ELEMENTIS

Elementis plc
Preliminary results for the year ended 31 December 2024

Self-help actions driving strong performance

- Revenue up 3% on constant currency basis to $738 million driven by growth platforms and improved volumes.
- Adjusted[1] operating profit up 24% on constant currency basis to $129 million, driven by self-help initiatives, including lower costs, further supported by higher volumes.
- Statutory operating loss was $27 million, reflecting Talc impairment of $126 million.
- Significant improvement in adjusted operating margin to 17.4%, from 14.6%.
- Net debt[2] of $157 million, net debt to EBITDA[3] reduced to 1.0x from 1.4x.
- Final dividend of 2.9 cents per share, up 38%, resulting in a full-year dividend of 4.0 cents per share.

Continued strategic progress

- $18 million of annual cost savings delivered, with Fit for the Future restructuring largely completed.
- $26 million of above-market revenue growth across six growth platforms.
- $60 million of new business delivered.
- Consolidated manufacturing footprint with closure of AP actives plant in Middletown.
- Talc strategic review is progressing.

Confidence in achieving 2026 Capital Markets Day targets

- Solid start to the year amid challenging demand environment.
- 2025 delivery underpinned by strong new business pipeline and 15 new products across six growth platforms.
- Efficiency programmes on track to deliver an additional $12 million of savings in 2025.

Financial summary

	Statutory results (IFRS)			Adjusted results[1]			
	2024	2023	Change	**2024**	2023	Change	Change constant currency
Revenue ($million)	**738**	713	3%	**738**	713	3%	3%
Operating (loss)/profit ($million)	**(27)**	59	n.m.	**129**	104	24%	24%
Diluted (loss)/earnings per share (c)	**(8.1)**	4.7	n.m.	**13.3**	10.8	23%	
Net debt[2] ($million)				**157**	202	(22)%	
Net debt to EBITDA[3]				**1.0x**	1.4x		
Ordinary dividend per share (c)[4]	**4.0**	2.1	90%				

Commenting on the results, Paul Waterman, CEO, said:

"Elementis delivered a strong performance in 2024, outperforming the market in a flat demand environment.

Our strategy is working. Innovation and new business continue to drive growth, with $60 million of new business of which 75% was from our core growth platforms. At the same time, our efficiency programmes are accelerating, with $18 million of annual costs savings delivered in 2024 and the remaining $12 million expected in 2025. These actions support our progress towards 19%+ operating margins and over 90% cash conversion, whilst our return on capital employed is now 19%, excluding the impact of Talc impairment.

We've also strengthened our balance sheet by reducing net debt to EBITDA from 1.4x to 1.0x and have recommended a final dividend of 2.9 cents per share. In recognition of our strong balance sheet and the positive outlook for the business, the Board will evaluate a range of options for additional shareholder returns.

Leading Elementis for the past nine years has been a privilege. We have transformed the company into a pure-play specialty chemicals leader that is well-positioned for continued success."

Further information

A presentation for investors and analysts will be held at 09.00 am GMT on 6 March 2025 via a live webcast, and can be accessed via a link: www.investis-live.com/elementis/67936b38cddd8c000f4332e9/yerer.

Conference call dial in details:

UK: +44 (0) 20 3936 2999 Other: Global Dial-In Numbers Participant access code: 157600

Enquiries

Investors:	Eva Hatfield/Zeeshan Maqbool, Elementis plc	Tel: +44 (0) 7553 340 380
Press:	Martin Robinson/Olivia Peters, Teneo	Tel: +44 (0) 20 7353 4200

Notes:

1. Adjusted figures exclude the adjusting items set out in Note 5.
2. Pre IFRS 16 basis, refer to unaudited information on page 34 for further information.
3. Earnings before interest, tax, depreciation and amortisation, refer to unaudited information on page 34 for further information.
4. Dividend reinstated in March 2024. Only the final dividend was paid in 2023.

ELEMENTIS

Chief Executive Officer's overview

When I became CEO in 2016, Elementis was a very different company. Approximately 30% of revenues were from more cyclical, commodity-oriented businesses such as Chromium and Surfactants. At that time, Personal Care contributed less than 10% to the Group's revenues, and our Coatings business was a collection of regional market positions.

Elementis is now a focused specialty chemical business, with a strong customer proposition and attractive growth opportunities globally. Today 80% of our revenues come from high-quality, high-margin businesses with compelling growth opportunities. We sold low-margin, commodity-oriented businesses, and focused our investment on new product innovation and developing the capabilities of our people. And we significantly improved the efficiency of our operations as well as our organisation. Importantly, over this time, we have reduced risk by strengthening our safety culture and materially improving our sustainability performance.

In August 2024, we announced a strategic review of our Talc business. Talc volumes across our key European markets (automotive, paint and paper) have reduced significantly since 2019, post COVID-19. Today, customers demand regional supply resilience, hence limiting our opportunity to expand beyond Europe. Equally, we consider that Talc remains a high-quality business. The strategic review is progressing, and a further update will be provided in due course.

The Innovation, Growth and Efficiency strategy introduced in November 2019 is working well, as demonstrated by the strong results delivered in 2024. But none of this would be possible without the fantastic team of people who bring their best to work every day, passionately serving customers across the markets in which we operate and helping them to solve their toughest formulation challenges.

I consider myself privileged to have led this great team over the past nine years and feel confident to leave the Group in an excellent financial position, well positioned for continued future success.

Performance

Elementis delivered strong financial performance in 2024. Revenue grew by 3% to $738 million (2023: $713 million), and we achieved record adjusted operating profit in both Personal Care and Coatings. A great result amid a continued environment of weak market demand faced by our industry over the past few years.

Group adjusted operating profit increased 24% to $129 million (2023: $104 million), and adjusted operating margin improved by 280bps to 17.4% (2023: 14.6%). Growth in profit was driven by self-help initiatives, including lower costs and favourable price and mix benefits, further supported by higher volumes in the year. Statutory operating loss of $27 million (2023: profit of $59 million) reflects $126 million of Talc impairment (2023: nil).

Personal Care revenue increased 4% to $217.4 million (2023: $209.3 million), driven by improved volumes as well as price and mix benefits. Revenues were higher across all regions, with Asia up 18%, benefitting from consistent continued investment in our capabilities in recent years and innovative new product launches. We delivered a record adjusted operating profit of $61.6 million (2023: $50.3 million), driven by improved volumes, self-help actions that reduced costs, and margin accretive route-to-market changes. This resulted in a significant improvement of adjusted operating margin to 28.3% (2023: 24.1%).

Performance Specialties revenues were 3% higher than the prior year at $521 million (2023: $504 million) and adjusted operating profit increased 23% to $86 million (2023: $70 million), driven by Coatings.

Coatings, which represents approximately half of Elementis revenues, delivered strong performance, with revenue up 5% to $386 million (2023: $368 million), benefitting from improved volumes and price and mix benefits. Performance varied across the regions, with revenues up 8% in both the Americas and Europe, driven by industrial coatings. Asia revenues reduced 1%, driven by China, where sales were weaker in the second half. We saw strong growth across many other key regions, including Japan, Indonesia, Malaysia as well as India. We continued to leverage new product launches, and delivered $36 million of new business in 2024, driven by our focus on growth platforms. We delivered record adjusted operating profit of $78.4 million (2023:

$56.1 million) and adjusted operating profit margin of 20.3% (2023: 15.3%), reflecting the combination of ongoing self-help actions, better mix and more normalised volumes.

Talc faced a challenging year, with lower revenues and profit, reflecting a nationwide strike in Finland in the first half, which closed all ports and railways in the country for a month, and continued weak demand across our European markets, which represent over 80% of our business. Revenue reduced 1% to $135 million (2023: $136 million). The overall impact of the Finnish strike on Talc operating profit was around $3 million, due to lost sales and higher costs in H1 2024. As a result, the adjusted operating profit reduced to $8.0 million (2023: $14.0 million) and adjusted operating margin declined to 5.9% (2023: 10.3%). The impact of the nationwide strike, alongside weak market demand, triggered a preparation of a new business plan for the Talc business, which resulted in an impairment of assets of $66.1 million in the first half.

In September 2024, the Risk Assessment Committee ("RAC") of the European Chemicals Agency ("ECHA") recommended that talc be classified as STOT RE1 and Carc 1B[1]. A final decision by the European Commission ("EC") is expected in H2 2026, creating ongoing uncertainty for the European talc industry. As a result, there is a high degree of uncertainty with regards to the future demand and profitability profile of the Talc business, which gave rise to a further impairment of $59.9 million in the second half of 2024.

Our balance sheet further strengthened over the year, with net debt reducing to $157 million (2023: $202 million) driven by higher earnings. As a result, the net debt to EBITDA ratio reduced to 1.0x (2023: 1.4x). The Board has recommended a final dividend of 2.9 cents per share (2023: 2.1 cents), resulting in a full-year dividend of 4.0 cents per share. In recognition of our strong balance sheet and the positive outlook for the business, the Board will evaluate a range of options for additional shareholder returns

Innovation, Growth and Efficiency strategy is delivering, we are on track to achieve our 2026 financial targets

We made good progress implementing our strategy, launching 22 new products, and delivering $60 million of new business. We delivered 15% of revenues from innovation sales and currently hold a new business opportunities pipeline of $327 million at the end of 2024.

At the November 2023 Capital Markets Day ("CMD"), we communicated the growth and efficiency initiatives that will underpin our performance through 2026. Our ambition is to deliver above-market revenue of $75 million across six growth platforms[2] by 2026 and $30 million annual cost savings by 2025.

We made good progress on both goals in 2024. We achieved $18 million of annual savings. The Fit for the Future organisational restructuring is largely completed, with a few remaining roles exiting in Q1 2025. Our new research and development ("R&D") support centre in Porto will be completed in 2025. In addition, we delivered material efficiencies across our global supply chain, further consolidating our manufacturing footprint and improving our supply and demand management processes, leveraging digital tools. We are investing in AI-driven automation, which alongside upgrades to our data processes will lead to further efficiency savings in the coming years.

Across procurement, we focused on improving our supply resilience by reducing the number of raw materials that are single sourced and adding 90 new vendors to diversify our coverage. In 2025, we are looking to implement efficiencies via further reduction in single sourcing as well as enhancing efficiencies through our new digital vendor management system.

