%	100%	107.5%
Payout		33%	67%	100%
Corporate and personal objectives	10%	Committee Discretion		
Payout				
Total	100%			
Payout cap (as a percentage of base salary)				100.0%

2022 LTIP

The Committee anticipates making its annual options grant under the 2022 LTIP to Ryan Mahoney in April 2026 as the Company's Executive Director. The value of any grant will be set at 100% of base salary, and with performance criteria as detailed on page 83, which shall include for this year simplified performance metrics linked to cumulative EPS generation across the three-year performance period and Total Shareholder Return.

PENSION AND BENEFITS

For 2026, there shall be no changes to the pension and benefits packages for the Executive Directors.



Cumberland Infirmary Endoscopy Unit, Cumbria. Photo © Slice of Pie

Remuneration Committee Report (Continued)

DIRECTORS' REMUNERATION POLICY

The table below summarises the key elements of the Remuneration Policy for Executive Directors:

Purpose & link to strategy	Operation	Maximum potential value	Performance conditions & assessment
Base salary The provision of competitive fixed salary supports the recruitment and retention of Executive Directors, reflecting their role, skills and experience.	To be reviewed on an annual basis having regard to the experience of individual and their performance and contribution, market and industry pay levels, remuneration practices as well as pay levels elsewhere within the Group, and the size and complexity of the role performed.	Total salaries paid during each year are determined by the Remuneration Committee in line with the Group's review and implementation cycle. Changes in roles/ responsibilities may require an adjustment to salary levels.	Not applicable, although individual performance is considered when determining base salary increases.
Benefits To provide market benefits on a cost-effective basis.	Benefits offered include car allowance, private medical insurance and life assurance. Other benefits may be offered in line with market practice if it is considered appropriate to do so.	While no maximum level has been provided, it is based on the value of the benefits, which is set at a level that the Committee considers appropriate when taking into account typical market rates for such benefits.	Not applicable.
Pension To assist Executive Directors in providing for retirement where this is considered an aid in attracting and retaining the individual.	The Company's policy is to provide a contribution (or cash allowance in lieu) to a personal pension plan as a capped proportion of basic salary if it is appropriate to do so.	Ryan Mahoney has opted out of the Group pension scheme and instead receives a cash payment equivalent to 5% of base salary paid through PAYE. Rachel Warren receives a contribution of base salary to the Group pension scheme.	Not applicable.
EDBP To recognise an Executive Director's achievement of annual objectives that support the Group's strategy and financial performance.	Financial performance measures are set annually to incentivise on-target performance and outperformance, with bonus outcomes determined against those targets. Awards are made in cash.	100% of base salary.	Performance conditions are set and reviewed by the Committee. The Committee retains discretion to adjust payout in cases where it believes that the bonus outcomes are not a fair and accurate reflection of business performance. The Committee considers that the detailed performance targets used for the annual bonus awards are commercially sensitive and that disclosing precise targets for the annual bonus plan in advance would not be in shareholder interests.

LONG-TERM INCENTIVE PLAN (2022 LTIP)

Purpose & link to strategy	Operation	Maximum potential value	Performance conditions & assessment
Executive Director shareholding guidelines To increase long-term alignment between Executive Directors and shareholders.	From January 2022, any newly appointed Executive Directors are expected to build up and retain a beneficial holding of at least 1x base salary over a five-year period.	N/A	N/A

The table summarises the key elements of the Remuneration Policy for Non-Executive Directors.

LONG-TERM INCENTIVE PLAN (2022 LTIP)

Purpose & link to strategy	Operation	Maximum potential value	Performance conditions & assessment
Long-Term Incentive Plan (2017 LTIP) To encourage value creation and executive retention, by way of share price growth through the delivery of shares with appropriate hold periods post vesting. The purpose of the 2022 LTIP is to provide meaningful awards based upon criteria that provide a significant incentive to participants, and align their interests with those of our shareholders.	Awards granted annually at the discretion of the Remuneration Committee in the form of nil-cost options. Awards vest after three years based on financial, operational and strategic performance over a three-year period from the year of grant. Awards are subject to good leaver, malus and claw back provisions, as well as two-year post vesting hold conditions (save for those shares sold to settle tax liabilities arising on exercise) and a two-year post employment hold condition.	All awards equivalent to 100% of base salary.	Awards are subject to performance conditions measured over a three-year period. For grants issued in 2025, EPS growth weighting at 55%, Total Shareholder Return weighting at 20%, net cash generated from operations weighting at 15%, and ESG weighting at 10%. For grants expected to be issued in 2026, cumulative EPS performance weighting at 70%, and Total Shareholder Return weighting at 30%. The Committee has discretion to amend key terms to ensure that any performance targets remain appropriate.

Purpose & link to strategy	Operation	Maximum potential value	Performance conditions & assessment
Fees Non-Executive Director remuneration is based solely on fees, which are set at a level that reflects market conditions and are sufficient to attract and retain individuals with appropriate knowledge and experience.	Non-Executive Directors' fees to be reviewed on an annual basis by the Board, with no Non-Executive Director involved in the decision as to their own fees. Chair fees to be reviewed on an annual basis by the Board with the Chair not involved in the decision as to their own fees. Non-Executive Directors (excluding the Chair) are paid a base fee plus a fee for performing a role as a Senior Independent Director and/or chairmanship of a committee.	Total fees paid during each year for the Non-Executive Directors are determined by the Board (and for the Chair, determined by the Committee) in line with the Group's review and implementation cycle. Changes in roles/responsibilities may require an adjustment to fee levels.	N/A

Directors' Report

In accordance with Section 415 of the Companies Act 2006, the Directors present their report and consolidated financial statements of Michelmersh Brick Holdings PLC (the "Company") and its subsidiaries ("the Group") for the year ended 31 December 2025. The Company is a public limited company incorporated and domiciled in the United Kingdom and is listed on the AIM sub-market of the London Stock Exchange. The address of the Company's registered office is Freshfield Lane, Danehill, Haywards Heath, Sussex, RH17 7HH.

The Corporate Governance Statement on pages 72 to 73 is incorporated by reference into the Directors' Report and, accordingly, should be read as part of this report. As permitted by legislation, some matters required to be included in the Directors' Report have instead been included in the Strategic Report on pages 4 to 63 as the Board considers them to be of strategic importance.

Strategic Report	on pages 4 to 63
Corporate Governance Statement	on pages 72 to 73
Stakeholder engagement	on pages 50 to 53
Section 172 Statement	on pages 50 to 53
Financial risk management	on page 60
Principal risks & uncertainties	on pages 54 to 63
Going concern	on page 21
Greenhouse gas emissions/ESG/Sustainability	on pages 24 to 49
Financial instruments	on page 116
Employees and employee engagement	on pages 50 to 51
Directors' interests in shares	on page 81

GROUP RESULTS AND DIVIDENDS

The Group's results for the year are set out on pages 98 to 101. The Chair's Statement on pages 12 to 13, the CEO's Report on pages 14 to 18 and the Strategic Report on pages 4 to 63 provide a review of the business KPIs, and the Group's trading for the year ended 31 December 2025. The Board has recommended a final dividend for the year of 3.00 pence per share, to be paid on 8 July 2026 to shareholders whose names appear of the register of members at the close of business on 5 June 2026. More information about dividends can be found in the Statement from the Chair's on page 12 and on page 133 of the financial statements.

Directors during 2025

The Directors who have held office during the year ended 31 December 2025 and to the date of this report are as follows:

Executive Directors

Peter Sharp (CEO) (resigned 2 September 2025)

Ryan Mahoney (CEO)

Rachel Warren (CFO) (appointed 2 September 2025, resigned 23 March 2026)

Non-Executive Directors

Tony Morris (Independent Non-Executive Director)

Paula Hay-Plumb (Senior Independent Non-Executive Director)

Darren Waters (Independent Non-Executive Director) (appointed 1 November 2025)

Further details of the Directors, along with their biographical details, are given on pages 66 to 67.

APPOINTMENT AND REAPPOINTMENT

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association and the Companies Act 2006. The Articles of Association may be amended by a special resolution of the Company's shareholders. A copy of the Articles of Association can be found on the Company's website www.mbhplc.co.uk/investor-relations.

DIRECTORS' INDEMNITY AND INSURANCE

As permitted by the Articles of Association, the Directors may have the benefit of an indemnity, which would be a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The Company has purchased and maintained throughout the financial period Directors' and Officers' liability insurance in respect of itself and its Directors.

SHARE CAPITAL

As at 31 December 2025, the Company's issued share capital was £19,180,716 (2024: £19,180,716) divided into Ordinary shares of 20 pence each, of which 4,357,427 were held in Treasury and accordingly have no voting rights. The holders of Ordinary shares are entitled to one vote per share at the Company's general meetings. Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. On a show of hands, every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote, and on a poll every shareholder who is present in person or by proxy shall have one vote for every share of which he or she is the holder. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Restrictions on shares

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the Ordinary shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or of voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital.

Shares held by the Company's Employee Benefit Trust ("EBT") rank pari passu with the shares in issue and have no special rights, but voting rights and rights of acceptance of any offer relating to the shares rest with the plan's Trustees and are not exercisable by employees.

Significant shareholders

As at 31 December 2025, being the latest practicable date prior to the publication of this document, the Company had received the notifications below of the following significant beneficial holdings in the issued Ordinary share capital carrying rights to vote in all circumstances of the Company. The percentage holding is based on the Company's issued share capital at the date of the notification.

Significant Share Holdings	Number of Ordinary Shares of 20p each	% of Total Voting Rights
Mr Eric John Spencer Gadsden	23,068,274	24.62%
Hosking and Co	10,531,620	11.24%
Hargreaves Lansdown	8,262,672	8.82%
Interactive Investor	6,392,448	6.82%
Evelyn Partners Investment Management	3,811,728	4.07%
Charles Stanley	3,382,906	3.61%

Authority for the Company to purchase its own shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase. At the Company's AGM held on 15 May 2025, the Company was generally unconditionally authorised by its shareholders to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of up to a maximum of 9,154,615 of its Ordinary shares. During the year the Company entered into share buyback programmes in respect of its Ordinary shares. As at 31 December 2025, the 4,357,247 Ordinary shares that were repurchased continue to be held in Treasury.

Share options

Details of share option schemes which the Company operates are included on pages 118 to 119.

SUBSIDIARIES

The Group has 12 subsidiaries, 11 of which are private limited companies registered in England and Wales, and 1 company registered in Belgium. A complete list is provided at note 15 to the financial statements.

