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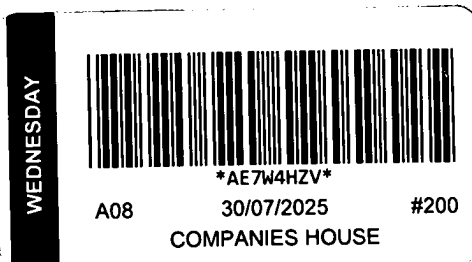
DE BEERS GROUP

Element Six (UK) Limited

Annual Report and Financial Statements

Year Ended 31 December 2024

Company Registration Number: 01050981



CONTENTS

	Page
DIRECTORS AND OTHER INFORMATION	2
STRATEGIC REPORT	3 - 5
DIRECTORS' REPORT	6 - 7
STATEMENT OF DIRECTORS' RESPONSIBILITIES	8
INDEPENDENT AUDITORS' REPORT	9 - 11
INCOME STATEMENT	12
STATEMENT OF FINANCIAL POSITION	13
STATEMENT OF CHANGES IN EQUITY	14
NOTES TO THE FINANCIAL STATEMENTS	15 - 31

DIRECTORS AND OTHER INFORMATION

Board of Directors

S Duffy
J De Klerk
E Leathers
E Williams
N Perkins (appointed 29 April 2024)

Secretary

De Beers Corporate Secretary Limited
17 Charterhouse Street
London
EC1N 6RA
England

Element Six (UK) Limited is a private Company limited by shares, incorporated in the United Kingdom and registered in England and Wales.

Registered Office

Global Innovation Centre
Fermi Avenue
Harwell Oxford
Didcot
Oxfordshire
OX11 0QR

Registration Number: 01050981

Bankers

BNP
10 Harewood Avenue
London
NW1 6AA
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH
United Kingdom

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2024.

Business Review and principal activities

Element Six (UK) Limited (the "Company") is a wholly-owned subsidiary of Element Six Abrasives Holdings Limited which manufactures and sells synthetic diamond and other super materials. The Company is the joint entrepreneur for the Abrasives business, providing management services to other Element Six Group companies (the "Group"), which includes companies held by both Element Six Holdings Limited and Element Six Abrasives Holdings Limited and undertakes research activities on behalf of the Element Six Abrasives Holdings Limited (the "Abrasives Group"), which includes companies held by Element Six Abrasives Holdings Limited.

Results

The loss for the year is £7k (2023: £3,116k profit). This is largely down to a decrease in the revenue received from the profit sharing agreement that the Company has with Element Six Limited (IEPRO). Total revenue has decreased from £40,716k in 2023 to £37,150k in 2024.

S172(1) Statement

In order to comply with Section 172 (1) of the Companies Act 2006, the Element Six (UK) Limited Board is cognisant of its legal duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of stakeholders and other factors. These include how directors have had regard to the likely consequences of any decisions we make in the long term; the need to foster the relationships we have with all our stakeholders; the interests of our employees; the impact our operations have on the environment and local communities; and the desire to maintain a reputation for high standards of business conduct.

The ultimate parent undertaking of Element Six (UK) Limited is Anglo American plc. The immediate parent undertaking of Element Six (UK) Limited is Element Six Abrasives Holdings Limited.

Element Six Holdings Limited owns 59.78% of shares in Element Six Abrasives Holdings Limited. Element Six Holdings Limited is 100.00% owned by De Beers plc. The remaining 40.22% is held by Umicore International SA.

Safety is a primary objective of the Company and strict policies and procedures are in place to protect all employees. The Company is committed to achieving its goal of zero harm. The Company is also committed to high standards of business conduct and integrity. A risk register is kept and constantly reviewed and updated.

There is an Element Six Inclusion & Diversity Committee with the aim to increase awareness and develop a strategic inclusion and diversity framework that enables engagement across the whole organisation. In 2024 the Committee held externally facilitated listening sessions and communicated results to employees.