In the first year of our three-year growth programme, we delivered $26 million of above-market revenue growth, against a flat demand environment. Personal Care and Coatings platforms delivered above-market revenue growth of $6 million and $20 million respectively.

In the Colour Cosmetics market segment, we saw growth across all regions, particularly in Asia, driven by new and existing relationships with local players and route-to-market optimisation. We launched two new customised products developed specifically for emerging markets. Growth over the coming years is underpinned by innovative products including a range of patent-pending Bentone® Ultimate products, with a higher efficacy in use and a fully natural activation mechanism.

In Skin Care, the strategy focuses on creating products with natural ingredients to meet the increasing demand for sustainable products. We launched two new products, including Bentone Hydroluxe™ 360, which together with the existing products, will enable us to expand our share in the natural rheology modifier market for skin care, worth over $200 million.

We have a global leading position in the Antiperspirants sub segment, and the growth here has been driven by innovative high-efficacy products and the successful consolidation of our production plants. We launched four new products, including a lower carbon antiperspirant active product, and are excited about the launch of a new deodorant active, at the in-cosmetics trade show in April 2025.

Growth in Architectural Coatings was supported by strong growth in Asia, where we added a new non-ionic synthetic associated thickeners ("NiSATs") facility in China and expanded our localised production. We have a big opportunity to tap into the growing demand for high-end paints in Asia, which is an attractive $300 million ingredients market. Our recently launched RHEOLATE® biobased NiSATs are targeting this market.

Revenue across Industrial Coatings increased 9% despite flat market demand, improving across all regions. Growth was driven by increasing demand for our hectorite-based solutions. We launched two new products in 2024 that continue to support the transition from solvent-based to water-based coating systems. Over the next 12 months, we will complete our testing phase to refineour market expansion strategy for the powder coating industry, leveraging our hectorite and organic thixotrope-based portfolio, and helping us expand into this fast-growing market, currently worth around $200 million.

We saw a strong growth in the Adhesives, Sealants, and Construction Additives market, which is a relatively new adjacency that leverages our hectorite position and our organic thixotrope technology. Revenue growth was driven by success of our THIXATROL® range, up over 40%, and our hectorite-based additives, which increased over 25%. We now have a dedicated global sales and technical team in place and are well-positioned to gain momentum and accelerate penetration in 2025.

Ongoing investment in innovation is a key driver of growth and we take a multi-year approach to launching distinctive products. In 2024 we launched 22 new products, and as a result, our revenues from innovation sales have continued to grow to 15.3% of sales (2023: 14.3%).

The combination of growth and efficiency programmes has underpinned financial delivery against our 2026 CMD objectives. Adjusted operating profit margin stood at 17.4% against our 19%+ target. The three-year average operating cash conversion increased to 88% (2023: 77%), with an annual cash conversion of 104% in 2024. This gives me a lot of confidence that we will reach our 90%+ target. Finally, we have a 2026 return on capital employed ("ROCE") target of 20%+. In 2024, our ROCE improved to 19% (2023: 15%), excluding the impact of Talc impairment. Including the Talc impairment, ROCE was 23%.

Safety

Safety is one of our fundamental values and is key to the success of Elementis. We have an ambition of becoming a zero-injury business, and we made a good ongoing progress against this objective, reducing the recordable injuries by 50% to two, with 90% of our sites remaining injury free over the year. We continued to drive further improvements, training our people and maintaining our assets. We rolled out a global health, safety and environment ("HSE") management framework, aligned with the international standards for health and safety at work, and published life-critical global standards. We also developed a process safety management dashboard to track high-risk equipment and enhanced our global HSE Week to include health and environmental initiatives.

Sustainability

Sustainability is a key component of our strategy. Our aim is to develop high-performance additives that deliver positive, sustainable outcomes for the environment and for society. We seek to design products that use fewer resources and create less pollution. We are committed to reducing our impact on the environment, by reducing our global greenhouse gas ("GHG") emissions and helping our customers on their sustainability journeys.

Our absolute Scope 1 and 2 GHG emissions this year increased 18% to 77kt CO_2e (2023: 65kt CO_2e). This was mainly driven by increased production at our India plant, which uses relatively high-emission grid electricity, as well as a greater mix of higher-energy intensity products. Despite this, we made good progress on strengthening our sustainability processes and implementing tools and systems that will support our efforts to achieve our ambition of becoming net zero by 2050. For example, we developed more detailed ten-year GHG emission reduction plans, covering every manufacturing site. We also reduced the annual GHG emissions at Sotkamo by over 90%, and 77% of our purchased electricity was certified zero carbon. Furthermore, we have developed a science-based target ("SBT") for overall GHG emissions reduction and shared it with the Science Based Targets initiative for validation. Our target was approved by the SBTi in early March 2025 and will be published in due course.

We are aware of the impact our products and processes have on our customers. To help them deliver and improve their sustainability objectives, we continue to expand our use of product lifecycle analysis across our product portfolio. In addition, we focus on finding unique solutions to emerging sustainability challenges. For example, our new biobased NiSATs are based on a waste stream of sugarcane molasses and hence provide additional sustainability benefits, without compromising on performance, and our lower-carbon antiperspirant active utilises upcycled aluminium waste, resulting in a lower product carbon footprint for both Elementis and our customers. Today we have a high natural material content in our product portfolio and 69% of Group revenues (2023: 68%) were generated from natural or naturally-derived ingredients (as defined by ISO 16128).

We continue to improve our environmental, social and governance disclosure processes across Elementis. This year we implemented a comprehensive due diligence system for all clients and suppliers, enhancing our compliance practices. We also published a new Human Rights Policy Statement, reinforcing our commitment to ethical business conduct. I am pleased that our efforts are recognised, having achieved a Gold rating from EcoVadis for the fourth consecutive year. A Gold rating puts Elementis in the top 5% of all companies assessed by EcoVadis.

People, culture and values

The strong results we delivered this year would not be possible without the hard work and commitment of our people. We have seen a lot of change over the past year, affecting our global workforce. The Fit for the Future organisational restructuring we announced in 2023 triggered over 190 redundancies, the large majority of which were completed in 2024. Decisions such as these are difficult to make but will deliver a more streamlined and efficient organisation. All employees affected by this change have demonstrated incredible loyalty and resilience and I am grateful for their contribution while at Elementis. We also welcomed over 100 new people in our new Porto, Portugal, office, bringing a lot of energy and new ideas to our organisation. We continue to monitor employee engagement throughout the year, and I am pleased to see that, in spite of all the change, our scores are improving. In addition, gender diversity across the organisation, including our leadership is continuing to improve, with 42% of our senior leadership being female.

Thank you

Any CEO's goal is to leave the company they lead in far better shape than when they arrived. This was certainly my goal. As I prepare to hand over the leadership of Elementis to the new CEO, I am confident the Company is well positioned to deliver further performance improvement in the near term, despite a market environment that will likely remain challenging. Our strategy of ongoing new product innovation, and our focus on the most compelling growth opportunities and on delivering further efficiency will underpin future success. This is a very talented team, and I am deeply appreciative of their ongoing commitment to the success of Elementis.

Notes:

Revenue and adjusted operating profit growth rates quoted on a reported basis.

1. STOT RE 1 defined as 'specific target organ toxicity – repeated exposure, category 1'. Carcinogenicity category 1B defined as 'presumed to have carcinogenic potential for humans'.
2. Due to the ongoing strategic review of Talc, we now exclude the Talc growth platform from the overall 2023 CMD growth programme.

Finance report

Revenue

$million	2024	2023
Coatings	*386.4*	*367.6*
Talc	*134.5*	*136.5*
Performance Specialties	520.9	*504.1*
Personal Care	217.4	*209.3*
Revenue	738.3	*713.4*

Operating profit

$million	2024 Operating (loss)/profit	Adjusting items	2024 Adjusted operating profit/(loss)[1]	2023 Operating profit/(loss)	Adjusting items	2023 Adjusted operating profit/(loss)[1]
Coatings	*73.5*	*4.9*	*78.4*	*55.2*	*0.9*	*56.1*
Talc	*(124.3)*	*132.3*	*8.0*	*8.6*	*5.4*	*14.0*
Performance Specialties	(50.8)	137.2	86.4	63.8	6.3	70.1
Personal Care	49.3	12.3	61.6	43.2	7.1	50.3
Central costs	(25.1)	5.9	(19.2)	(48.1)	31.6	(16.5)
Operating (loss)/profit	(26.6)	155.4	128.8	58.9	45.0	103.9

1. After adjusting items, see Note 5 for detail.

Group results

In 2024 revenue increased 3% on a reported (and constant currency) basis to $738.3 million (2023: $713.4 million) with improved mix and pricing, as well as higher volumes across Coatings and Personal Care.

Reported operating loss was $26.6 million (2023: profit of $58.9 million), primarily as a result of the impairment of Talc assets. Adjusted operating profit increased 24% on a reported and constant currency basis to $128.8 million (2023: $103.9 million), driven by self-help initiatives, including lower costs and favourable price and mix benefits, further supported by higher volumes in the year. Statutory loss after tax was $47.8 million (2023: profit of $28.2 million).

Central costs

Central costs are those costs that are not identifiable as expenses of a particular business segment and comprise expenditures of the Board of Directors and corporate head office. Adjusted central costs increased to $19.2 million (2023: $16.5 million), largely driven by higher variable remuneration due to improved performance.

Adjusting items

In addition to the statutory results, the Group uses alternative performance measures to provide additional analysis of the performance of the business. The Board considers these non-GAAP measures as an alternative way to measure the Group's performance. Adjusting items in 2024 resulted in a charge of $154.6 million before tax (2023: $44.7 million). The key categories of adjusting items are summarised below. For more information on adjusting items please see Note 5 to the financial statements respectively.