RELATED PARTY TRANSACTIONS

There are no related party transactions required to be disclosed under the AIM rules.

POLITICAL DONATIONS

The Company does not make any political donations and does not incur any political expenditure.

Directors' Report (Continued)

CHARITABLE DONATIONS

Supporting industry education and training remains a core policy and the Group continued its supply of free product, resources and seminars to various colleges around the UK. The Group has continued to support community-based charities local to our operations. Total donations during the year amounted to £19,720.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") will be held on 21 May 2026 in London. Further information relating to the AGM is set out in the AGM Notice which will be sent to shareholders separately and is available on the Company's website www.mbhplc.co.uk/investor-relations.

Where appropriate, if any changes are required to be made to the AGM arrangements, these will be communicated by an announcement via a Regulatory Information Service.

EXTERNAL AUDITOR

S&W Partners Audit Limited has expressed its willingness to continue as auditor. In accordance with Section 489 of the Companies Act 2006, a resolution to reappoint S&W Partners Audit Limited will be proposed at the forthcoming AGM.

PROVISION OF INFORMATION TO AUDITOR

So far as each of the Directors who held office at the date of this Directors' Report is aware:

- there is no relevant audit information of which the Company's auditors is unaware; and
- each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with UK-adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group, and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed by order of the Board



TONY MORRIS
Chair

Approved by the Directors on 23 March 2026

Michelmersh Brick Holdings PLC, Registered in England and Wales No. 03462378

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS	Tony Morris - Chair Ryan Mahoney - Chief Executive Officer Rachel Warren - Chief Financial Officer Paula Hay-Plumb - Senior Independent Director Darren Waters - Independent Director	AUDITORS	S&W Partners Audit Limited Chartered Accountants and Statutory Auditor EQ Bristol, 111 Victoria Street, Redcliffe, BS1 6AX
COMPANY SECRETARY	Prism Cospec Limited Highdown House, Yeoman Way, Worthing West Sussex, BN99 3HH	SOLICITORS	Burges Salmon LLP One Glass Wharf, Bristol BS2 0ZX
REGISTERED OFFICE	Freshfield Lane, Danehill, Haywards Heath West Sussex, RH17 7HH	REGISTRARS	Equiniti Aspect House, Spencer Road, Lancing West Sussex, BN99 6DA
NOMINATED ADVISOR AND JOINT BROKER	Canaccord Genuity Limited 88 Wood Street, London, EC2V 7QR	FINANCIAL PUBLIC RELATIONS	Alma Strategic Communications Limited 71-73 Carter Lane, London EC4V 5EQ
		PRINCIPAL BANKERS	HSBC Bank PLC Queen Victoria Street, London, EC4V 4AY

Independent Auditor's Report

OPINION

We have audited the Group financial statements of Michelmersh Brick Holdings plc (the 'Group') for the year ended 31 December 2025 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated statement of cash flows and the notes to the Group financial statements, including material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the Group financial statements:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Group financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Group financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OUR APPROACH TO THE AUDIT

Of the Group's five reporting components, we subjected two to audits for Group reporting purposes and two to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component. The latter were not individually significant enough to require an audit for Group reporting purposes but were still material to the Group. The components within the scope of audit work covered: 100% of Group revenue, 100% of Group profit before tax and 100% of Group net assets. For the remaining component, we performed an analysis at a Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Video and telephone conference meetings were held with the component auditors in Belgium. At these meetings, the Group audit team discussed the component auditors' risk assessments and planned audit approach. Once the audit work was completed, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor. In addition to these meetings, the Group audit team sent detailed instructions to the component audit teams and reviewed their audit working papers.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of land and buildings (Note 4 and 14)	Land and freehold buildings are revalued annually with guidance from external valuers and are measured at fair value based upon their highest and best use. Fair value measurement is inherently judgemental and this is based on guidance from external valuers, as is the highest and best use of each site.	In order to address this key audit matter, the audit team have performed the following procedures: • Reviewed third party valuations obtained by the Directors in the year, which were used by the Directors to inform their valuation, considered the independence and competence of the expert engaged by management to prepare the valuations; • Considered the appropriateness of the valuation approach with reference to past experience and the broader nature of the business; • Reviewed the consistency assumptions used and validated the inputs into those assumptions; and • Reviewed and considered the third party assessments for the highest and best use of the assets to confirm the assets are accounted for in terms of IFRS 13.

Key audit matter	Description of risk	How the matter was addressed in the audit
Valuation of finished goods (Note 16)	Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is calculated using the average cost formula on the basis of direct cost plus attributable overheads based on a normal level of activity. As a result, the valuation of finished goods inventory incorporates a degree of judgement over the allocation of costs.	In order to address this key audit matter, the audit team has performed the following procedures: • Substantive testing of production and overhead costs incurred in the year; • Substantive testing of a sample of sales invoices to ensure finished goods are held at the lower of cost and net realisable value; and • Consideration of slow-moving inventory and reasonableness of provision recognised.
Intangible asset valuation (Note 4 and 13)	Intangible assets include Goodwill, Customer Lists and Brand Names. The carrying value of these assets is considered for impairment on an annual basis by Directors which requires significant judgment, in particular regarding future cash flows, growth rates, determination of CGUs and other assumptions.	In order to address this key audit matter, the audit team has performed the following procedures: • Challenged the determination of CGUs, and ensured that the impairment assessments considered the judgement of there being two CGUs; • Considered trading performance of the two CGUs disclosed in the sensitivity analysis in Note 13; • Together with our internal experts we assessed the appropriateness of the assumptions concerning growth rate of revenue and gross margin; • Performed sensitivity analysis on the future cash flow calculations; and • Assessed the appropriateness of the disclosures in the Annual report and accounts.

OUR APPLICATION OF MATERIALITY

The materiality for the Group financial statements as a whole ("Group FS materiality") was set at £4,592,663. This has been determined with reference to the benchmark of the Group's net assets, which we consider to be most appropriate given the significance of the assets held. Group FS Materiality represents 5% of the Group's net assets as presented on the face of the consolidated balance sheet.

The consolidated income statement is underpinned by the activity of the trading subsidiaries and the principal consideration for those companies is their trading performance, and an element materiality has been calculated at 2% of Group revenue, being £1,377,677. This element materiality has been factored into our overall conclusions on the consolidated income statement

Performance materiality for the Group financial statements was set at £3,674,131 being 80% of Group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds FS materiality. We judged this level to be appropriate based on our understanding of the Group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits. It was set at 80% to reflect the fact that few misstatements were expected in the current period and that there are few judgements. Also, management utilise experts in a number of areas requiring estimation supporting them in making their assessment. Element performance materiality was set at £964,000 being 70% of Group element materiality.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the Group financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- Challenging key assumptions used in the detailed budgets prepared by management to March 2026;
- Considering historical accuracy of budgeting;
- Comparing the actual results to budget for 2025 and post year end results to 2026 budget; and
- Considering the sensitivity of the key assumptions and re-assessing headroom after sensitivity analysis performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report (continued)

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the Group financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the Group financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Group financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the Directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements; and
- The strategic report and the Directors' report have been prepared in accordance with applicable legal requirements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 93, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Group financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE GROUP FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the Group's industry and regulation.

We understand that the Group complies with requirements of the framework through:

- Engaging with independent advisors to perform regular reviews of procedures in place at sites operated by the Group.
- Making note of relevant updates from external experts and updating internal procedures and controls as necessary as legal and regulatory requirements change.
- Given the management structure and reporting lines, any litigation or claims would come to the Directors' attention and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group:

- The Companies Act 2006 and UK-adopted international accounting standards in respect of the preparation and presentation of the financial statements;
- AIM rules and the Market Abuse Regulations; and
- Health and safety, Environmental and Pollution regulations, due to the nature of the Group's operations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Reviewed the procedures management has implemented over compliance with the regulations.
- Inspected internal health and safety records and external site audit reports.
- Inspected Board minutes of all meetings held throughout the year.
- Reviewed response from component auditor.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur.

The key areas identified as part of the discussion were:

- Manipulation of the financial statements, especially revenue, through manual journal entries.
- Valuation of stock, land and buildings and intangible assets where estimates are made by management.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation;
- Testing of a sample of journal entries, selected through applying specific risk assessments based on the processes and controls surrounding journal entries;
- Challenging management regarding the assumptions used in the estimates identified above, and comparison to post-year-end data and third party correspondence as appropriate. Refer to the Key Audit Matters noted above for further detail of work around this area.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

OTHER MATTER

We have reported separately on the parent company's financial statements of Michelmersh Brick Holdings PLC for the year ended 31 December 2025.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Jacques
Senior Statutory Auditor, for and on behalf of
S&W Partners Audit Limited
Statutory Auditor
Chartered Accountants

EQ Bristol
111 Victoria Street
Redcliffe
BS1 6AX
23 March 2026

Consolidated Income Statement

for the year ended 31 December 2025

	notes	12 months ended 31 Dec 2025 £'000	12 months ended 31 Dec 2024 £'000
Revenue	5	68,895	70,107
Cost of sales		(45,144)	(44,981)
Gross profit		23,751	25,126
Administrative expenses		(17,822)	(15,618)
Amortisation of intangibles		(1,373)	(1,372)
		(19,195)	(16,990)
Other income	6	133	35
Operating profit	8	4,689	8,171
Finance income/(expense)	7	(349)	(211)
Profit before taxation		4,340	7,960
Taxation	12	(690)	(1,856)
Profit for the financial year		3,650	6,104
Basic earnings per share attributable to the equity holders of the Company	27	4.02p	6.59p
Diluted earnings per share attributable to the equity holders of the Company	27	3.94p	6.46p

The profit for the financial year is wholly attributable to the equity holders of the parent company. The accounting policies and notes on pages 102 to 121 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2025

	notes	12 months ended 31 Dec 2025 £'000	12 months ended 31 Dec 2024 £'000
Profit for the financial year		3,650	6,104
Other comprehensive income/(expense)			
Items which may subsequently be reclassified to profit or loss			
Currency movements		277	(65)
Items which will not subsequently be reclassified to profit or loss			
Revaluation deficit of property, plant and equipment	14	(1,755)	(2,325)
Revaluation surplus of property, plant and equipment	14	657	5,187
Tax credit on exercise of options		87	-
Deferred tax on revaluation movement	22	(274)	(969)
		(1,008)	1,828
Total comprehensive income for the year		2,642	7,932