An employee stress survey was conducted in 2024 and the results are currently being reviewed and communicated to employees. The next employee engagement survey is scheduled for 2025.

The Company's customers are other Group companies. All major suppliers' terms and conditions have been reviewed, and with agreement from those suppliers have been updated in line with current Company practices.

The Company follows all Group guidelines and reporting with regards to environmental impacts and climate change. The policy on responsible global supply chain of minerals and metals from conflict-affected and high risk areas can be found on the Element Six website for Group.

STRATEGIC REPORT – continued

Financial Position

The net liabilities as at 31 December 2024 were £32,412k (2023: £32,405k). The net liability position is due to amounts due to companies in the Abrasives Group. The directors are satisfied the Company is a going concern, more information on this assessment can be found in the Directors' Report.

Key performance indicators

The key performance indicators for the Company are revenue and operating profit. The directors and management use these measures to assess the performance of the Company and to make strategic decisions. This was as follows:

	2024	2023
Revenue (£k)	37,150	40,716
Operating Profit (£k)	4,338	9,116

Other KPIs relating to safety, sustainability, cash flow and other strategic areas are managed at Element Six Group level by the Executive Committee. They are not managed at Element Six (UK) Limited level. All targets are set at Element Six Group level by the Element Six Holdings Limited Board.

Principal risks and uncertainties

Principal risks and uncertainties include lower demand for research activities from other Group companies driven by lower customer demand, in particular in the oil and gas industry.

The directors and management will continue to monitor and manage the Company's exposure to risk, both market related and financial related, and are satisfied that current strategies in place will continue to reduce the Company's exposure to risk, and also help the business grow into the foreseeable future.

Financial risk management objectives and policies

The Company's operations expose it to a variety of financial risks that include the effect of changes in foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme, which the Company is part of, that seeks to manage the financial exposures of the Group by monitoring levels of debt finance and the related finance costs.

Currency risk

Element Six (UK) Limited has a limited amount of exposure to currency risk with the majority of its transactions being denominated in Pound Sterling and does not hold derivatives. On occasion large payments are required to be made in foreign currency and this is managed via the Group Treasury function.

Price risk

The Company is not exposed to equities price risk as it does not hold any such financial assets. Commodity price risk relating to the price of production is managed locally.

Interest rate risk

The Company has no significant interest bearing assets or liabilities apart from intercompany balances. Interest rate risk on intercompany balances is managed centrally by the treasury department for the benefit of the Group. Amounts owed to Group undertakings falling due within one year are interest free and repayable on demand. The amount owed to Element Six Abrasives Treasury Limited is interest bearing with a margin of 1.5% plus 3 month SONIA.

STRATEGIC REPORT – continued

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are closely monitored and reviewed at least monthly. The majority of the company's debtors are intercompany with the remainder being VAT refundable. Monthly management accounts are used to monitor and manage debt levels. Intercompany balances are regularly cleared.

Liquidity risk

Liquidity risk is managed through a regular review of cash flow forecasts and an increased focus on working capital efficiency. In 2024, the primary source of guaranteed liquidity was a syndicated revolving credit facility, held jointly by the Company and other Group companies. On 23 May 2024 a new revolving credit facility was signed for the Group for \$135m, denominated in USD. This is a five year facility with two extension options of one year each and has two covenants: one based on leverage and one on interest cover. The company is an obligor to this facility. The new revolving credit facility superseded a previous \$225m syndicated revolving credit facility in place in 2023.

The Company has received a letter of support from Element Six Abrasives Holdings Limited stating its intention to provide adequate financial resources to Element Six (UK) Limited for a period not less than 12 months from the Directors' approval of the relevant Company's statutory financial statements for the year ended 31 December 2024.

The directors have reviewed some downside scenarios as part of their going concern analysis, please refer to the Going Concern section in the Directors' Report.