Credit/(charge) $ million	*Coatings*	*Talc*	Performance Specialties	Personal Care	Central costs	Total
Business transformation	*(0.5)*	*(2.2)*	(2.7)	(4.2)	(4.1)	(11.0)
Environmental provisions	–	–	–	–	(1.8)	(1.8)
Impairment of assets	–	*(126.0)*	(126.0)	–	–	(126.0)
Settlement of Brazil customs matter	*(3.0)*	–	(3.0)	–	–	(3.0)
St Louis fire	*(1.3)*	–	(1.3)	–	–	(1.3)
Amortisation of intangibles arising on acquisitions	*(0.1)*	*(4.1)*	(4.2)	(8.1)	–	(12.3)
Total charge to operating profit	*(4.9)*	*(132.3)*	(137.2)	(12.3)	(5.9)	(155.4)
Unwind of discount on restructuring provision	–	–	–	–	(0.4)	(0.4)
Interest on EU state aid receivable	–	–	–	–	1.2	1.2
Total	*(4.9)*	*(132.3)*	(137.2)	(12.3)	(5.1)	(154.6)

Business transformation

Business transformation costs of $11.0 million (2023: $26.1 million) primarily included: charges of $1.6 million recognised in respect of the closure of the Middletown plant, announced in March 2024; charges of $0.2 million in relation to the sale of the Eaglescliffe site, announced in March 2024; charges of $3.5 million in relation to the strategic review of the Talc business, announced in August 2024; charges of $2.1 million in relation to the execution of the Group's data transformation programme; charges of $2.8 million (2023: $25.4 million) in relation to the Fit for the Future organisation restructuring programme, announced in September 2023; and charges of $0.5 million (2023: $0.7 million) in relation to the closure of the Charleston plant, announced in November 2020. See Note 5 for further detail.

Environmental provisions

The Group's environmental provision is calculated on a discounted cash flow basis and reflects the time period over which spending is estimated to take place. A net charge of $1.8 million (2023: $6.2 million) to the environmental provision reflects the impact of changes in discount rates of $2.2 million (2023: $0.4 million), and additional remediation work identified of $4.0 million (2023: $6.6 million).

Impairment of assets

In the first half of 2024, Talc performance was adversely impacted by continued weak end-market demand and strike action in Finland. Accordingly, a new business plan was prepared for the Talc business which resulted in an impairment of assets of $66.1 million. In September 2024, the RAC of ECHA made a recommendation that talc be classified as STOT RE1 and Carc 1B. A final decision by the EC is expected in H2 2026, with implementation currently expected in Q3 2028, at the earliest. As a result, there is a high degree of uncertainty with regards to the future demand and profitability profile of the Talc business, which gave rise to a further impairment of $59.9 million in the second half of 2024. See Note 5 for further detail.

Settlement of the Brazil customs matter

The Group agreed a settlement with the Brazilian tax authorities in relation to a customs matter, of which $3.0 million (2023: nil) has been recognised as an adjusting item. See Note 5 for further detail.

St Louis fire

In November 2024, a fire incident at our St Louis plant resulted in a cost of $1.3 million. Of this, $0.7 million related to items of property, plant and equipment which were written off.

Amortisation of intangibles arising on acquisitions

Amortisation of $12.3 million (2023: $12.7 million) represents the charge in respect of the Group's acquired intangible assets.

Interest on EU state aid receivable

Finance income of $1.2 million (2023: $1.4 million) has been recognised in respect of interest due to the Group.

Net finance costs

$million	2024	2023
Finance income	0.3	0.5
Finance cost of borrowings	(20.3)	(17.5)
Net finance cost of borrowings	(20.0)	(17.0)
Net pension finance income	1.4	1.0
Discount unwind on provisions	(2.4)	(1.4)
Fair value movement on derivatives	–	0.4
Interest on EU state aid receivable	1.2	1.4
Interest on lease liabilities	(1.4)	(1.3)
Net finance costs	(21.2)	(16.9)

Net finance costs increased to $21.2 million (2023: $16.9 million). Net finance costs comprise interest payable on borrowings, calculated using the effective interest rate method, facility arrangement fees, the unwinding of discounts on the Group's environmental provisions, net pension interest income/expense, fair value movement on derivatives, interest receivable on the EU state aid receivable balance and interest charged on lease liabilities.

The increase in net finance costs is primarily due to the higher finance cost of borrowings as a result of higher interest rates, partially offset by a lower net debt level during 2024.

Net pension finance income of $1.4 million (2023: $1.0 million) is a function of discount rates under IAS 19, and the value of the schemes' deficit or surplus positions.

The Group's environmental provisions are calculated on a discounted basis, reflecting the time period over which the spending is estimated to take place. The discount unwind on provisions of $2.4 million in 2024 was greater than the prior year due to higher discount rates and the increased rehabilitation provisions for Talc.

Interest receivable of $1.2 million (2023: $1.4 million) has been recognised in respect of interest due to the Group.

Both finance income and the interest on lease liabilities were broadly consistent with the prior year.

Taxation

	$ million	2024 Effective rate %	$ million	2023 Effective rate %
Reported tax (credit)/charge	(1.8)	3.6	11.5	29.0
Adjusting items tax credit	(26.8)	–	(8.4)	–
Adjusted tax charge	25.0	23.8	19.9	23.5

The Group incurred a tax charge of $25.0 million (2023: $19.9 million) on adjusted profit before tax, resulting in an effective tax rate of 23.8% (2023: 23.5%). The Group's adjusted effective tax rate in 2024 is broadly in line with the prior year.

Tax on adjusting items relates primarily to the impairment of assets, amortisation of intangible assets and the Fit for the Future restructuring programme.

The medium-term expectation for the Group's adjusted effective tax rate is around 26%.

Earnings per share

To aid comparability of the underlying performance of the Group, earnings/(loss) per share ("EPS") reported under IFRS is adjusted for items classified as adjusting.

	2024	2023
(Loss)/profit after tax ($ million)	(47.8)	28.2
Adjusting items net of tax ($ million)	127.8	36.3
Adjusted profit after tax ($ million)	80.0	64.5
Weighted average number of shares for the purpose of basic EPS (million)	588.9	585.7
Effect of dilutive shares options (million)	11.9	11.2
Weighted average number of shares for the purpose of diluted EPS (million)	600.8	596.9
Basic EPS before adjusting items (cents)	(8.1)	4.8
Diluted EPS before adjusting items (cents)	(8.1)	4.7
Adjusted basic EPS (cents)	13.6	11.0
Adjusted diluted EPS (cents)	13.3	10.8

Adjusted diluted EPS increased 23% to 13.3 cents (2023: 10.8 cents), primarily due to a higher adjusted profit after tax. Basic EPS before adjusting items decreased to a loss of 8.1 cents per share (2023: earnings of 4.8 cents) primarily due to the impairment of assets, resulting in a statutory loss after tax.

Note 7 provides disclosure of EPS calculations both including and excluding the effects of adjusting items and the potential dilutive effects of outstanding and exercisable options.

Distributions to shareholders

The Board has considered the strength of the balance sheet and the near-term prospects for the business and in line with the dividend policy, recommended a final dividend of 2.9 cents per share (2023: 2.1 cents), which will be paid in pounds sterling, resulting in a full-year dividend of 4.0 cents per share. A dividend of 2.28 pence per share has been determined by converting the 2.9 cents into pounds sterling using the forward rate of £1.00:$1.2693, as determined on 27 of February 2025. If approved at the AGM, the dividend will be paid on 30 May 2025 to shareholders included on the share register on 2 May 2025.

Cash flow

As per the statutory cash flow statement, net cash inflow from operating activities increased to $100.0 million (2023: $76.8 million), primarily as a result of higher operating cash flow before movement in working capital of $138.4 million (2023: $132.6 million), a higher net working capital inflow of $4.3 million (2023: inflow of $2.1 million) related to movements in inventories, debtors and creditors, and the non-repeat of the 2023 net cash outflow used in operating activities from discontinued operations of $12.5 million related to the Chromium business.

Net cash flow in relation to investing activities decreased to an outflow of $37.5 million (2023: inflow of $101.1 million), primarily due to the gross cash proceeds from the sale of the Chromium business of $139.2 million in 2023.

Net cash outflow in relation to financing activities decreased to $59.8 million (2023: $168.0 million), primarily due to the repayment of borrowings following the sale of the Chromium business in 2023.

The adjusted cash flow, which excludes the effect of adjusting items from operating cash flow and is therefore distinct from the statutory cash flow referenced above, is summarised below. A reconciliation between statutory operating profit and EBITDA is shown in the alternative performance measures ("APM") section.

Adjusted cash flow

$million	2024	2023
EBITDA[1]	167.6	145.8
Change in working capital	4.4	2.1
Capital expenditure	(37.8)	(38.2)
Adjusted operating cash flow	134.2	109.7
Pension payments	(0.6)	(3.3)
Interest	(18.0)	(17.8)
Tax	(24.5)	(27.3)
Adjusting items	(33.3)	(10.0)
Other[2]	(2.0)	(6.3)
Free cash flow	55.8	45.0
Issue of shares, net of share repurchases by ESOT	0.5	(1.0)
Dividends paid	(18.8)	–
Acquisitions and disposals	–	139.2
Discontinued operations	–	(12.5)
Currency fluctuations	7.3	(5.9)
Movement in net debt	44.8	164.8
Net debt at start of year	(202.0)	(366.8)
Net debt at end of year	(157.2)	(202.0)

1. Earnings before interest, tax, adjusting items, depreciation and amortisation.
2. Other includes share-based payments, movement in provisions, movement in derivatives and payment of lease liabilities.

Adjusted operating cash flow increased to $134.2 million (2023: $109.7 million), primarily driven by an improvement in adjusted EBITDA.

Free cash flow increased to $55.8 million (2023: $45.0 million), primarily driven by improved operating cashflow, lower tax payments offset by higher cash adjusting items and a lower impact from the movement in provisions, included in other.

Adjusting items increased to $33.3 million (2023: $10.0 million), including $18.0 million for the organisational restructuring, $4.2 million for the environmental provisions and $3.5 million for the ongoing strategic review of Talc. See the unaudited information section at the end of this report, for further detail.

Net debt decreased to $157.2 million (2023: $202.0 million), a reduction of $44.8 million. Net debt to adjusted EBITDA decreased to 1.0x in 2024 on a pre-IFRS 16 basis (2023: 1.4x).

ELEMENTIS

Balance sheet

$million	31 December 2024	31 December 2023
Intangible fixed assets	585.9	650.6
Tangible fixed assets	338.0	423.6
Working capital	137.4	147.2
Net tax liabilities	(68.3)	(101.5)
Provisions and retirement benefit obligations	(29.4)	(48.8)
Financial assets and liabilities	3.9	11.3
Lease liabilities	(34.7)	(36.2)
Unamortised syndicate fees	3.7	3.1
Net debt	(157.2)	(202.0)
Net assets held for sale	(22.3)	–
Total equity	757.0	847.3

Group equity decreased to $757.0 million (2023: $847.3 million), principally driven by lower fixed assets partially offset by lower net debt. Intangible fixed assets decreased by $64.7 million, due to $47.1 million of impairment, $12.8 million of amortisation and $5.1 million of foreign exchange losses. The reduction in tangible fixed assets of $85.6 million was driven by $78.9 million of impairment, depreciation of $38.8 million and foreign exchange losses of $16.6 million, which were partially offset by gross additions of $44.9 million and right-of-use asset capitalisation of $4.8 million.