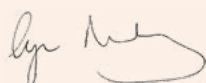
The total comprehensive income for the year is wholly attributable to the equity holders of the parent company. The accounting policies and notes on pages 102 to 121 form part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2025

		12 months ended 31 Dec 2025 £'000	12 months ended 31 Dec 2024 £'000
	Notes		
Assets			
Non-current assets			
Intangible assets	13	21,238	22,587
Property, plant and equipment	14	71,374	69,387
		92,612	91,974
Current assets			
Inventories	16	20,170	19,212
Trade and other receivables	17	10,819	9,772
Cash and cash equivalents		1,292	6,004
Corporation tax receivable		127	-
Total current assets		32,408	34,988
Total assets		125,020	126,962
Liabilities			
Current liabilities			
Trade and other payables	18	11,509	11,437
Lease liabilities	19	978	689
Interest bearing borrowings	19	2,000	-
Corporation tax payable		-	1,061
Total current liabilities		14,487	13,187
Non-current liabilities			
Interest bearing borrowings	19	-	-
Lease liabilities	19	1,514	1,575
Deferred tax liabilities	22	15,982	16,269
		17,496	17,844
Total liabilities		31,983	31,031
Net assets		93,037	95,931
Equity attributable to equity holders			
Share capital	23	19,181	19,181
Share premium account	25	16,724	16,724
Other Reserves	25	22,078	22,764
Retained earnings	25	35,054	37,262
Total equity		93,037	95,931

These financial statements were approved by the Directors and authorised for issue on 23 March 2026 and are signed on their behalf by:



Ryan Mahoney, Director

The accounting policies and notes on pages 102 to 121 form part of these financial statements.

Consolidated Statement of Changes in Equity

	Share capital £'000	Other reserves £'000	Share premium £'000	Retained earnings £'000	Total £'000
As at 1 January 2024	19,181	21,615	16,724	35,324	92,844
Profit for the year	-	-	-	6,104	6,104
Revaluation deficit	-	(2,325)	-	-	(2,325)
Revaluation surplus	-	5,187	-	-	5,187
Tax credit on exercise of options	-	-	-	-	-
Deferred tax on revaluation	-	(969)	-	-	(969)
Currency difference	-	(65)	-	-	(65)
Total comprehensive income	-	1,828	-	6,104	7,932
Share based payment	-	426	-	-	426
Released on settlement of exercised share options	-	(960)	-	-	(960)
Deferred tax on share options	-	(104)	-	-	(104)
Shareplan purchased during the year	-	(41)	-	-	(41)
Dividend paid	-	-	-	(4,166)	(4,166)
As at 31 December 2024	19,181	22,764	16,724	37,262	95,931
Prior year profit/loss adjustment	-	33	-	(33)	-
Profit for the year	-	-	-	3,650	3,650
Revaluation deficit	-	(1,755)	-	-	(1,755)
Revaluation surplus	-	657	-	-	657
Tax credit on exercise of options	-	-	-	87	87
Deferred tax on revaluation	-	274	-	-	274
Currency difference	-	277	-	-	277
Total comprehensive income	-	(514)	-	3,704	3,190
Share based payment	-	481	-	-	481
Released on settlement of exercised share options	-	(224)	-	224	-
Deferred tax on share options	-	(277)	-	-	(277)
Purchase own shares	-	-	-	(1,974)	(1,974)
Sale of Land	-	-	-	112	112
Shareplan purchase	-	(152)	-	-	(152)
Dividend paid	-	-	-	(4,274)	(4,274)
As at 31 December 2025	19,181	22,078	16,724	35,054	93,037

Other reserves consists of merger reserve, FX reserve, revaluation reserve and share based payment reserve and is broken down in note 26. The accounting policies and notes on pages 102 to 121 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2025

	Notes	12 months ended 31 Dec 2025 £'000	12 months ended 31 Dec 2024 (Restated) £'000
Cash flows from operating activities			
Profit before taxation		4,340	7,960
Profit on sale of fixed assets		139	(6)
Finance (income)/expense		349	211
Depreciation	14	3,969	3,924
Amortisation	13	1,373	1,372
Share based payment charge	24	481	426
Cash flows from operations before changes in working capital		10,651	13,887
(Increase) in inventories		(958)	(2,750)
(Increase) in receivables		(1,047)	(531)
Increase/(decrease) in payables		2,252	(420)
Net cash generated from operations		10,898	10,186
Exceptional payments*		(2,374)	-
Aborted corporate transaction cost**		-	(958)
Taxation paid		(1,858)	(2,323)
Net cash generated from operating activities		6,666	6,905
Cash flows from investing activities			
Investment in intangible assets		(24)	(8)
Purchase of property, plant and equipment		(5,546)	(5,600)
Proceeds from sale of land and buildings		112	-
Proceeds from sale of Land		33	6
Net cash used in investing activities		(5,425)	(5,602)
Cash flows from financing activities			
Proceeds of loan drawdown		2,000	-
Lease payments		(934)	(821)
Interest (paid)/received		(349)	(211)
Dividend paid		(4,274)	(4,166)
Share plan purchase		(152)	(41)
Settlement for exercised share option		-	(960)
Own shares acquired		(1,974)	-
Net cash used in financing activities		(5,683)	(6,199)
Net (decrease) in cash and cash equivalents		(4,442)	(4,896)
Cash and cash equivalents at the beginning of the year		6,004	10,958
Foreign exchange differences		(270)	(58)
Cash and cash equivalents at the end of the year		1,292	6,004
Cash and cash equivalents comprise:			
Cash at bank and in hand		1,292	6,004

The accounting policies and notes on pages 102 to 121 form part of these financial statements.

* Further details on the exceptional costs can be found in the Strategic report on page 20.

** The aborted transaction costs for December 2024 have been reclassified from financing activities to operating activities on the basis of where they were classified in the income statement. This has resulted in the net cash used in financing activities and the net cash (used in)/generated by operating activities changing.

General Information and Accounting Policies

1. INTRODUCTION

Michelmersh Brick Holdings PLC ("the Company") is a public limited company incorporated in the United Kingdom under the Companies Act 2006 and is listed on AIM.

The principal activity of the Company during the year was the management and administration of its subsidiary companies. The main activity of the trading subsidiary companies was the manufacture of bricks and brick prefabricated products.

These financial statements cover the financial year from 1 January to 31 December 2025, with comparative figures for the year 1 January to 31 December 2024.

The companies within the Group during the financial year ended 31 December 2025 are disclosed in note 15.

2. ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under accounting standards as adopted for use in the UK. The consolidated financial statements for the financial years ended 31 December 2025 and 31 December 2024 have been prepared under the historical cost convention, as modified by the revaluation of certain items as stated in the accounting policies.

The consolidated financial statements are presented in Sterling and all values are rounded to the nearest thousand ("£'000") except where otherwise indicated.

The financial statements of the parent company are prepared under FRS 102 and its subsidiary undertakings are prepared under FRS 101/Belgium GAAP, all to the same reporting date. Adjustments are made to remove any differences that may exist between UK GAAP/Belgium GAAP and IFRS for consolidation purposes.

The preparation of the financial statements, in conformity with UK-adopted international accounting standards, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Although these results are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from those estimates.

NEW STANDARDS AND INTERPRETATIONS

There are no new or amended Standards and Interpretations effective from 1 January 2026 which are expected to materially impact these financial statements.

BASIS OF CONSOLIDATION

The financial statements comprise a consolidation of the financial statements of Michelmersh Brick Holdings PLC and all its subsidiaries. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which the Group has the power to control. When control of a subsidiary is lost, a disposal occurs and the subsidiary is no longer consolidated from that date.

On consolidation, inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

GOING CONCERN

The Group and Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Statement From The Chairman and the Report From The Chief Executive.

The Group and Company's meets its day-to-day working capital requirements principally through bank loans and cash balances. Additional facilities are in place including an available revolving credit facility provided by HSBC Bank PLC.

The Group and Company's forecasts and projections, taking account of the current challenging conditions of our end markets and further possible changes in trading performance, which has been tested with an additional 10% reduction in revenue and associated impact on profit to our business plan, and this analysis shows that the Group and Company should be able to operate within its facilities.

The Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

REVENUE

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and provision of services (principally haulage) in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gains control of the goods/service on delivery or collection) and is measured as the consideration which the Group expects to be entitled to in exchange for the goods and services. Consideration is typically fixed on the agreement of a contract. Payment terms are agreed on a contract-by-contract basis.

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Identifiable assets acquired or liabilities and contingent liabilities assumed in the business combination are measured initially at their fair value at the acquisition date.

Purchased goodwill, representing the difference between the fair value of the consideration and the underlying assets and liabilities acquired, is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. See note 13 for further details.

Intangible assets are stated at cost less impairments and amortisation. Amortisation is charged at the following rates:

Customer lists, order book	-	15 years
Brands	-	7-25 years

LICENCES

The costs of preparing and submitting applications for licences have been capitalised as an intangible fixed asset. Amortisation is calculated so as to write off the cost of the licence on a straight-line basis, through cost of sales, over the operational life of the landfill site to which it relates.

FOREIGN CURRENCY

Transactions in foreign currency are recorded at the rates of exchange prevailing on the dates of the transactions. Where consideration is received in advance of revenue being recognised, the date of the transaction reflects the date the consideration is received. At each year-end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the year-end date. Exchange gains and losses on short-term foreign currency borrowings and deposits where applicable, included within net interest payable. Exchange differences on all other transactions are taken to operating profit.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated within other reserves.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Land and buildings are carried at appropriate valuation for the land and buildings concerned. Further details are disclosed in note 14 to the financial statements.

Freehold buildings are revalued annually.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated residual value based on current prices at the balance sheet date, over the useful economic life of the asset as follows:

Freehold buildings	-	life of brickworks site
Plant, equipment and machinery	-	3-25%
Motor vehicles	-	25%

Right-of-use assets are depreciated over the term of the lease. Freehold land used in landfill activities is amortised over the life of the site on a usage basis, there are currently no landfill activities active. Mineral reserves are included within freehold land and buildings as the value is derived from its ongoing use in brick manufacturing and are amortised on a usage basis. All other freehold land is not depreciated.

Site enhancement costs are capitalised. These costs are written off over the operational life of the site as and when the void space created as a result of this expenditure is consumed. This is deemed to be a cost of disposal and is recognised in the income statement within profit or loss on disposal when disposal occurs. Provision is made, where material, for the net present value of the Group's estimated unavoidable costs in relation to the restoration and aftercare of landfill sites operated by the Group. Provision is not made where no significant cost is expected, or where costs are not deemed reliably measurable.