Working capital, which comprises inventories, trade and other receivables, and trade and other payables, decreased to $137.4 million (2023: $147.2 million). The decrease was driven by lower inventories and receivables at the end of the year, partially offset by lower payables.

Net tax liabilities decreased to $68.3 million (2023: $101.5 million) primarily as a result of the impairment, leading to a reduction in the associated deferred tax liability.

Adjusted ROCE (excluding goodwill) increased to 23% (2023: 15%), reflecting higher adjusted operating profit and lower operating capital employed, partially offset by lower provisions (see the APM section for more detail).

Foreign currency

The financial information is presented in US dollars. The main dollar exchange rates relevant to the Group are set out below.

	Year end	2024 Average	Year end	2023 Average
Pounds sterling	0.80	0.78	0.78	0.81
Euro	0.97	0.92	0.91	0.93

Provisions

The Group records a provision in the balance sheet when it has a present obligation as a result of past events, which is expected to result in an outflow of economic benefits in order to settle the obligation and the amount can be reliably estimated. The Group calculates provisions on a discounted basis. At the end of 2024, the Group held provisions of $48.4 million (2023: $81.9 million) consisting of environmental provisions of $43.2 million (2023: $60.5 million), self-insurance provisions of $0.2 million (2023: $0.5 million), restructuring provisions of $4.7 million (2023: $20.1 million) and other provisions of $0.3 million (2023: $0.8 million).

The decrease in the environmental provisions was attributable to the classification of the Eaglescliffe business as held for sale as of 30 June 2024 of $20.8 million. The decrease is also impacted by the change in the discount rate applied to the provisions of $1.4 million, currency translation of $2.4 million and utilisation of provisions of $1.9 million. These decreases were partially offset by additional provisions of $7.5 million in relation

to extra rehabilitation and closure costs in relation to the Group's Finnish talc mines, $0.2 million in relation to extra remediation work required for other environmental provisions, and the unwind of discount in the year of $1.6 million.

The self-insurance provision represents the Group's estimate of its liability arising from retained liabilities under the Group's insurance programme and remained flat during the period.

The restructuring provision reflects the adjustments to head count and other costs of restructuring, where a need to do so has been identified by management. The provision decreased primarily as a result of $16.3 million of provision utilised during 2024, partially offset by $0.1 million of additional provisions, $0.4 million of unwind of discount on these provisions, and $0.4 million of currency translation differences.

Pensions and other post-retirement benefits

$million	2024	2023
Net (surplus)/liability:		
UK	(23.0)	(38.7)
US	(1.2)	–
Other	5.2	5.6
	(19.0)	(33.1)

UK plan

The largest of the Group's retirement plans is the UK defined benefit pension scheme ("UK Scheme"), which at the end of 2024 had a surplus, under IAS 19, of $23.0 million (2023: $38.7 million). The UK Scheme is relatively mature, with approximately two thirds of its gross liabilities represented by pensions in payment, and is closed to new members. The decrease in net surplus was largely driven by losses on plan assets of $46.2 million (2023: returns of $9.7 million) which was offset by liability adjustments, primarily due to lower discount rates and other actuarial adjustments of $30.9 million (2023: losses of $0.3 million). Company contributions of $nil (2023: $1.8 million) reflect the funding agreement reached with the UK trustees following the 2023 triennial valuation, which concluded in 2024.

US plan

In the US, the Group reports two post retirement plans under IAS 19: a defined benefit pension plan with a net surplus at the end of 2024 of $4.6 million (2023: $3.4 million), and a post retirement medical plan with a liability of $3.4 million (2023: $3.4 million). The US pension plans are smaller than the UK plan. In 2024, the overall deficit on the US plans increased by $1.2 million, as a result of the returns on liability adjustments of $3.2 million 2023: losses of $1.3 million) and employer contributions of $0.4 million, being offset by losses on plan assets of $2.2 million (2023: returns of $4.3 million).

Other plans

Other pension plans amounted to $5.2 million (2023: $5.6 million) and relate to pension arrangements for a relatively small number of employees in Germany, certain UK legacy benefits and one pension scheme acquired as part of the SummitReheis transaction in 2017.

Financial assets and liabilities

The Group uses cash flow hedges to manage exposure to interest rate and commodity price risks, particularly those associated with US dollar and euro interest payments and aluminium and nickel pricing. In 2024, interest

rate and commodity price movements resulted in a net gain from the hedge transactions of $4.4 million (2023: gain of $6.3 million) recycled to the income statement.

Net financial assets are represented by net derivative financial assets of $3.9 million (2023: $11.3 million), which relate to the valuation of various risk management instruments.

Events after the balance sheet date

There were no significant events after the balance sheet date.

Business performance overview

$million	2024	Effect of exchange rates	Increase/ (decrease) 2024	2023
Coatings	*386.4*	*(0.2)*	*19.0*	367.6
Talc	*134.5*	*0.8*	*(2.8)*	136.5
Performance Specialties	520.9	0.5	16.3	504.1
Personal Care	217.4	0.2	7.9	209.3
Revenue	738.3	0.8	24.2	713.4

$million	Operating profit 2024[1]	Effect of exchange rates	Increase/ (decrease) 2024	Operating profit 2023[1]
Coatings	*78.4*	*(0.3)*	*22.6*	56.1
Talc	*8.0*	*(0.1)*	*(5.9)*	14.0
Performance Specialties	86.4	(0.4)	16.7	70.1
Personal Care	61.5	0.2	11.1	50.3
Central costs	(19.1)	–	(2.6)	(16.5)
Adjusted operating profit	128.8	(0.3)	25.2	103.9

1 After adjusting items - see Note 5.

Personal Care financial performance

Personal Care revenue increased 4% on both reported and constant currency basis, to $217.4 million (2023: $209.3 million), driven by improved volumes and price/mix benefits. Revenues were higher across all regions, with Asia up 18%, benefitting from continued investment in our capabilities in recent years.

Adjusted operating profit increased 22% on a reported and constant currency basis, to $61.6 million (2023: $50.3 million). Growth was driven by improved volumes and self-help actions, including cost savings and route-to-market improvements. Self-help actions and innovative new products drove a significant improvement in adjusted operating margin to 28.3% (2023: 24.1%).

Personal Care strategic progress

Personal Care operates in attractive growth markets globally. It develops and delivers high-value additives to its customers, based on unique chemistry and formulation expertise. Our medium-term Personal Care growth strategy is focused on three core market segments: Skin Care, Colour Cosmetics and Antiperspirants. At our 2023 CMD, we announced an ambition to deliver above-market revenue growth across our growth platforms, over the three years to 2026. Personal Care growth platforms are expected to deliver around a third of the $75 million growth target by 2026. In the first year, we delivered $6 million of above-market revenue growth, supported by all three platforms.

Colour Cosmetics revenue increased 7% (market[1] growth of 4%), with revenues higher across all regions, especially in Asia, where we have significantly enhanced our sales and marketing capabilities in recent years. We saw strong growth in China, driven by new and existing relationships with the local players. Furthermore, the improved capabilities in this region allowed us to optimise our route to market, and we now serve more of our Chinese customers on a direct basis.

In 2024, we launched two new customised products targeting emerging markets. We continue to leverage our expertise in rheology and formulation solutions, combined with growing demand for hectorite as a key ingredient.

We see good growth over the coming years, supported by innovative products including a range of patent-pending Bentone® Ultimate products, with a higher efficacy in use and a fully natural activation mechanism. We believe these innovative products will further strengthen our leading position in natural rheology.

The Skin Care growth platform saw revenues up 17%, against the global market[1] growing 4% on average. Recent growth in the Skin Care segment has been supported by increasing demand from consumers looking for more sustainable products with natural ingredients. Our hectorite-based additives are well positioned to benefit from this trend, as they work equally effectively in both water-based and oil-based products. Our strategy in this segment focuses on natural rheology, creating products that offer attractive new functionalities. For example, this year we launched Bentone Hydroclay™ 2101, a product customised for a leading European suncare manufacturer, and Bentone Hydroluxe™ 360, an all-in-one hectorite based solution which provides outstanding sensory, and texture benefits enabling formulators to create products with a variety of textures. This is our first product in a new Bentone Hydroluxe™ line. In a future launch, we are looking at an additional functionality of hectorite as a natural co-emulsifier. Together with existing products, this will enable us to expand our share in the natural rheology modifier market for skin care, worth over $200 million. In 2025, we also plan to launch water-resistant film formers for sun care.

The third growth platform is Antiperspirants, a market segment where we have a global leading position in AP actives. In this market, we see trends for longer-lasting sweat protection, and increasingly, growing demand for more natural products and alternative antiperspirant actives. As recognised innovation leaders in this field, we are focusing on a range of new products that address these market needs.

The above-market[2] revenue growth of 2% was driven by increased demand for our high-efficacy products, enabled by our strong relationships with global key accounts and the successful full production at the new Taloja plant in India. In July 2024, we closed one of the three AP actives plants, consolidating the existing footprint into two. We already saw benefits of this in lower costs and margin improvement in H2, with the full impact expected in 2025. Having two plants in two key locations strengthens our competitive position and supply resilience.

In 2024, we launched four new high-efficacy products, including a lower-carbon antiperspirant active. Our new lower-carbon grade of antiperspirant ingredients utilises upcycled aluminium waste to partially replace virgin aluminium feedstock, leading to a lower product carbon footprint for us and our customers. In 2025, at the in-cosmetics trade show in Amsterdam, we plan to launch a new deodorant active that can provide sweat reduction benefits.

Innovation remains a key driver of growth in Personal Care. We have introduced nine new products in 2024: two which expand our technology toolkit and seven highly customised products, based on individual customer specifications. This innovation approach is helping us gain momentum with our customers and drive revenue growth. Sales from new and innovation products increased to 17% (2023: 11%). Those products offer sustainability benefits to our customers, either because of a higher efficacy or because they are replacing a product of synthetic origin.

Skin Care, Antiperspirants and Colour Cosmetics all represent material growth opportunities with a record $89 million pipeline of new business established. We will continue to focus on helping our clients with their formulation challenges and building strong partnerships with global key accounts. Our new R&D facility in Porto is expected to be fully operational in 2025 and will further strengthen our customer proposition.

Performance Specialties

Performance Specialties was created at the beginning of 2023, by combining the Talc and Coatings businesses. We will continue to report Coatings' and Talc's performance separately for transparency.

Performance Specialties revenues increased 3%, both on reported and constant currency basis, to $520.9 million (2023: $504.1 million) and adjusted operating profit increased 24% on a constant currency basis, to $86.4 million (2023: $70.1 million), driven by Coatings.

Coatings financial performance

Overall revenue increased 5% on both reported and constant currency basis to $386.4 million (2023: $367.6 million), benefitting from higher volumes and improved mix and price benefits. Coatings also includes our specialised Energy business, which accounts for circa 10% of total Coatings sales.

Adjusted operating profit increased 40% on a reported basis, up 41% on a constant currency basis, to $78.4 million (2023: $56.1 million), driven by self-help actions, as well as improved volumes and mix benefits.

Self-help actions led to a significant improvement in adjusted operating margin of 20.3% (2023: 15.3%), demonstrating the quality and resilience of this business, amid a continued weak demand environment.

Coatings strategic progress

Our medium-term growth strategy for Coatings is focused on three differentiated, technology-led growth platforms: Architectural Coatings, Industrial Coatings and Adhesives, Sealants and Construction Additives.

At our 2023 CMD, we announced an ambition to deliver above-market revenue growth across our growth platforms, over the three years to 2026. Coatings growth platforms are expected to deliver around two thirds of the $75 million target by 2026. In the first year, we delivered $20 million of above-market revenue growth, supported by all three platforms.

The first of these, Architectural Coatings, is an important market for Elementis. We have a big opportunity to tap into the growing demand for high-end paints in Asia, which is an attractive $300 million ingredients market. To capture this opportunity, we expanded our manufacturing footprint in Asia, adding a new NiSAT facility in Songjiang, China. The new facility is expected to bring enhanced performance and environmentally friendly benefits to the Chinese architectural sector. In 2024, Architectural Coatings saw 3% revenue growth, while the market[3] reduced 0.4% globally. We saw particularly strong growth in Asia, supported by improved localised production as well as innovative customised formulation solutions for an Indian paint manufacturer.

We launched four new products, including two RHEOLATE® biobased NiSATs, which are based on a waste stream of sugarcane molasses, and hence provide additional sustainability benefits, without compromising on performance. We believe that our innovative products, alongside our manufacturing footprint across three key regions, will support our ambition to grow at twice the market by 2026, in this attractive market segment.

The second growth platform is Industrial Coatings, where we see growing demand for more sustainable coatings and coating additives, driven by regulations and market trends. Here we focus on additives for high-performance segments such as marine, protective and automotive industries. Our leadership position in rheology additives supports our ability to provide full formulation to our customers.

In 2024, Industrial Coatings revenues increased 9% against a flat global market[3]. Revenue was higher across all regions, driven by increasing demand for our hectorite-based solutions. We launched two new products in 2024, including NUOSPERSE® FX 7600W and SUPREAD™ 3410, supporting the transition from solvent-based to water-based coating systems. Over the next 12 months, we will complete our testing phase to refine our market expansion strategy for the powder coating industry, leveraging our hectorite and organic thixotrope-based portfolio. Powder coatings do not require solvents and the latest technology developments are enabling lower curing temperatures. This makes them suitable for heat sensitive materials such as wood coatings, creating additional growth opportunities.

Our third growth platform comprises Adhesives, Sealants and Construction Additives, where we offer high-performance additives for a range of applications, for example, pressure-sensitive adhesives, water-based construction sealants and cement-based tile mortars. This is a market that we are only starting to penetrate but where our technologies bring both sustainability and performance benefits. We are looking to double our market share from 3% to 6% by 2026. In 2024, we saw revenues growing 15%

(from a small base) versus global markets[4] being only marginally up. Our recent growth has been supported by the success of our THIXATROL® range, which grew 40% in the year, as well as hectorite-based additives. Our THIXATROL® ingredients are natural, safer to handle, and provide the required rheology profiles for the end product. Importantly, our products can reduce in-process energy usage by up to 80%. We see strong demand for hectorite-based additives, where hectorite is seen as a more sustainable ingredient, but also one that provides additional benefits. One key area where we see rapid growth is in hectorite for tile mortars. This is a $100 million market, where we are replacing bentonite-based products and significantly improving end-product efficiency. Innovation is crucial here, and we have six new products in the pipeline, launching over the next two years.

Innovation is a key driver of growth in Coatings. We launched 12 new products in 2024, of which six were across the growth platforms, and six targeting other markets including new adjacencies. Here we expanded our plastic additives portfolio with CHARGUARD™ fire retardant synergists, designed to enhance anti-drip and char formation properties of non-halogenated fire-retardants, potentially replacing certain types of polyfluoroalkyl substances used in this application.

Another major component of our growth strategy is our key account management programme. We have built strong technical and commercial relationships with major customers and cooperate in the development of new formulations to enhance their products and processes. This drives volume and revenue growth and deepens our relationships with major customers. This approach, combined with our innovation focus, is helping us explore new market segments and create new growth opportunities.

Talc financial performance

Talc revenue reduced 1% on a reported basis, down 2% on a constant currency basis, to $134.5 million (2023: $136.5 million), with lower volumes offsetting positive mix and price benefit. Revenues were impacted by the Finnish nationwide strike in H1 2024, and lower demand across key European markets.

The overall impact of the Finnish strike on Talc operating profit was around $3 million, due to lost sales and higher costs, in H1 2024. As a result, the adjusted operating profit reduced to $8.0 million (2023: $14.0 million) and adjusted operating margin declined to 5.9% (2023: 10.2%).

Talc strategic progress

In H2 2024 we put in place a dedicated Talc sales, customer service and support team to enable greater focus on improving business performance. We have gained good traction over the year, with stable trading and have gained market share despite continued weak market demand.

We continue to believe that Talc is a business with strong fundamentals and we are focusing our strategy on higher-margin applications that require talc of high and consistent quality. Those include, for example, long-life plastics, technical ceramics and barrier coatings. In long-life plastics, our Finntalc K line boosts plastic strength by up to 20%. In 2024, we launched another product in this series, popular for its highly lamellar ore. In technical ceramics, the internal combustion engine particulate filters require a highly engineered grade of talc to get the right efficiency. We have demonstrated the quality, purity and consistency needed in this market and built a solid base. We gained good traction with new customers this year and continue to expand our customer base further through tailored product developments and high-quality service.

In August, we announced a strategic review of the Talc business, to establish whether the full potential of Talc can best be delivered as part of Elementis, or via a divestment.

In September 2024, the RAC recommended that talc be classified as carcinogenic. This opinion has been adopted by the RAC but not published and a final decision is expected at the earliest in H2 2026.

Due to the ongoing strategic review of Talc, we now exclude the Talc growth platform from our overall 2023 CMD growth programme.

Sources: 1. Statista; 2. Euromonitor, Elementis insight; 3. Orr & Boss; 4. Markets and Markets.

ELEMENTIS

Consolidated income statement

for the year ended 31 December 2024

$m	2024	2023
Revenue	738.3	713.4
Cost of sales	(400.3)	(429.1)
Gross profit	338.0	284.3
Distribution costs	(127.9)	(108.7)
Administrative expenses	(236.7)	(116.7)
Operating (loss)/profit	(26.6)	58.9
Other expenses[1]	(1.8)	(2.3)
Finance income	2.9	4.4
Finance costs	(24.1)	(21.3)
(Loss)/profit before income tax	(49.6)	39.7
Tax	1.8	(11.5)
(Loss)/profit from continuing operations	(47.8)	28.2
Loss from discontinued operations	–	(1.7)
(Loss)/profit for the year	(47.8)	26.5
Attributable to:		
Equity holders of the parent	(47.8)	26.5
Earnings per share		
From continuing operations		
Basic (loss)/earnings (cents)	(8.1)	4.8
Diluted (loss)/earnings (cents)	(8.1)	4.7
From continuing and discontinued operations		
Basic (loss)/earnings (cents)	(8.1)	4.5
Diluted (loss)/earnings (cents)	(8.1)	4.4

1 Other expenses comprise administration expenses for the Group's pension schemes.

ELEMENTIS

Consolidated statement of comprehensive income

for the year ended 31 December 2024

$m	2024	2023
(Loss)/profit for the year	(47.8)	26.5
Other comprehensive income:		
Items that will not be reclassified subsequently to profit and loss:		
Remeasurements of retirement benefit obligations	(14.3)	12.3
Deferred tax associated with retirement benefit obligations	3.5	(2.8)
Items relating to discontinued operations, net of tax	–	–
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	(23.9)	(5.1)
Effective portion of change in fair value of net investment hedge	6.5	14.8
Tax associated with change in fair value of net investment hedge	–	(0.1)
Effective portion of changes in fair value of cash flow hedges	2.3	12.7
Fair value of cash flow hedges transferred to income statement	(4.4)	(6.3)
Tax associated with changes in cashflow hedges	(0.4)	(0.6)
Recycling of deferred foreign exchange gains on disposal	–	9.3
Exchange differences on translation of share options reserves	0.1	0.2
Other comprehensive (loss)/income	(30.6)	34.4
Total comprehensive (loss)/income for the year	(78.4)	60.9
Attributable to:		
Equity holders of the parent	(78.4)	60.9