An amount equal to the excess of the annual depreciation charge on certain revalued assets over the notional historical cost depreciation charge on those assets is transferred from the revaluation reserve to retained earnings.

IMPAIRMENT OF ASSETS

At each balance sheet date, the Group reviews the carrying amount of its assets other than inventories to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The review is assessed using a discounted cash flow model using a terminal growth rate of 2.0% (2024: 2%) and applying a pre-tax discount factor utilising the Group's Weighted Average Cost of Capital.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised as an expense in the income statement, except to the extent that it represents the reversal of a previous valuation, where it is recognised directly in other comprehensive income.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Cost is calculated using the average cost formula on the basis of direct cost plus attributable overheads based on a normal level of activity and includes as part of the deemed cost an element of clay in respect of mineral reserves, which have been extracted at valuation and transferred from the freehold land. No element of profit is included in work in progress and no revaluations of inventories are made after recognition.

FINANCIAL INSTRUMENTS

Financial Instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

INTEREST BEARING BORROWINGS

Interest bearing borrowings are recognised initially at fair values less attributable transaction costs which are amortised over the life of the facility. Subsequent to initial recognition, borrowing costs are measured at amortised cost, using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

TRADE AND OTHER RECEIVABLES

Trade receivables do not carry interest and are initially measured at their fair value, and subsequently at their amortised cost, as reduced by appropriate allowances for estimated irrecoverable amounts. Trade receivables are impaired when credit losses are expected on an asset. Any loss allowance relating to trade receivables has been calculated with reference to historical experience in the recoverability of such receivables, taking into consideration current conditions and forecasts of future economic conditions.

TRADE AND OTHER PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less.

SHARE BASED PAYMENT TRANSACTIONS

An expense for equity instruments granted under employee share schemes and the Save-As-You-Earn Schemes is recognised in the financial statements based on the fair value at the date of the grant. The expense for these equity settled instruments is recognised over the vesting period of the scheme within the income statement and other reserves within the consolidated statement of changes of equity. The cumulative expense recognised at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest. The Group has adopted the principles of the Black Scholes Model for the purposes of computing fair value.

LEASES

A right-of-use asset and a lease liability has been recognised for all leases except leases of low value assets with a value below £5,000. These are further explained in note 19. The right-of-use asset has been measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date. The Group will depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Where impairment indicators exist, the right-of-use asset will be assessed for impairment. The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. After initial measurement, any payments made will reduce the liability and the interest accrued will increase it. Any reassessment or modification will lead to a remeasurement of the liability. In such case, the corresponding adjustment will be reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

TAXATION

Income tax on the profit for the year comprises current and deferred tax. Income tax and deferred tax are recognised in the income statement except to the extent that tax relates to items recognised directly in equity, in which case, this element of the tax charge is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are neither taxable nor deductible.

Deferred tax is provided using the balance sheet liability method and is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the assets is realised based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

PENSION COSTS

The Group operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the companies. Contributions are charged to the income statement in the year in which they are incurred.

DIVIDENDS

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS

Under IAS 1 paragraph 122, the Company is required to disclose judgements, other than those involving estimation, that have been made in the process of applying our accounting policies where that judgement has had a significant effect on the amounts recognised in the financial statements.

The Board has reviewed areas where judgement has been applied, including deferred tax, provisions and impairment but do not consider that the judgement may have a significant impact on the amounts recognised in the financial statements for the years ended 31 December 2024 and 2025.



Notes to the Consolidated Financial Statements for the year ended 31 December 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL ACCOUNTING JUDGEMENTS

The key sources of estimation uncertainty employed in the preparation of these financial statements are as follows:

Area of estimation	Effect on financial statement	Period of impact	Change noted from previous financial statements
Intangible asset impairment	Within the Intangibles calculation we undertake an exercise to estimate future cash flows from the CGU associated with intangible assets. The Directors consider that at the year end the Group operates one operating segment, but recognise the judgement involved in this regard. The Group has tested for impairment considering FabSpeed as a separate CGU to verify there was no impairment requirement. There is judgement involved in determining the CGUs based on the smallest identifiable cash flows. We have key assumptions which are based on prior management experience on the growth rates of revenue and gross margin which impacts profit and cash flow generation as a result of the sensitivity analysis. These assumptions are key to the calculation of the net present value of cash flows. Details of the impairment calculation, including key assumptions, are set out in note 13.	Whilst trading patterns remain at the CGU, there is a low likelihood of a reduction in the cash flows relating to intangible assets over a longer period.	No changes
Land and buildings valuation including mineral and landfill assets	The Board value land assets and buildings with guidance from external valuers on an annual basis. Changes in circumstances, both internal to the business and externally, can impact the values ascribed in the accounts. A 5% change in valuation inputs could change the values by c. £2.4m. Details of the revaluation are set out in note 14.	It is possible that factors can arise in the short term that impact the values included in the accounts.	No changes
Contingent liabilities and restoration provisions	The Board assesses annually whether any provision or contingent liability is required to be recognised or disclosed in the accounts in relation to its future obligations under restoration conditions attached to its land and building sites by the local council authorities.	It is possible that factors can arise in the medium term that impact the disclosures required in the accounts.	No changes
Useful lives of plant and machinery (other source of estimation uncertainty)	Depreciation is charged on plant to reflect its useful life. The Group makes significant effort to maintain the plant in good working order, but factors may change that could impact on the charges made in the financial statements including market and technology changes. A one-year change in useful life assessments could change the values by c. £0.5m. Details of the depreciation charged within each asset category are set out in note 14.	The impact may be sudden if circumstances change.	No changes

5. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business segments, which are based on the Group's management and internal reporting structure during the year. Segment information has been prepared in accordance with the accounting policies of the Group as set out on pages 102 to 105.

The chief operating decision-maker has been identified as the Board of Directors (the "Board"). The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management have determined the operating segments based on these reports and on the internal report's structure. The Group has one clearly defined reportable segment which aggregates brick and prefabrication manufacturing operations and operates out of the UK and Europe due to the very close alignment of customers, markets manufacturing processes, distribution methods and regulatory environment across the underlying manufacturing facilities.

		12 months ended 31 Dec 2025 £'000	12 months ended 31 Dec 2024 £'000
	Notes		
Revenue	5	68,895	70,107
Cost of sales		(45,145)	(44,981)
Gross profit		23,750	25,126
Administrative expenses		(17,822)	(15,618)
Amortisation of intangibles		(1,373)	(1,372)
		(19,195)	(16,990)
Other income	6	133	35
Operating profit	8	4,688	8,171
Finance income/(expenses)	7	(349)	(211)
Profit before taxation		4,339	7,960
Taxation	12	(690)	(1,856)
Profit for the financial year		3,649	6,104
Segment assets		125,020	126,962
Segment liabilities		(31,983)	(31,031)

REVENUE BY GEOGRAPHICAL DESTINATION

	2025 £'000	2024 £'000
Revenue by geographical destination		
United Kingdom	66,386	66,680
Europe	2,507	3,427
Rest of the World	-	-
	68,893	70,107
Revenue by geographical origination		
United Kingdom	64,523	64,817
Belgium	4,370	5,290
	68,893	70,107

Segment assets include property, plant and equipment and intangible assets are held in the UK except £15.5 million (2024: £17.5 million) of segment assets relating to Floren held in Belgium.

Sales of £8,250,000 (2024: £7,727,000) were made to a single customer of the Group. Total Group revenue made to the top five customers amounted to £23,420,000 (2024: £23,952,000). No other customers were individually material (assessed as >10% revenue) in revenue value.

6. OTHER INCOME

	2025 £'000	2024 £'000
Rents receivable	4	4
Other	96	25
Profit on disposal of fixed assets	33	6
	133	35

7. FINANCE (EXPENSE)/INCOME

	2025 £'000	2024 £'000
Interest expense		
Bank Loan	(214)	(366)
In respect of lease liabilities	(135)	(91)
	(349)	(457)
Less interest earned	-	246
	(349)	(211)

8. OPERATING PROFIT

	2025 £'000	2024 £'000
Operating profit is stated after charging:		
Amortisation	1,373	1,372
Depreciation	3,969	3,924

9. DIVIDEND

During the year the Company paid a dividend of 4.60 pence per share in relation to 2024, an interim dividend of 1.60 pence per share on 9 January 2025 and a final dividend of 3.00 pence per share on 9 July 2025, amounting in total to £4,275,000 (2024: £4,166,000). In relation to 2025, the Company paid an interim dividend per share of 1.60 pence per share on 6 January 2026 and recommends a final dividend of 3.00 pence per share. The proposed final dividend will be paid on 8 July 2026 to members on the register on 5 June 2026 with shares being marked ex-div on 4 June 2026.

10. AUDITOR'S REMUNERATION

	2025 £'000	2024 £'000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	78	74
Fees payable to the Group's auditor and its associates for other services		
- the audit of the Group's subsidiaries, pursuant to legislation	116	113
Fees payable to the Group's auditor and its associates for interim reporting	12	12

Services provided to the Group by the auditor are reviewed by the Board of Directors to ensure that the independence of the auditor is not compromised.

11. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Group during the year amounted to:

	2025	2024
Manufacture and supply of bricks	365	356
Administration	85	81
	450	437

	2025 £'000	2024 £'000
Wages and salaries	18,199	18,208
Social security costs	2,293	2,089
Other pension costs	581	589
	21,073	20,886

Details of Directors' emoluments are shown in the Remuneration Committee Report on page 84.