ELEMENTIS

Consolidated balance sheet

as at 31 December 2024

$m	2024 31 December	2023 31 December
Non-current assets		
Goodwill and other intangible assets	585.9	650.6
Property, plant, and equipment	338.0	423.6
Tax recoverable	–	20.0
Derivative financial assets	1.8	6.0
Deferred tax assets	7.4	19.6
Net retirement benefit surplus	27.6	42.1
Total non-current assets	960.7	1,161.9
Current assets		
Inventories	152.5	163.3
Trade and other receivables	93.3	101.8
Derivative financial assets	3.6	7.4
Tax recoverable	21.0	–
Current tax assets	11.2	11.2
Cash and cash equivalents	59.9	65.8
Total current assets	341.5	349.5
Assets classified as held for sale	6.2	–
Total assets	1,308.4	1,511.4
Current liabilities		
Trade and other payables	(108.4)	(117.9)
Derivative financial liabilities	(1.5)	–
Current tax liabilities	(9.8)	(13.6)
Lease liabilities	(5.9)	(5.9)
Provisions	(6.3)	(21.5)
Total current liabilities	(131.9)	(158.9)
Non-current liabilities		
Loans and borrowings	(219.2)	(264.7)
Retirement benefit obligations	(8.6)	(9.0)
Deferred tax liabilities	(98.1)	(138.7)
Lease liabilities	(28.8)	(30.3)
Provisions	(42.1)	(60.4)
Derivative financial liabilities	–	(2.1)
Total non-current liabilities	(396.8)	(505.2)
Liabilities classified as held for sale	(22.7)	–
Total liabilities	(551.4)	(664.1)
Net assets	757.0	847.3
Equity		
Share capital	52.7	52.5
Share premium	239.7	239.2
Other reserves	51.5	70.1
Retained earnings	413.1	485.5
Total equity attributable to equity holders of the parent	757.0	847.3
Total equity	757.0	847.3

ELEMENTIS

Consolidated statement of changes in equity

for the year ended 31 December 2024

$m	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	52.3	238.7	(122.4)	(1.0)	165.5	450.8	783.9
Comprehensive income:							
Profit for the year	–	–	–	–	–	26.5	26.5
Other comprehensive income:							
Exchange differences	–	–	9.7	–	0.2	–	9.9
Effective portion of changes in fair value of cash flow hedges	–	–	–	12.7	–	–	12.7
Fair value of cash flow hedges transferred to the income statement	–	–	–	(6.3)	–	–	(6.3)
Tax associated with changes in cash flow hedges	–	–	–	–	–	(0.6)	(0.6)
Tax associated with changes in fair value of net investment hedge	–	–	–	–	–	(0.1)	(0.1)
Remeasurements of retirement benefit obligations	–	–	–	–	–	12.3	12.3
Deferred tax adjustment on pension scheme deficit	–	–	–	–	–	(2.8)	(2.8)
Recycling of deferred foreign exchange losses on disposal	–	–	9.3	–	–	–	9.3
Transfer	–	–	–	–	(2.3)	2.3	–
Total other comprehensive income/(loss)	–	–	19.0	6.4	(2.1)	11.1	34.4
Total comprehensive income/(loss)	–	–	19.0	6.4	(2.1)	37.6	60.9
Transactions with owners:							
Issue of shares by the Company	0.2	0.5	–	–	–	–	0.7
Deferred tax on share based payments recognised within equity	–	–	–	–	–	(1.6)	(1.6)
Share based payments	–	–	–	–	–	(1.3)	(1.3)
Fair value of cash flow hedges transferred to net assets	–	–	–	–	4.2	–	4.2
Reserve reclassification	–	–	–	0.5	–	–	0.5
Total transactions with owners	0.2	0.5	–	0.5	4.2	(2.9)	2.5
Balance at 31 December 2023	52.5	239.2	(103.4)	5.9	167.6	485.5	847.3
Comprehensive income:							
Loss for the year	–	–	–	–	–	(47.8)	(47.8)
Other comprehensive income:							
Exchange differences	–	–	(17.4)	–	0.1	–	(17.3)
Effective portion of changes in fair value of cash flow hedges	–	–	–	2.3	–	–	2.3
Fair value of cash flow hedges transferred to the income statement	–	–	–	(4.4)	–	–	(4.4)
Tax associated with changes in cashflow hedges	–	–	–	–	–	(0.4)	(0.4)
Tax associated with change in fair value of net investment hedge	–	–	–	–	–	–	–
Remeasurements of retirement benefit obligations	–	–	–	–	–	(14.3)	(14.3)
Deferred tax adjustment on pension scheme deficit	–	–	–	–	–	3.5	3.5
Transfer	–	–	–	–	(5.3)	5.3	–
Total other comprehensive loss	–	–	(17.4)	(2.1)	(5.2)	(5.9)	(30.6)
Total comprehensive loss	–	–	(17.4)	(2.1)	(5.2)	(53.7)	(78.4)
Transactions with owners:							
Issue of shares by the Company	0.2	0.5	–	–	–	–	0.7
Dividends paid	–	–	–	–	–	(18.8)	(18.8)
Deferred tax on share based payments recognised within equity	–	–	–	–	–	0.1	0.1
Share based payments	–	–	–	–	5.7	–	5.7
Fair value of cash flow hedges transferred to net assets	–	–	–	0.4	–	–	0.4
Total transactions with owners	0.2	0.5	–	0.4	5.7	(18.7)	(11.9)
Balance at 31 December 2024	52.7	239.7	(120.8)	4.2	168.1	413.1	757.0

ELEMENTIS

Consolidated cash flow statement

for the year ended 31 December 2024

$m	2024	2023
Operating activities:		
(Loss)/profit from continuing operations	(47.8)	28.2
Adjustments for:		
Other expenses	1.8	2.3
Finance income	(2.9)	(4.4)
Finance costs	24.1	21.3
Tax (credit)/charge	(1.8)	11.5
Depreciation and amortisation	52.7	55.7
Impairment loss on property, plant, and equipment	126.0	–
(Decrease)/increase in provisions and financial liabilities	(19.2)	16.7
Pension payments net of current service cost	(0.6)	(3.1)
Share based payments expense	6.1	4.4
Operating cash flow before movement in working capital	138.4	132.6
Decrease in inventories	4.9	22.5
Decrease/(increase) in trade and other receivables	4.1	(0.3)
Decrease in trade and other payables	(4.7)	(20.1)
Cash generated by operations	142.7	134.7
Income taxes paid	(24.5)	(27.3)
Interest paid	(18.2)	(18.1)
Net cash flow used in operating activities from discontinued operations	–	(12.5)
Net cash flow from operating activities	100.0	76.8
Investing activities:		
Interest received	0.3	0.4
Purchase of property, plant and equipment	(37.4)	(38.1)
Disposal of business	–	139.2
Acquisition of intangible assets	(0.4)	(0.1)
Net cash flow used in investing activities from discontinued operations	–	(0.3)
Net cash flow from investing activities	(37.5)	101.1
Financing activities:		
Issue of shares by the Company and the ESOT net of issue costs	0.5	(1.0)
Repayment of term loans	(25.0)	(50.0)
Net movement on other loans and borrowings	(9.8)	(110.5)
Dividends paid	(18.8)	–
Payment of interest on lease liabilities	(1.4)	(1.3)
Payment of gross lease liabilities	(5.3)	(5.2)
Net cash used in financing activities	(59.8)	(168.0)
Net increase in cash and cash equivalents	2.7	9.9
Cash and cash equivalents at 1 January	65.8	54.9
Foreign exchange on cash and cash equivalents	(2.7)	1.0
Less: cash and cash equivalents classified as held for sale	(5.9)	–
Cash and cash equivalents at 31 December	59.9	65.8

Notes to the financial statements

1. Preparation of the preliminary announcement

The financial information in this statement does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This preliminary announcement was approved by the Board of Directors on 5 March 2025.

2. Basis of preparation

Elementis plc (the "Company") is incorporated in the UK. The information within this document has been prepared based on the Company's consolidated financial statements which are prepared in accordance with International Financial Reporting Standards as adopted by the UK (adopted IFRS) and consistent with the accounting policies as set out in the previous consolidated financial statements.

The Group's financial statements have been prepared on the historical cost basis except that derivative financial instruments are stated at their fair value. Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. The preparation of financial statements requires the application of estimates and judgements that affect the reported amounts of assets and liabilities, revenues and costs and related disclosures at the balance sheet date.

The accounting policies adopted are consistent with those of the previous financial year.

Going concern

The Group and Company financial statements have been prepared on the going concern basis, as the Directors are satisfied that the Group and Company have adequate resources to continue to operate for at least a period of 12 months from the date of approval of the financial statements. An explanation of the Directors' assessment of using the going concern basis is given in the Directors' report in the Annual Report and Accounts 2024 which will be made available to shareholders on 25 March 2024.

Reporting currency

As a consequence of the majority of the Group's sales and earnings originating in US dollars or US dollar linked currencies, the Group has chosen the US dollar as its presentational currency. This aligns the Group's external reporting with the profile of the Group, as well as with internal management reporting.

3. Finance income

$m	2024	2023
Interest on bank deposits	0.3	0.5
Pension and other post retirement liabilities	1.4	1.0
Fair value movement on derivatives	–	1.5
Interest on EU state aid receivable	1.2	1.4
	2.9	4.4

4. Finance costs

$m	2024	2023
Interest on bank loans	20.3	17.5
Unwind of discount on provisions	2.4	1.4
Interest on lease liabilities	1.4	1.3
Fair value movement on derivatives	–	1.1
	24.1	21.3

ELEMENTIS

5. Adjusting items and alternative performance measures

$m	2024	2023
Business transformation	11.0	26.1
Environmental provisions		
Increase in provisions due to additional remediation work identified	4.0	6.6
Decrease in provisions due to change in discount rate	(2.2)	(0.4)
Impairment of assets	126.0	–
Settlement of Brazil customs matter	3.0	–
St Louis fire	1.3	–
Amortisation of intangibles arising on acquisition	12.3	12.7
	155.4	45.0
Unrealised mark to market of derivative financial instruments	–	1.1
Unwind of discount on restructuring provision	0.4	–
Interest on EU state aid receivable	(1.2)	(1.4)
Tax credit in relation to adjusting items	(26.8)	(8.4)
	127.8	36.3

A number of items have been recorded under adjusting items by virtue of their size and/or one time nature, in line with our accounting policy in Note 1 to the consolidated financial statements, in order to provide additional useful analysis of the Group's results. The Group considers the adjusted results to be an important measure used to monitor how the businesses are performing as they achieve consistency and comparability between reporting periods. The net impact of these items on the Group profit before tax for the year is a debit of $154.6 million (2023: $44.7 million). The items fall into a number of categories, as summarised below:

Business transformation – In March 2024, the Group announced the closure of its Middletown plant. Costs of $1.6 million associated with the closure of the site were classified as an adjusting item, including charges of $0.7 million relating to a restructuring provision and $0.9 million of other costs. The plant was closed by 31 December 2024.

In March 2024, the Group announced the sale of the Eaglescliffe site. Costs of $0.2 million associated with disposal activities were classified as an adjusting item. The transaction is conditional on regulatory approval.