12. TAXATION

a) Recognised in the income statement

	2025 £'000	2024 £'000
Current tax expense		
Current year	1,132	1,915
Prior year	(177)	(49)
Overseas tax	25	156
	979	2,022
Deferred tax		
Origination and reversal of temporary differences: Current	(47)	246
Origination and reversal of temporary differences: Prior	(242)	(412)
Total income tax charge in the income statement	690	1,856



Harrichon House, London. Photo © Beccy Lane

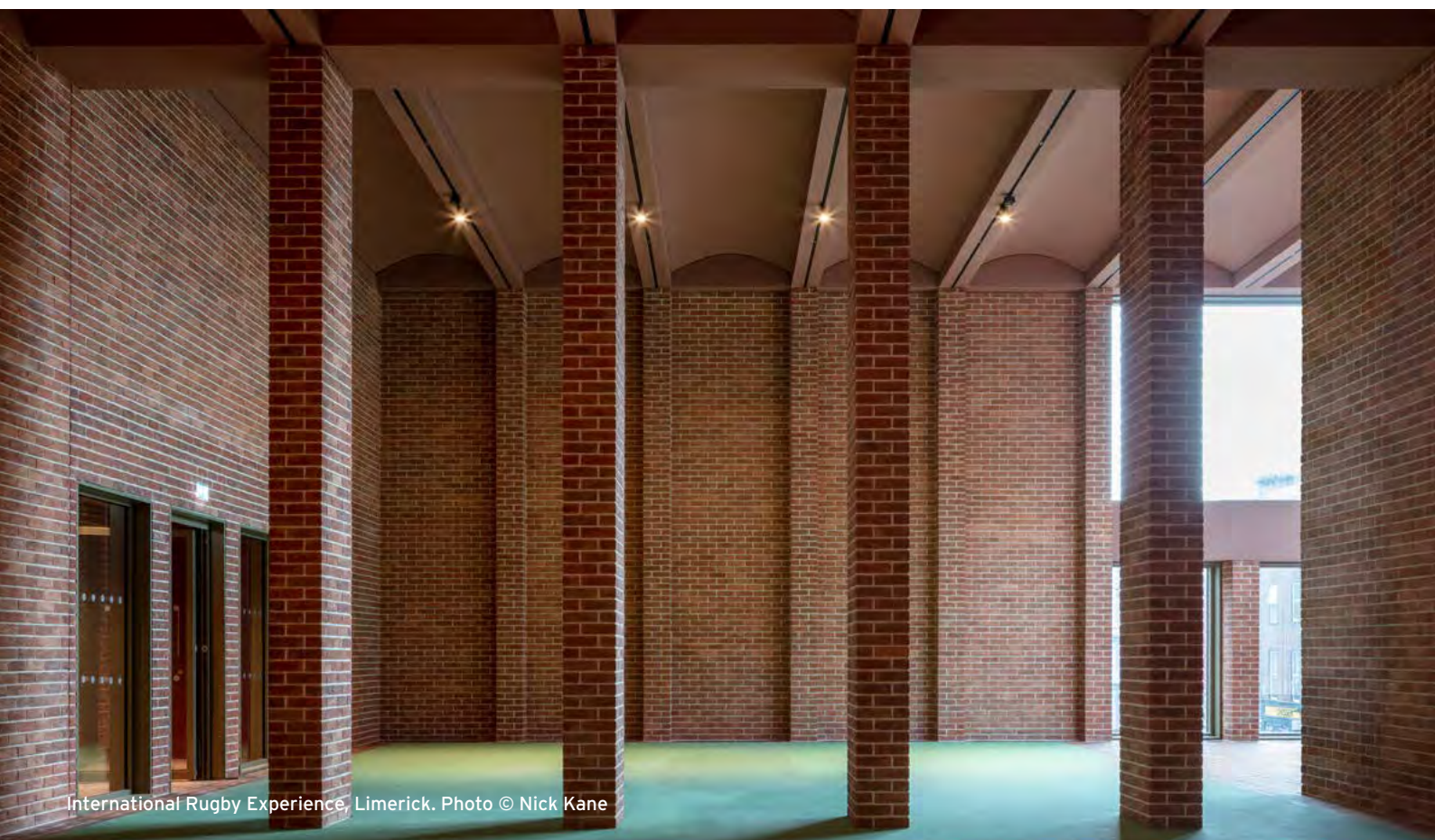
b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2024: lower) than the standard rate of corporation tax in the UK of 25% (2024: 25%). The differences are explained below.

	2025 £'000	2024 £'000
Reconciliation of effective tax rate		
Profit before taxation	4,339	7,960
Income tax using the domestic corporation tax rate	1,085	1,990
Effects of:		
Expenses disallowed	28	455
Deferred tax not recognised previously	-	-
Rate changes	-	-
Fixed asset differences	-	-
Change to prior year estimate	(443)	(461)
Difference in overseas tax	-	-
Movement in deferred tax not recognised	-	-
Non-taxable	20	(128)
	690	1,856

c) Factors affecting future tax charges

As at 31 December 2025, the Group had £503,000 further tax losses carried forward (2024: £503,000). A deferred tax asset has not been recognised in respect of £503,000 (2024: £503,000) of these tax losses, as the Directors do not consider their recovery to be sufficiently certain in the near future.



International Rugby Experience, Limerick. Photo © Nick Kane

13. INTANGIBLE ASSETS GOODWILL

	Goodwill £'000	Customer lists, order book and brand £'000	PPC licence £'000	Development costs £'000	Total £'000
Cost or valuation					
As at 1 January 2024	10,176	21,911	75	30	32,192
Additions	-	-	-	8	8
As at 31 December 2024	10,176	21,911	75	38	32,200
Additions	-	-	-	24	24
As at 31 December 2025	10,176	21,911	75	62	32,224
Amortisation					
As at 1 January 2024	-	8,166	75	-	8,241
Charge for the year	-	1,369	-	3	1,372
As at 31 December 2024	-	9,535	75	3	9,613
Charge for the year	-	1,369	-	4	1,373
As at 31 December 2025	-	10,904	75	7	10,986
Net book value	-				
As at 31 December 2025	10,176	11,007	-	55	21,238
As at 31 December 2024	10,176	12,376	-	35	22,587

The goodwill brought forward relates to the acquisitions of Freshfield Lane Brickworks Limited in 2010, Carlton Brick in 2017 and FabSpeed in 2022. In accordance with accounting standards, the Group annually tests the carrying value of goodwill for impairment. The Directors consider that at the year end the Group operates one CGU, but recognise the judgement involved in this regard. With due consideration of this judgement, the Group have also tested for impairment considering FabSpeed as a separate CGU and have allocated the acquisition goodwill in this regard to verify there was no impairment requirement. At 31 December 2025, the review was undertaken on a value in use basis, assessing whether the carrying value of goodwill was supported by the net present value of future cash flows derived from those assets, using cash flow projections of the cash-generating units discounted at the Group's weighted average cost of capital. The level of headroom against the FabSpeed goodwill carrying value is low, given that FabSpeed is more exposed to the new build environment where demand remains subdued. A sensitivity analysis has been performed on the 2 separate CGU's the impact on the separate CGUs is shown below:

Key Assumptions	Clay CGU	FabSpeed
Reduction in key assumptions (revenue and growth rate and Gross margin)	1.6%	1.6%
Changes in NPV of cashflows	£9,902,000	£959,000
Potential impairment	£545,170	-
Reduction in revenue (YR1-3)	10%	10%
Potential impairment	£5,310,834	£804,528

The key assumptions used in the value in use calculations are those regarding pre-tax discount rates of 15% (2024: 17%) and revenue and cost growth rates of 2% (2024: 2%), from 2026 onwards. The Group prepares cash flow forecasts as part of the budget and three year plan process, and these are extrapolated forward at a terminal growth of 2.0% for the business. Customer lists, order book and brand values originated in the fair value exercises associated with the acquisitions of Carlton, Floren and FabSpeed are amortised over their expected useful lives. Other than goodwill which arose as a result of a fair value exercise, and licence and development costs, the values ascribed to the various intangible assets was determined by a third-party expert based on the business attributes of the acquired companies.

The Directors have assessed the assumptions made at the time of the acquisitions and consider that they are still appropriate and that the life of those assets is similar to that anticipated at acquisition such that current amortisation rates are unchanged. There were no impairment losses recognised on goodwill or other intangible assets during the year (2024: £nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings £'000	Motor vehicles £'000	Right-of-use assets £'000	Plant and machinery £'000	Office equipment £'000	Total £'000
Cost or valuation						
As at 1 January 2024	59,520	476	2,437	45,662	772	108,867
Additions	1,472	28	1,756	4,070	58	7,384
Transfers	355	-	-	(564)	-	(209)
Disposals	-	(9)	(337)	(31)	-	(377)
Adjustment	-	-	-	11	-	11
Revaluation deficit	(2,325)	-	-	-	-	(2,325)
Revaluation surplus	5,187	-	-	-	-	5,187
FX	-	-	-	(471)	-	(471)
As at 31 December 2024	64,209	495	3,856	48,677	830	118,066
Additions	1,222	84	1,193	4,075	165	6,739
Disposals	(112)	(98)	(539)	(237)	-	(986)
Transfers	-	-	-	-	-	-
Adjustment	-	-	-	174	-	174
Revaluation deficit	(1,755)	-	-	-	-	(1,755)
Revaluation surplus	657	-	-	-	-	657
FX	-	-	-	631	-	631
As at 31 December 2025	64,221	481	4,510	53,320	995	123,527
Depreciation						
As at 1 January 2024	13,503	379	981	30,587	51	45,501
Charge for the year	1,044	42	837	1,901	100	3,924
Transfers	-	(23)	-	(186)	-	(209)
Disposals	-	(3)	(204)	(32)	-	(239)
FX	-	-	-	(297)	-	(297)
As at 31 December 2024	14,547	395	1,614	31,973	151	48,680
Charge for the year	1,026	43	948	1,859	93	3,969
Disposals	(112)	(55)	(505)	(185)	-	(857)
FX	-	-	-	361	-	361
As at 31 December 2025	15,461	383	2,057	34,008	244	52,153
Net book value						
As at 31 December 2025	48,760	98	2,453	19,312	751	71,374
As at 31 December 2024	49,662	100	2,242	16,704	679	69,387

The Group's freehold land and buildings were valued by the Directors at £48,760,000 at 31 December 2025 (2024: £49,662,000), resulting in a net decrease in the revaluation reserve of £1,097,000 (2024: £2,861,000). Deferred tax liabilities were increased by £274,000 (2024: £969,000) and have been debited to the revaluation reserve. The Directors' valuation was guided by review of depreciated replacement cost.

IFRS 13

Under IFRS13 companies must disclose greater detail about the assets held at fair value and the valuation methodology. Michelmersh "fair values" its land and buildings on a range of bases described below depending on the nature of the asset. Fair value is defined as the price that would be received on sale of the asset in an orderly transaction between market participants at the measurement date. The assets have been valued individually consistent with the principles of IFRS 13. Valuations have been made on the basis of highest and best use which involves consideration of a potential alternative use given current market conditions.

METHODOLOGY

IFRS 13 requires the fair values to be categorised in a three level “fair value hierarchy” based on the inputs used in the valuation.

Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – Use of a model with inputs (other than quoted prices as in Level 1) that are directly or indirectly observable market data.

Level 3 – Use of a model with inputs that are not based on observable market data.

The fair value of Land and Buildings above £48,761,000 are all derived using Level 3 inputs and there have been no transfers between Levels during the period. The observable inputs include the following discussed in more detail below: estimated rebuild costs using available market data; the remaining estimated life of clay reserves and the estimated cost of extraction.

VALUATION TECHNIQUES

Brickwork properties have been fair valued using a cost approach or a comparable market values approach, by assessing the rebuild cost provided by external professional valuers in 2025, ascribing a construction industry price inflation factor and applying a remaining life period over the total life of each manufacturing plant asset of between 21 and 38 years. These values were confirmed by a third party valuation in 2025 across all of our brickwork properties. Mineral reserves were assessed during 2024 and the volumes of 6.0 million tonnes and market rate less extraction costs have been reviewed and subjected to net present value assessments to arrive at current fair value. Similarly, the fair value of landfill assets have been assessed by updating external third party valuations from 2024 based on available landfill voids of 1.9 million tonnes.

The Directors have reviewed the third party professional valuations conducted in 2025 updating them where they consider conditions have changed in the year. The Directors continue to value land held at Charnwood as investment land as the land is no longer used in brick making and this is still held at their estimate of fair value at the year end.

SENSITIVITY

The fair value of brickworks land and buildings will be sensitive to changes in construction costs and expected life of the buildings. The net present value of the landfill and mineral deposits uses inputs relating to the market value of landfill and clay and usage levels available that would determine market participants' evaluation.

The open market value of the other properties is sensitive to general economic conditions but changes in value will be most highly affected by change in planning status and the period of time estimated to ultimately developed alternative use.



15. SUBSIDIARIES

The following subsidiaries have been included within the consolidated financial statements:

Company Name	Country of Incorporation*	Class of Shares held	% of holding	Company No.	Nature of business
Blockleys Brick Limited	England	Ordinary	100	07445630	Non-trading
Carlton Main Brickworks Limited	England	Ordinary	100	00479716	Non-trading
Charnwood Forest Brick Limited	England	Ordinary	100	03690069	Non-trading
Dunton Brothers Limited	England	Ordinary	100	03239979	Non-trading
Floren & Cie NV	Belgium	Ordinary	100	n/a	Manufacture Bricks
Freshfield Lane Brickworks Limited	England	Ordinary	100	00804219	Non-trading
Michelmersh Brick and Tile Company Limited	England	Ordinary	100	03433257	Non-trading
Michelmersh Brick UK Limited	England	Ordinary	100	02527552	Manufacture Bricks
New Acres Limited ^a	England	Ordinary	100	02600118	Non-Trading Landfill Operations
Truchot Trustees Limited	Guernsey	Trust	100	n/a	Employee Benefit Trust
FabSpeed Holdings Limited ^a	England	Ordinary	100	13195766	Prefabrication Products
FabSpeed UK Limited ^a	England	Ordinary	100	12955889	Prefabrication Products

^a Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A for the financial year ended 31 December 2025.

* The country of incorporation is the same as the principal place of business, all England incorporated companies have a registered office at Freshfield Lane, Danehill, Haywards Heath, West Sussex, RH17 7HH.

16. INVENTORIES

	2025 £'000	2024 £'000
Raw materials	5,051	5,406
Work in progress	2,958	3,092
Finished goods	12,161	10,714
	20,170	19,212

The cost of inventories expensed during the year is £41,012,000 (2024: £41,511,000).

17. TRADE AND OTHER RECEIVABLES

Amounts falling due within one year	2025 £'000	2024 £'000
Trade receivables	9,204	7,945
Prepayments and accrued income	1,615	1,827
	10,819	9,772

The fair value of the trade and other receivables are approximate to their carrying value.

Included within trade receivables is £859,000 (2024: £581,000) of receivables past due but not impaired. The Directors do not feel that there is any deterioration of credit quality of these receivables. The age analysis of receivables past due but not impaired is as follows:

	2025 £'000	2024 £'000
1-30 days overdue	337	268
31-60 days overdue	133	201
61+ days overdue	406	112
	876	581

The carrying amount of the Group's trade and other receivables are predominantly denominated in Sterling. The total cash and receivables category comprises trade and other receivables above together with cash of £1,292,000 (2024: £6,004,000) as shown in the balance sheet, totaling £10,946,000 (2024: £13,949,000).

During the year no provisions were made against any debtors (2024: nil). Despite the current economic uncertainty the Directors do not feel that it is necessary to provide against any of the receivables balances at the year end given the quality and longevity of its customer relationships.

18. TRADE AND OTHER PAYABLES

Amounts falling due within one year	2025 £'000	2024 £'000
Trade payables	3,595	4,899
Other taxation and social security	1,924	1,246
Other payables	269	269
Accruals	5,596	4,902
Pension	125	121
	11,509	11,437

The fair values of trade and other payables are approximate to their carrying value. The total financial liabilities at amortised cost category comprises the above payables excluding other taxation and social security totalling £1,924,000 (2024: £1,246,000).

Trade payables are not interest bearing and are generally settled within terms. Other payables are non-interest bearing.

19. BORROWINGS

Interest rate risk of financial assets and liabilities

The Group had £2,000,000 of floating rate borrowings in 2025 (2024: £nil).

The Group's financial assets at 31 December 2025 and 31 December 2024 included cash at bank and in hand and money held on deposit.

The Group did not have any Euro denominated indebtedness as at 31 December 2025 (2024: £nil).

The lease liabilities are derived from a fixed rate established on inception of each new lease agreement.

Borrowing facilities

The Group has available borrowing facilities at 31 December 2025 of £21,000,000 (2024: £21,000,000). The facilities are committed until August 2028.

The Group has a £20 million committed revolving credit facility, which was renewed in August 2025 with an initial term of 3 years with two one year extension options, and a £1 million overdraft facility with HSBC. If utilised, interest is payable on the borrowing facilities at a margin above SONIA per annum and the Group is subject to a non-utilisation fee. The facilities are secured by a floating charge over all property and assets of the Group both present and future, in favour of HSBC Bank PLC.

Lease liabilities

Under IFRS 16, contract lease agreements for motor cars, lorries and fork-lifts used by the business are presented as assets and a corresponding liability. The balance outstanding at 31 December 2025 in respect of the right-of-use assets is as follows:

	2025 £'000	2024 £'000
In one year or less	978	689
Between one and two years	756	543
Between two and five years	758	840
Over five years	-	192
	2,492	2,264

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Currency risk

As the Group predominantly operates within the United Kingdom, and the majority of overseas sales are conducted in Sterling, the Directors consider there is minimal exposure to currency risk.

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk) and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Executive Committee under policies approved by the Board of Directors. The Executive Committee identifies, evaluates and takes measures to adequately mitigate financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Cash flow interest rate risk and price risk

The Group has utilised £2 million of RCF facilities as at 31 December 2025, the Group will continue to use the facility during specific time periods, the Group's interest rate risk is restricted.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value estimation

The carrying value of trade receivables and payables are assumed to approximate to their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar instruments.

21. PENSIONS

Defined contribution scheme

The Group operates a defined contribution scheme for its employees. The assets of the scheme are held separately from those of the Group in trustee administered funds. The pension charge for contributions made by the Group to the defined contribution scheme amounted to £976,000 (2024: £1,010,000). Amounts unpaid at the year end in respect of contributions amounted to £125,000 (2024:£121,000).

22. DEFERRED TAXATION

Deferred tax at 31 December 2025 relates to the following:

	Losses £'000	Roll-over gain £'000	Intangibles £'000	Property, plant and equipment £'000	Other items £'000	Total £'000
Cost						
As at 1 January 2024	(71)	368	3,436	11,921	(292)	15,362
Recognised in income	-	(368)	(342)	614	(70)	(166)
Recognised in other comprehensive income				969		969
Income	-	-	-	-	-	-
Credited to equity					104	104
As at 31 December 2024	(71)	-	3,094	13,504	(259)	16,269
Recognised in income	70	-	(342)	243	(262)	(291)
Recognised in other comprehensive income	-	-	-	(274)	-	(274)
Credited to equity	-	-	-	-	278	278
As at 31 December 2025	(1)	-	2,752	13,473	(243)	15,982

Deferred tax assets included above are deemed recoverable against future taxable profits in certain Group companies. In addition to the above, the Group has un-provided deferred tax assets of £127,000 (2024: £127,000) in respect of unrelieved tax losses.

23. SHARE CAPITAL

During the year, the Company did not issue any new shares (2024: nil).

	2025 Number	2025 £'000	2024 Number	2024 £'000
Authorised share capital Ordinary shares of 20p each	110,000,000	22,000	110,000,000	22,000
Allotted, called up and fully paid: Ordinary shares of 20p each	95,903,579	19,181	95,903,579	19,181

During the year, the Company acquired nil (2024:nil) Ordinary shares through the EBT. The EBT is a discretionary trust for the benefit of the Company's employees, including the Directors of the Company. The EBT shares are held in treasury and are excluded from the weighted average share calculations and the dividends on these shares have been waived. In 2025, following the announcement of a share buyback programme, 2,132,427 shares were purchased up to 31 December 2025 (2024: nil).

There were no unusual rights or restrictions attaching to the Ordinary shares of the Company.

24. SHARE BASED PAYMENTS

	£'000
Share option reserve as at 1 January 2025	1,848
Deferred taxation on share options	(278)
Charge for the year	481
Shareplan Purchase	(152)
Released on settlement on exercised share options	(224)
As at 31 December 2025	1,675

a) Michelmersh Brick Holdings PLC Group share option schemes

Year of Grant	Exercise price per share	Period of exercise	No. of options as at 31 December 2024	Options exercised in the year	Options granted	Options forfeited/lapsed in the year	No. of options as at 31 December 2025
2019	nil	January 2026 - January 2027	1,916,712	-	-	(200,000)	1,716,712
2022	nil	March 2025 - March 2026	141,315	(141,315)	-	-	-
2022	nil	January 2025 - January 2026	983,363	(194,485)	-	(788,878)	-
2023	nil	March 2026 - March 2027	141,021	-	-	(14,864)	126,157
2023	nil	January 2026 - January 2027	778,637	-	-	(559,179)	219,458
2024	nil	March 2027 - March 2028	164,969	-	-	(15,195)	149,774
2025	nil	March 2028 - March 2029	-	-	165,329	(7,084)	158,245
2025	nil	January 2028 - January 2029	-	-	312,565	(46,885)	265,680

The options granted in the year were made under the "Long Term Incentive Plan" and are subject to performance conditions. The conditions relate to EPS targets in respect of the first grant (see Directors' Remuneration Committee Report on page 80).

b) Michelmersh Brick Holdings PLC SAYE scheme

Year of Grant	Exercise price per share	Period of exercise	No. of options as at 31 December 2024	Options exercised in the year	Options granted	Options forfeited/lapsed in the year	No. of options as at 31 December 2025
2024	81.6p	December 2027 - December 2028	763,530	-	-	104,021	659,509
2024	81.6p	December 2029 - December 2030	186,461	-	-	15,514	170,947

Vesting conditions under the scheme include a three- or five-year vesting period but do not include any performance criteria.