In August 2024, the Group announced a strategic review of the Talc business, to establish whether the full potential of the Talc business can best be delivered as part of the Group, or via a divestment. Costs of $3.5 million have been incurred and recognised as an adjusting item in relation to this strategic review. The review is expected to be completed in 2025.

In the year, the Group commenced a data transformation programme to develop a new internal data analytics platform to deliver a unified, global view of our data, leveraging advanced analytical technology, and primed for future integration with GenAI. Costs of $2.1 million were recognised in 2024, and the new platform is expected to be fully implemented in 2026.

In September 2023, the Fit for the Future organisation restructuring programme was announced, for which costs of $2.8 million were recognised in 2024 (2023: $25.4 million); reflecting $3.4 million of additional costs and a credit of $0.6 million in relation to the revaluation of the restructuring provision. In addition, a charge of $0.4 million has been recognised within finance costs in relation to the unwind of discount for this provision. Total estimated costs for the programme are $29.7 million, of which $23.7 million has been utilised since 2023. The programme is expected to be completed in 2025.

In November 2020, the closure of the Charleston plant was announced. Costs of $0.5 million ($0.7 million in 2023) associated with the closure of the site are classified as an adjusting item and the site is planned to be disposed of in the future. Since November 2020, $23.9 million has been incurred in relation to the closure of the site.

Environmental provisions – The Group's environmental provision is calculated on a discounted cash flow basis, reflecting the time period over which spending is estimated to take place. The movement in the provision relates to a change in discount rates that has decreased the liability by $2.2 million in the year (2023: $0.4 million) and extra remediation work identified in the year, which has resulted in a $4.0 million increase to the liability (2023: $6.6 million). As these costs relate to non-operational facilities, they are classified as adjusting items.

Impairment of assets – In the first half of 2024, Talc performance was adversely impacted by continued weak end-market demand and a strike action in Finland. Accordingly, a new business plan was prepared for the Talc business which resulted in an impairment of assets of $66.1 million.

In September 2024, the Risk Assessment Committee of the European Chemicals Agency made a recommendation that the talc mineral be classified as a Carc 1B carcinogen. A final decision by the European Commission is expected in H2 2026. As a result, there is a high degree of uncertainty with regards to the future demand and profitability profile of the Talc business, which gave rise to a further impairment of $59.9 million in the second half of 2024.

The cumulative impairment losses recognised during the year comprised of $23.1 million in relation to customer lists, $24.0 million in relation to other intangible assets, $78.1 million in relation to plant and machinery and $0.8 million in relation to land and buildings.

Settlement of the Brazil customs matter – In August 2022, the Brazilian tax authorities opened a tax audit into the Group's Brazilian entity. The audit was focused on the customs classification code used since 2017 for one of the entity's imported raw materials. In 2024, the Group agreed a settlement with the Brazilian tax authorities in relation to a customs matter, of which $3.0 million has been recognised as an adjusting item.

St Louis fire – In November 2024, a fire incident at our St Louis plant resulted in a cost of $1.3 million. Of this, $0.7 million relates to items of property, plant and equipment which were written off.

Amortisation of intangibles arising on acquisition – Amortisation of $12.3 million (2023: $12.7 million) represents the charge in respect of the Group's acquired intangible assets. As in previous years, these are included in adjusting items as they are a non-cash charge arising from historical investment activities.

Unrealised mark to market of derivatives – The unrealised movements in the mark-to-market valuation of financial instruments that are not in hedging relationships are treated as adjusting items as they are unrealised non-cash fair value adjustments that will not affect the cash flows of the Group.

Interest on EU state aid receivables – Finance income of $1.2 million (2023: $1.4 million) has been recognised in respect of interest due to the Group.

Tax on adjusting items – This is the net impact of tax relating to the adjusting items listed above.

To support comparability with the financial statements as presented in 2024, the reconciliation to the adjusted consolidated income statement is shown below.

	2024			2023		
$m	Profit and loss	Adjusting items	Profit and loss after adjusting items	Profit and loss	Adjusting items	Profit and loss after adjusting items
Revenue	738.3	–	738.3	713.4	–	713.4
Cost of sales	(400.3)	–	(400.3)	(429.1)	–	(429.1)
Gross profit	338.0	–	338.0	284.3	–	284.3
Distribution costs	(127.9)	–	(127.9)	(108.7)	–	(108.7)
Administrative expenses	(236.7)	155.4	(81.3)	(116.7)	45.0	(71.7)
Operating (loss)/profit	(26.6)	155.4	128.8	58.9	45.0	103.9
Other expenses	(1.8)	–	(1.8)	(2.3)	–	(2.3)
Finance income	2.9	(1.2)	1.7	4.4	(1.4)	3.0
Finance costs	(24.1)	0.4	(23.7)	(21.3)	1.1	(20.2)
(Loss)/profit before income tax	(49.6)	154.6	105.0	39.7	44.7	84.4
Tax	1.8	(26.8)	(25.0)	(11.5)	(8.4)	(19.9)
(Loss)/profit from continuing operations	(47.8)	127.8	80.0	28.2	36.3	64.5
Earnings per share						
From continuing operations						
Basic (loss)/earnings (cents)	(8.1)	21.7	13.6	4.8	6.2	11.0
Diluted (loss)/earnings (cents)	(8.1)	21.4	13.3	4.7	6.1	10.8

To support comparability with the financial statements as presented in 2024, a reconciliation from reported profit/(loss) before interest to adjusted operating profit/(loss) by segment is shown below for each year.

2024 $m	*Coatings*	*Talc*	Performance Specialties totals	Personal Care	Segment totals	Central costs	Total
Reported operating (loss)/profit	*73.5*	*(124.3)*	(50.8)	49.3	(1.5)	(25.1)	(26.6)
Adjusting Items							
Business transformation	*0.5*	*2.2*	2.7	4.2	6.9	4.1	11.0
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	4.0	4.0
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(2.2)	(2.2)
Impairment of assets	–	*126.0*	126.0	–	126.0	–	126.0
Settlement of Brazil customs matter	*3.0*	–	3.0	–	3.0	–	3.0
St Louis fire	*1.3*	–	1.3	–	1.3	–	1.3
Amortisation of intangibles arising on acquisition	*0.1*	*4.1*	4.2	8.1	12.3	–	12.3
Adjusted operating profit /(loss)	*78.4*	*8.0*	86.4	61.6	148.0	(19.2)	128.8

ELEMENTIS

2023 $m	*Coatings*	*Talc*	Performance Specialties totals	Personal Care	Segment totals	Central costs	Total
Reported operating profit/(loss)	*55.2*	*8.6*	63.8	43.2	107.0	(48.1)	58.9
Adjusting Items							
Business transformation	*0.7*	–	0.7	–	0.7	25.4	26.1
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	6.6	6.6
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(0.4)	(0.4)
Amortisation of intangibles arising on acquisition	*0.2*	*5.4*	5.6	7.1	12.7	–	12.7
Adjusted operating profit /(loss)	*56.1*	*14.0*	70.1	50.3	120.4	(16.5)	103.9

6. Income tax expense

$m	2024	2023
Current tax:		
UK corporation tax	12.9	6.2
Overseas corporation tax on continuing operations	7.6	8.7
Adjustments in respect of prior years:		
United Kingdom	0.7	(0.7)
Overseas	0.2	(3.0)
Total current tax	21.4	11.2
Deferred tax:		
United Kingdom	6.0	(0.2)
Overseas	(28.8)	(1.6)
Adjustment in respect of prior years:		
United Kingdom	–	–
Overseas	(0.4)	2.1
Total deferred tax	(23.2)	0.3
Income tax (credit)/expense for the year	(1.8)	11.5
Comprising:		
Income tax (credit)/expense for the year	(1.8)	11.5
Adjusting items [1]		
Overseas taxation on adjusting items	(27.0)	(4.0)
UK taxation on adjusting items	0.2	(4.4)
Taxation on adjusting items	(26.8)	(8.4)
Income tax expense for the year after adjusting items	25.0	19.9

1 See Note 5 for details of adjusting items.

The tax charge on profits represents an effective rate of 3.6% (2023: 29.0%) and an effective tax rate after adjusting items of 23.8% (2023: 23.5%).

ELEMENTIS

The tax impact of the adjusting items outlined within note 5 and within the consolidated income statement relates to the following:

	2024		2023	
$m	Gross	Tax impact	Gross	Tax impact
Business transformation	11.0	2.4	26.1	5.2
Environmental provisions	1.8	–	6.2	1.3
Impairment of property, plant and equipment	126.0	27.2	–	–
Settlement of Brazil customs matter	3.0	–	–	–
Mark to market of derivative financial instruments	–	–	1.1	0.2
Interest on EU state aid receivable	(1.2)	(0.3)	(1.4)	(0.4)
Amortisation of intangibles arising on acquisition	12.3	2.8	12.7	2.1
St Louis fire	1.3	0.3	–	–
Unwind of discount on restructuring provision	0.4	0.1	–	–
Derecognition of deferred tax asset regarding Eaglescliffe	–	(5.7)	–	–
Total	154.6	26.8	44.7	8.4

The Group is international and has operations across a range of jurisdictions. Accordingly, tax charges of the Group in future periods will be affected by the profitability of operations in different jurisdictions and changes to tax rates and regulations in the jurisdictions within which the Group has operations. The Group's adjusted effective tax rate in 2024 is broadly in line with the prior year. The medium-term expectation for the Group's adjusted effective tax rate is around 26%.

On 20 December 2021, the OECD published its Global Anti-Base Erosion Model Rules (Pillar Two). The report provides a model for a coordinated system of taxation that imposes a top-up tax on profits arising in a jurisdiction whenever the effective tax rate, determined on a jurisdictional basis, is below the minimum tax rate of 15%. The UK enacted legislation to enshrine this into domestic law in July 2023. The Group is below the revenue threshold for the legislation to apply and therefore there is no impact on the financial statements.