Options were valued using the principles of the Black Scholes Model. This valuation is amortised to the income statement over the vesting period.

The following key inputs have been used in the valuation of the SAYE share options using the Black Scholes Model, as deemed applicable at the grant date.

	2024	2021
Weighted average share price	£0.94	£1.48
Expected volatility	27%	27%
Expected dividend yield	3.0%	3.0%
Risk free rate	4.371%	1.045%

Expected volatility is derived from historic share price of the Group.

The weighted average exercise prices for both schemes combined were as set out below:

	2025 No.	2025 Weighted average exercise price	2024 No.	2024 Weighted average exercise price
Outstanding as at 1 January	5,076,019	15.2p	5,978,483	11.2p
Exercised	(335,800)	-	(957,274)	-
Lapsed and forfeited	(1,704,746)	5.7p	(1,070,650)	59.5p
Granted	477,894	-	1,125,460	75.2p
Outstanding as at 31 December	3,513,367	19.2p	5,076,019	15.2p

The weighted average contractual life for the share options outstanding at 31 December 2025 is three years (2024: three years).

25. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

Share premium account

The share premium account relates to the excess of issue price over nominal value of shares issued.

Retained earnings

Retained earnings comprises of accumulated profit and loss, less dividends paid and deducting the amount paid for the purchase of own shares.

Other reserve

Other reserve is made up of the four items below:

Share option reserve

The share option reserve relates to the Group Share Option and SAYE Share Option Schemes. Additional details are disclosed in notes 24 and 26 to the financial statements.

Revaluation reserve

The revaluation reserve relates to revaluation of property as disclosed in notes 14 and 26.

Merger reserve

The merger reserve relates to the premium of fair value of Ordinary shares issued on acquisition over the par value of the shares.

Currency reserve

The currency reserve relates to the impact of changes in currency rates used in the translation of opening balances of assets and liabilities of the Belgian subsidiary whose accounts are denominated in Euros. Additional details are disclosed in note 26 to the financial statements.



26. OTHER RESERVES

	Merger reserve £'000	Revaluation reserve £'000	Share option reserve £'000	Foreign exchange reserve £'000	Total £'000
As at 1 January 2025	3,571	17,709	1,848	(364)	22,764
Revaluation deficit	-	(1,755)	-	-	(1,755)
Revaluation surplus	-	657	-	-	657
Deferred taxation on revaluation	-	275	-	-	275
Currency difference	-	-	-	277	277
Total comprehensive income	-	(823)	-	277	(546)
Opening adjustment	-	33	-	-	33
Share based payments charge for the year	-	-	481	-	481
Released on maturity of options	-	-	(224)	-	(224)
Shareplan purchase	-	-	(152)	-	(152)
Deferred taxation on share options	-	-	(278)	-	(278)
As at 31 December 2025	3,571	16,919	1,675	(87)	22,078

27. EARNINGS PER SHARE

	2025 £'000	2024 £'000
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity shareholders	3,649	6,104
Number of shares		
Weighted average number of Ordinary shares for the purposes of basic earnings per share*	90,659,952	92,601,027
Number of dilutive shares under option	1,882,635	1,976,771
Weighted average number of Ordinary shares for the purposes of dilutive earnings per share	92,542,587	94,577,798

* Excluded from the weighted number of shares are shares held in treasury of 4,357,427 and shares held by the EBT of 886,200.

The calculation of diluted earnings per share assumes conversion of all potentially dilutive Ordinary shares, all of which arise from share options. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

28. RECOGNITION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 31 December 2023 £'000	Currency adjustment £'000	Drawn during the year £'000	Repaid during the year £'000	As at 31 December 2024 £'000
Term Loans					
Lease liabilities	1,441	-	1,644	(821)	2,264

	As at 31 December 2024 £'000	Currency adjustment £'000	Drawn during the year £'000	Repaid during the year £'000	As at 31 December 2025 £'000
Term Loans	-	-	-	-	-
Lease liabilities	2,264	-	1,162	(934)	2,492

29. CONTINGENCIES

There are specific performance guarantees granted by HSBC amounting to £485,000 (2024: £485,000).



A week at the knees, Design Week, London. Photo © Charles Emerson



Michelmersh Brick Holdings PLC

PARENT COMPANY FINANCIAL STATEMENTS

Year ended 31 December 2025



Independent Auditor's Report to the Members of Michelmersh

OPINION

We have audited the financial statements of Michelmersh Brick Holdings PLC (the 'parent company') for the year ended 31 December 2025 which comprise the balance sheet, the statement of changes in equity and the parent company notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the parent company financial statements:

- Give a true and fair view of the state of the parent company's affairs as at 31 December 2025
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the parent company financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Description of risk	How the matter was addressed in the audit
Investment Properties (Note 2)	Investment properties are measured at fair value at each reporting date. Fair value measurement is inherently judgemental and is reliant on guidance from external valuers, however the valuation method of the fixed assets involves subjective judgement, the valuations being complex in nature, and bias due to management's ability to potentially influence the valuations as the valuers are engaged by them.	In order to address this key audit matter, the audit team have performed the following procedures: • Reviewed third party valuation obtained by the Directors in the year, considering the independence and competence of the expert engaged by management to prepare the valuation; • Considered the appropriateness of the valuation approach with reference to past experience and the broader nature of the business; and • Reviewed the consistency assumptions used and validated the inputs into those assumptions.
Investment value (Note 3)	Investment value in the accounts is significant and relates to the purchase of subsidiary companies. The carrying value of these investments is considered for impairment on an annual basis by the Directors.	In order to address this key audit matter, the audit team has performed the following procedures: • Considered trading performance of the underlying companies; • Our internal experts assessed the appropriateness of the model and the assumptions concerning growth rate of revenue and gross margin; • Performed sensitivity analysis to stress the future cash flow calculations; and • Assessed the appropriateness of the disclosures in the Annual Report and Accounts.

OUR APPLICATION OF MATERIALITY

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £3,674,130. This has been determined with reference to the benchmark of the parent company's net assets, as it is a holding company for the Group and carries on no external trade in its own right. Parent FS materiality represents 5% of the parent company's net assets as presented on the face of the parent company balance sheet. This materiality level was capped at performance materiality for the Group.

Performance materiality for the parent company financial statements was set at £2,939,304, being 80% of parent FS materiality. It was set at 80% to reflect the fact that few misstatements were expected in the current period and that there are few judgements. Also, management utilise experts in a number of areas requiring estimation supporting them in making their assessment.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the parent company financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the parent company financial statements is appropriate.

Our evaluation of the Directors' assessment of the parent company's ability to continue to adopt the going concern basis of accounting included:

- Challenging key assumptions used in the detailed budgets prepared by management to March 2026;
- Considering historical accuracy of budgeting;
- Comparing the actual results to budget for 2025 and post year end results to 2026 budget;
- Considering the sensitivity of the key assumptions and re-assessing headroom after sensitivity analysis performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the Group and parent company financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the parent company financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the strategic report and the Directors' Report for the financial year for which the parent company financial statements are prepared is consistent with the parent company financial statements; and
- The strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' Report.

Independent Auditor's Report to the Members of Michelmersh (Continued)

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 93, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- Making note of relevant updates from external experts and updating internal procedures and controls as necessary as legal and regulatory requirements change.
- Given the management structure and reporting lines, any litigation or claims would come to the Directors' attention and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- AIM rules and the Market Abuse Regulations; and
- Health and safety, Environmental and Pollution regulations, due to the nature of the Group's operations.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Reviewed the procedures management has implemented over compliance with the regulations.
- Inspected internal health and safety records and external site audit reports.
- Inspected Board minutes of all meetings held throughout the year.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the parent company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Manipulation of the financial statements through manual journal entries.
- Valuation of the investment properties and investments where estimates are made by management.

These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the parent company's processes and controls surrounding journal entries.
- Challenging management regarding the key assumptions used in the estimates identified above, and comparison to third party correspondence as appropriate. Refer to the work performed over our Key Audit Matters above for procedures performed.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

OTHER MATTER

We have reported separately on the Group financial statements of Michelmersh Brick Holdings PLC for the year ended 31 December 2025.

USE OF OUR REPORT

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nicholas Jacques
Senior Statutory Auditor, for and on behalf of
S&W Partners Audit
Statutory Auditor
Chartered Accountants

EQ Bristol
111 Victoria Street
Bristol
BS1 6AX

23 March 2026

Company Balance Sheet

as at 31 December 2025

	Notes	2025 £'000	2024 £'000
Fixed assets			
Property, plant and equipment	1	748	675
Investment properties	2	38,721	39,188
Investments in subsidiaries	3	64,821	64,821
Total fixed assets		104,290	104,684
Current assets			
Debtors - amounts falling due within one year	4	751	796
Cash and cash equivalents		6	16
Total current assets		756	812
Creditors: amounts falling due within one year	5	2,736	515
Net current assets		(1,979)	297
Creditors: amounts falling due after more than one year			
Deferred taxation	6	7,579	7,639
		7,579	7,639
Net assets		94,732	97,342
Capital and reserves			
Share capital	10	19,181	19,181
Share premium account	11	16,575	16,575
Other reserves	12	24,477	25,707
Profit and loss account		34,499	35,879
Equity shareholders' funds		94,732	97,342

The profit for the parent company was £3,636,000 (2024: profit £117,000).



These financial statements were approved by the Directors and authorised for issue on 23 March 2026 and are signed on their behalf by

Ryan Mahoney
Director

The accounting policies and notes on pages 101 to 102 form part of these financial statements, alongside pages 129 to 135.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025

	Share capital £'000	Other reserves £'000	Share premium £'000	Profit and loss account £'000	Total shareholder funds £'000
As at 1 January 2024	19,181	24,093	16,575	42,344	102,193
Profit for the year	-	2,416	-	(2,299)	117
Shareplan purchase	-	(41)	-	-	(41)
Share based payment	-	303	-	-	303
Released on settlement of exercised share options	-	(960)	-	-	(960)
Deferred taxation on share options	-	(104)	-	-	(104)
Dividend paid	-	-	-	(4,166)	(4,166)
As at 31 December 2024	19,181	25,707	16,575	35,879	97,342
Profit for the year	-	(933)	-	4,569	3,636
Share based payment	-	315	-	-	315
Released on settlement of exercised share options	-	(224)	-	224	-
Deferred taxation on share options	-	(236)	-	-	(236)
Tax on share options	-	-	-	76	76
Dividend paid	-	-	-	(4,275)	(4,275)
Purchase of own shares	-	-	-	(1,974)	(1,974)
Shareplan purchase	-	(152)	-	-	(152)
As at 31 December 2025	19,181	24,477	16,575	34,499	94,732

NOTES TO COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2025

ACCOUNTING POLICIES - YEAR ENDED 31 DECEMBER 2025

Basis of preparation

Michelmersh Brick Holdings PLC is a public limited company incorporated in the United Kingdom. The registered office is Freshfield Lane, Danehill, Haywards Heath, West Sussex, RH17 7HH.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets in accordance with the Company's accounting policies.

Advantage has been taken of the S408 Companies Act 2006 exemption from publishing the parent company's individual statement of profit or loss, other comprehensive income and cash flow statement.

Property, plant and equipment

Plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Depreciation is calculated so as to write off the cost or valuation of an asset, less its estimated value based on current prices at the balance sheet date, over the useful economic life of the asset as follows:

Office equipment - 10-33%

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property, is recognised in the profit and loss account in the period of de-recognition.

Investments in subsidiaries

Investments are stated at cost less any provision for impairment in value.

Share based payment transactions

An expense for equity instruments granted under employee share schemes and the Save-As-You-Earn Schemes is recognised in the financial statements based on their fair value at the date of grant. This expense is recognised over the vesting period of the scheme. The cumulative expense recognised at each reporting date, until the vesting date, reflects the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest. The Company has adopted the principles of the Black Scholes Model for the purposes of computing fair value.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that their recovery is considered more likely than not.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Pension costs

The Company operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the Company. Contributions are charged to the profit and loss account in the year in which they are incurred.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Going Concern

See information on page 102 of the Company.

Significant accounting judgements and key sources of estimation uncertainty

The table below is a new disclosure this year. All other details are disclosed in notes 3 and 4 of the Group financial statements.

Area of estimation	Effect on financial statement
Investment Property valuation	The Directors value land assets and buildings with guidance from external valuers on an annual basis. Changes in circumstances both internal to the business and external, can impact the values in the accounts. A 5% change in valuation input could change the value by c £2m.
Investment in Subsidiary	The value of the investments in subsidiaries is derived from the initial cost and any changes in the underlying value of the assets held within the subsidiaries could impact the carrying value through the recognition for any required impairment. We undertake an exercise to estimate future cash flows from the cash generating unit associated with the investments in subsidiaries. We have key assumptions on the growth rates or revenue and gross profit which impacts the profit assumed and hence cash flow generation at the cash generating unit. These assumptions are key to the calculation of the net present value of cash flows.

1. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment £'000
Cost	
As at 1 January 2025	823
Additions	165
As at 31 December 2025	988
Depreciation	-
As at 31 December 2024	148
Charge for the year	92
As at 31 December 2025	240
Net book value	
As at 31 December 2025	748
As at 31 December 2024	675

2. INVESTMENT PROPERTIES

	£'000
Cost or valuation	
As at 1 January 2024	35,138
Additions	363
Disposal	
Revaluation deficit	(1,435)
Revaluation surplus	4,768
Transfers	354
As at 31 December 2024	39,188
Additions	777
Disposal	-
Revaluation deficit	(1,564)
Revaluation surplus	320
Transfer	-
As at 31 December 2025	38,721

Revaluation of fixed assets

The Directors value land assets and buildings with guidance from external valuers on an annual basis. The Company's investment property was valued on 31 December 2025 at fair value.

The Directors have valued the properties on a range of bases including depreciated replacement cost and market value bases consistent with external valuers.

3. INVESTMENTS IN SUBSIDIARIES

	2025 £'000	2024 £'000
Cost		
As at 1 January	64,821	65,673
Adjustment for deferred consideration	-	(852)
As at 31 December	64,821	64,821

The Company's investment in the Ordinary share capital of unlisted subsidiary companies at the balance sheet date includes the following:

Company Name	Country of Incorporation*	Class of Shares held	% of holding	Company No.	Nature of business
Blockleys Brick Limited	England	Ordinary	100	07445630	Non-trading
Carlton Main Brickworks Limited	England	Ordinary	100	00479716	Non-trading
Charnwood Forest Brick Limited	England	Ordinary	100	03690069	Non-trading
Dunton Brothers Limited	England	Ordinary	100	03239979	Non-trading
Floren & Cie NV	Belgium	Ordinary	100	n/a	Manufacture Bricks
Freshfield Lane Brickworks Limited	England	Ordinary	100	00804219	Non-trading
Michelmersh Brick and Tile Company Limited	England	Ordinary	100	03433257	Non-trading
Michelmersh Brick UK Limited	England	Ordinary	100	02527552	Manufacture Bricks
New Acres Limited ^a	England	Ordinary	100	02600118	Non-Trading Landfill Operations
Truchot Trustees Limited	Guernsey	Trust	100	n/a	Employee Benefit Trust
FabSpeed Holdings Limited ^a	England	Ordinary	100	13195766	Prefabrication Products
FabSpeed UK Limited ^a	England	Ordinary	100	12955889	Prefabrication Products

^a Company is exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of S479A for the financial year ended 31 December 2025.

* The country of incorporation is the same as the principal place of business, all England incorporated companies have a registered office at Freshfield Lane, Danehill, Haywards Heath, West Sussex, RH17 7HH.

The registered office of the UK subsidiaries is at Freshfield Lane, Danehill, Haywards Heath RH17 7HH. Floren's registered office is at Vaartkant Rechts 4, B 2960 Brecht, Belgium.

4. DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £'000	2024 £'000
Prepayments	751	796
Other debtors	-	-
	751	796

5. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £'000	2024 £'000
Amounts owed by Group undertakings	234	67
Other payables	50	50
Accruals and deferred income	452	398
Interest bearing borrowings	2,000	-
	2,736	515

See note 19 on page 115 on the group accounts for information.

6. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2025 £'000	2024 £'000
At 1 January	7,639	6,172
Profit & Loss Account - Prior Year	(67)	336
Revaluation of investment properties	(311)	916
(Decrease)/increase in deferred taxation	82	104
Deferred taxation on share options	236	111
At 31 December	7,579	7,639

The provision for deferred taxation consists of the tax effect of temporary differences in respect of excess of taxation allowances over depreciation on fixed assets and revaluation surpluses, as well as the impact of the changes in UK tax rates.

7. DIVIDEND

During the year the Company paid a dividend of 4.60 pence per share in relation to 2024, an interim dividend of 1.60 pence per share on 9 January 2025 and a final dividend of 3.00 pence per share on 9 July 2025, amounting in total to £4,275,000 (2024: £4,166,000). In relation to 2025, the Company paid an interim dividend per share of 1.60 pence per share on 6 January 2026 and recommends a final dividend of 3.00 pence per share. The proposed final dividend will be paid on 8 July 2026 to members on the register on 5 June 2026 with shares being marked ex-div on 4 June 2026.

8. PARTICULARS OF EMPLOYEES

The average number of staff employed by the Company during the year amounted to:

	2025 No.	2024 No.
Management and administration	12	15

	£'000	£'000
Wages and salaries	1,033	1,332
Social security costs	255	328
Other pension costs	53	81
	1,341	1,741

Details of Directors' emoluments are shown in the Remuneration Committee Report on page 80.

9. CONTINGENCIES

The bank holds a cross guarantee between the Company and its subsidiaries dated December 2025. At the end of the year total Group bank borrowings were £2,000,000 (2024: £nil).

10. SHARE CAPITAL

Group disclosures on page 117 of the Group accounts are appropriate to the Company.

	2025 Number	2025 £'000	2024 Number	2024 £'000
Authorised share capital Ordinary shares of 20p each	110,000,000	22,000	110,000,000	22,000
Allotted, called up and fully paid: Ordinary shares of 20p each	95,903,579	19,181	95,903,579	19,181

There were no unusual rights or restrictions attaching to the Ordinary shares of the Company.

11. RESERVES

Share premium account

The share premium account relates to the excess of issue price over nominal value of shares issued.

Profit and loss account

The profit and loss account comprises of accumulated profit and loss, less dividends paid and deducting the amount paid for the purchase of own shares. The purchase of own shares deducted includes an aggregate of 2,132,427 Ordinary shares purchased for a total value of £1,974,000.

Other reserve

Other reserve is made up of the following three items:

Share option reserve

The share option reserve relates to the Group Share Option and SAYE Share Option Schemes. Additional details are disclosed in notes 24 and 26 of the Group financial statements.

Merger reserve

The merger reserve relates to the premium of fair value of Ordinary shares issued on acquisition of a subsidiary over the par value of the shares.

Revaluation reserve

The revaluation reserve relates to revaluation of property as disclosed in notes 14 of the Group financial statements and note 2 to the Company financial statements.

12. OTHER RESERVES

	Revaluation reserve £'000	Share option reserve £'000	Merger reserve £'000	Total £'000
As at 1 January 2025	20,802	1,334	3,571	25,707
Total comprehensive income				
Revaluation deficit	(1,564)	-	-	(1,564)
Revaluation surplus	320	-	-	320
Deferred taxation on revaluation	311	-	-	311
Share based payments charge for the year	-	315	-	315
Released on settlement of exercised share options	-	(224)	-	(224)
Shareplan purchases	-	(152)	-	(152)
Tax on share options	-	-	-	-
Deferred taxation on share options	-	(236)	-	(236)
As at 31 December 2025	19,869	1,037	3,571	24,477

13. SHARE BASED PAYMENTS

	£'000
Share option reserve as at 1 January 2025	1,334
Charge for the year - share based payment	315
Charge for the year - released on maturity of options	(224)
Shareplan purchases	(152)
Deferred taxation on share options	(236)
As at 31 December 2025	1,037

14. OPERATING LEASE COMMITMENTS

The Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2025 £'000	2024 £'000
In one year or less	21	35
Between one and two years	19	14
Between two and five years	9	8
	49	57

The Company has no other off balance sheet arrangements.

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