The total charge for the year can be reconciled to the accounting profit as follows:

	2024		2023	
	$m	%	$m	%
(Loss)/profit before tax	(49.6)		39.7	
Tax at 25.0% (2023: 23.5%)	(12.4)	25.0	9.4	23.5
Difference in overseas effective tax rates	3.4	(6.8)	1.9	4.9
Income not taxable	(2.8)	5.6	–	–
Expenses not deductible for tax purposes	3.2	(6.5)	7.1	17.9
Adjustments in respect of prior years	0.4	(0.8)	(1.5)	(3.7)
Tax rate changes	–	–	–	–
Tax associated with disposal of discontinued operations	–	–	(12.8)	(32.2)
Movement in unrecognised deferred tax	6.4	(12.9)	7.4	18.6
Total (credit)/charge and effective tax rate for the year	(1.8)	3.6	11.5	29.0

7. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following:

$m	2024	2023
Earnings:		
Adjusted earnings	80.0	64.5
Adjusting items net of tax	(127.8)	(36.3)
(Loss)/earnings for the purpose of basic earnings per share	(47.8)	28.2
Loss from discontinued operations	–	(1.7)
(Loss)/earnings from continuing and discontinued operations	(47.8)	26.5

m	2024	2023
Number of shares:		
Weighted average number of shares for the purpose of basic earnings per share	588.9	585.7
Effect of dilutive share options	11.9	11.2
Weighted average number of shares for the purpose of diluted earnings per share	600.8	596.9

The dilutive (loss)/earnings per share calculation for 2024, in the table below, does not include the impact of the 11.9 million dilutive share options, as the inclusion of these potential shares would have an anti-dilutive impact on the diluted loss per share from continuing operations; it would decrease the diluted loss per share from continuing operations.

cents	2024	2023
Earnings per share from continuing operations:		
Basic (loss)/earnings	(8.1)	4.8
Diluted (loss)/earnings	(8.1)	4.7
Basic after adjusting items	13.6	11.0
Diluted after adjusting items	13.3	10.8
Earnings per share from discontinued operations:		
Basic (loss)/earnings	–	(0.3)
Diluted (loss)/earnings	–	(0.3)
Earnings per share from continuing and discontinued operations:		
Basic (loss)/earnings	(8.1)	4.5
Diluted (loss)/earnings	(8.1)	4.4

8. Contingent liabilities

As is the case with other chemical companies, the Group occasionally receives notice of litigation relating to regulatory and legal matters. A provision is recognised when the Group believes it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is deemed that an obligation is merely possible and that the probability of a material outflow is not remote, the Group would disclose a contingent liability.

The Group has not received any notice of litigation relating to events arising prior to the balance sheet date that is expected to lead to a material exposure.

During 2021, HM Revenue and Customs ("HMRC") opened a tax audit into the 2019 tax returns of certain UK Group entities, focused specifically on the tax efficient financing structure set up in 2014. The Group has been working constructively with HMRC and is hopeful of bringing these matters to a conclusion during 2025. At this stage, management have concluded that there is a possible obligation but that any such obligation cannot be measured with sufficient reliability.

During 2022, the Group terminated a distribution agreement with one of its distributors. The distributor has brought a claim for compensation as a result of the termination. This matter has now proceeded to arbitration and management have concluded at this stage that the obligation cannot be measured with sufficient reliability.

During Q4 2023, an environmental incident occurred at the Eaglescliffe site, which following investigation during H1 2024, is likely to require additional remediation work at the site and could result in a fine from the relevant supervisory body. Under the terms of the sale and purchase agreement with Flacks Group, signed in March 2024, Flacks Group are responsible for the cost of any remediation and associated fine. As the transaction has not yet completed Elementis have disclosed the event. Management have concluded at this stage that the obligation cannot be measured with sufficient reliability.

As part of ongoing submission of mining closure plans to the Finnish Safety and Chemicals Agency, the Group has noted that further costs associated with activities for the closure and termination of mining activities will be incurred. The Group has recognised a provision where a reliable estimate of the costs required for mining closure is available. A reliable estimate of future costs is not available for all sites as the work to determine these costs and the future mining closure plans is still in progress. A contingent liability is therefore disclosed in respect of these costs.

9. Related party transactions

The Company is a guarantor to the UK pension scheme under which it guarantees all current and future obligations of UK subsidiaries currently participating in the pension scheme to make payments to the scheme, up to a specified maximum amount. The maximum amount of the guarantee is that which is needed (at the time the guarantee is called on) to bring the scheme's funding level up to 105% of its liabilities, calculated in accordance with section 179 of the Pensions Act 2004. This is also sometimes known as a Pension Protection Fund ("PPF") guarantee, as having such a guarantee in place reduces the annual PPF levy on the scheme.

10. Events after the balance sheet date

There were no significant events after the balance sheet date.

Alternative performance measures and unaudited information

Alternative performance measures

A reconciliation from reported profit for the year to earnings before interest, tax, depreciation and amortisation ("EBITDA") is provided to support understanding of the summarised cash flow included within the Finance report.

Profit and loss $m	2024	2023
(Loss)/profit for the year	(47.8)	26.5
Adjustments for		
(Loss)/profit from discontinued operations	–	1.7
Finance income	(2.9)	(4.4)
Finance costs and other expenses	25.9	23.5
Tax (credit)/charge	(1.8)	11.5
Depreciation and amortisation	51.1	54.7
Excluding intangibles arising on acquisition	(12.3)	(12.7)
Adjusting items before finance costs and depreciation	155.4	45.0
Adjusted EBITDA	167.6	145.8

There are also a number of key performance indicators ("KPIs") used in this report. The reconciliations to these are given below.

Constant currency

Constant currency is calculated by applying the prior-year average local currency to US dollar translation rates to translate revenue and adjusted operating profit. Constant currency rates are determined as the reported rates excluding the impact of changes in the average translation exchange rates during the period.

Adjusted operating cash flow

Adjusted operating cash flow is defined as the net cash flow from operating activities less net capital expenditure but excluding, income taxes paid or received, interest paid or received, movement in provisions and financial liabilities, pension contributions net of current service cost, share-based payment expense and adjusting items.

$m	2024	2023
Net cash flow from operating activities	100.0	76.8
Less:		
Net cash flow used in operating activities from discontinued operations	–	12.4
Capital expenditure	(37.8)	(38.2)
Add:		
Income tax paid or received	24.5	27.3
Interest paid or received	18.2	18.1
Decrease/(increase) in provisions and financial liabilities	19.2	(16.7)
Pension contributions net of current service cost	0.6	3.1
Share-based payment expense	(6.1)	(4.4)
Adjusting items – non cash	(17.7)	21.3
Adjusting items – cash	33.3	10.0
Adjusted operating cash flow	134.2	109.7

Adjusted operating cash conversion

Adjusted operating cash conversion is defined as adjusted operating profit divided by adjusted operating cash flow plus provisions and share based payments.

$m	2024	2023
Adjusted operating profit	128.8	103.9
Adjusted operating cash flow	134.2	109.7
Adjusted operating cash flow conversion	104%	106%

Free cash flow

Free cash flow is defined as adjusted operating cash flow (as defined above), less pension contributions net of current service cost, net interest paid, income tax paid, cash flow relating to adjusting items and other, which includes share-based payments, movement in provisions and derivatives, and payment of lease liabilities.

Adjusted return on operating capital employed

Adjusted return on operating capital employed ("ROCE") is defined as operating profit from total operations after adjusting items divided by operating capital employed, expressed as a percentage. Operating capital employed comprises fixed assets (excluding goodwill but including tax recoverable), working capital and operating provisions. Operating provisions include self-insurance and environmental provisions but exclude retirement benefit obligations.

$m	2024	2023
Adjusted operating profit	128.8	103.9
Fixed assets excluding goodwill	464.7	612.0
Working capital	137.4	147.2
Operating provisions	(48.4)	(81.9)
Operating capital employed	553.7	677.3
Adjusted return on capital employed	23%	15%

Average trade working capital to sales ratio

Trade working capital to sales ratio is defined as the 12-month average trade working capital divided by sales, expressed as a percentage. Trade working capital comprises inventories, trade receivables (net of provisions) and trade payables. It specifically excludes repayments, capital- or interest-related receivables or payables, changes due to currency movements, and items classified as other receivables and other payables.

Adjusted operating profit/operating margin

Adjusted operating profit is the profit derived from the normal operations of the business. Adjusted operating margin is the ratio of operating profit, after adjusting items, to sales.

Net debt

Net debt is defined as borrowings less cash and cash equivalents, including any restricted or held for sale cash and cash equivalents. Pre IFRS 16 net debt does not include lease liabilities.

ELEMENTIS

Unaudited information

Net debt/EBITDA

To support a full understanding of the performance of the Group, the information below provides the calculation of net debt/EBITDA.

$m	2024	2023
Revenue	738.3	713.4
Adjusted operating profit	128.8	103.9
Adjusted operating margin	17.4%	14.6%
Net debt/EBITDA pre-IFRS 16		
Adjusted EBITDA	167.6	146.2
IFRS 16 adjustment	(6.7)	(6.5)
Adjusted EBITDA pre-IFRS 16	160.9	139.7
Net Debt [1]	157.2	202.0
Net debt/EBITDA [2] pre-IFRS 16	1.0	1.4
Net debt/EBITDA post-IFRS 16		
Adjusted EBITDA	167.6	146.2
Net debt [1]	157.2	202.0
IFRS 16 lease liabilities	34.5	35.6
Net debt including lease liabilities	191.7	237.6
Net debt/EBITDA [2] post-IFRS 16	1.1	1.6

1 Net debt excludes lease liabilities.

2 Net debt/EBITDA, where EBITDA is the adjusted EBITDA on continuing operations of the Group.

Cash adjusting items

To support a full understanding of the performance of the Group, the information below provides the following analysis of cash adjusting items.

$million	2024	2023
Business transformation	(25.5)	(5.6)
Environmental provisions	(4.2)	(4.4)
Settlement of Brazil customs matter	(3.0)	–
St Louis fire	(0.6)	–
Total cash adjusting items	(33.3)	(10.0)

The cash adjusting items increased to $33.3 million (2023: $10.0 million). Business transformation cash outflow of $25.5 million (2023: $5.6 million) primarily includes $18.0 million in relation to the Fit for the Future

organisational restructuring, $3.5 million for the ongoing strategic review of Talc, $2.1 million in relation to the execution of the Group's data transformation programme and $1.4 million in relation to the closure of the Middletown plant. The cash outflows of $4.2 million for the environmental provisions (2023: $4.4 million), primarily related to the Eaglescliffe site. In addition, we reported a $3.0 million (2023: nil) settlement for the Brazil customs matter and a cash outflow of $0.6 million (2023: nil) in relation to the St Louis fire.