Future developments

The directors expect the general level of activity to be maintained in the forthcoming year. On 14 May 2024, Anglo American plc announced its intention to divest or demerge De Beers plc as part of a wider strategic review of its portfolio. Therefore, the ultimate parent company will change although the timing is unknown.

Events which have occurred since the end of the financial year

Effective 05 April 2025, the United States imposed a minimum 10% tariff on imports from all countries. As an importer into the United States, the Company is actively monitoring and responding to opportunities and risks presenting themselves from this announcement, however it is currently too early to predict the impact on the Company.

Approval

Approved by the Board and signed on its behalf by:

Erica Leathers

E Leathers
Director
23 April 2025

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Element Six (UK) Limited ("Company") for the year ended 31 December 2024.

Under section 414C(11) of the Act, the directors may include in the Strategic Report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the Directors' Report as the directors consider are of strategic importance to the Company.

The disclosures required by s416(4) which are dealt with in the Strategic Report in this way are:

- Financial risk management objectives and policies
- Future developments
- Events which have occurred since the end of the financial year

Streamlined Energy and Carbon Reporting

The Company has elected to apply the exemption of reporting these figures due to the Company's details being included in the Anglo American plc group annual report. Copies of the Anglo American plc annual report are available from 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

Statement of Business Relationships

The Company's business relationships with its customers, suppliers and community are noted in the Strategic Report.

Going Concern

The Company has net liabilities of £32,412k (2023: £32,405k), including amounts owed to other companies within the same Element Six Group of companies of £82,927k (2023: £82,657k). The Company is an obligor of a USD 135m Revolving Credit Facility which is a committed facility by five lenders maturing in May 2029. Element Six Abrasives Holdings Limited, the Company's parent, has confirmed, through a letter of support, that it intends to provide adequate financial resources to the Company if requested by the Company to meet its obligations for a period of not less than twelve months from the date of approval of the financial statements by the directors.

Given the Company relies on funding from Element Six Abrasives Holdings Limited, its immediate parent, and receives a large proportion of its income from the profit sharing arrangement with Element Six Limited (IEPRO), which is within the same consolidated group of companies, the directors review the forecasts of the Abrasives Group as part of their going concern review. The Abrasives Group was profitable in 2024 and continued growth is also expected in 2025. Therefore, it is expected that the Company will continue to receive a profit share from IEPRO which is the Company's primary income stream.

As the Company is an obligor in the Group's Revolving Credit Facility, the directors have adopted the going concern basis in preparing these financial statements after considering the financial position of the Company, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Company has adequate resources and funding to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

A severe but plausible downside scenario has been modelled by reducing the performance of the business by the same level of decline seen from 2019 to 2020, where the Company was impacted by a global economic downturn due to Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. Current geopolitical uncertainty and potential impacts of US tariff policies have also been modelled. The wider group to which the Company belongs is supported by external funding and no banking covenants with respect to the funding are forecast to be breached in this downside scenario in the next 12 months from the date of approval of the financial statements. Therefore, it is expected that the funding to the Company will continue.

On 14 May 2024, Anglo American plc announced its intention to divest itself of, or demerge, De Beers Plc, a parent entity of the Company, as part of a wider strategic review of its portfolio. The Company's current primary source of guaranteed liquidity is the revolving credit facility which requires repayment if there is a change of control of the Company. The balance outstanding on the revolving credit facility at 31 December 2024 was \$61.0 million. Under the RCF agreement, divestment of De Beers plc by Anglo American plc will be considered as a change of control, and it will trigger the repayment of outstanding balances under the agreement. If this were to happen, the Company would need to secure alternative funding as part of any separation. At this time, the structure of any disposal transaction is not determined, and accordingly the Directors cannot reasonably predict the impact of any such

DIRECTORS' REPORT - continued

Going Concern - continued

transaction on the financial position of the Company, nor the financing arrangements of the Company following any such transaction.

Accordingly, the going concern assessment of the Company is therefore subject to uncertainties relating to the potential change in ownership of the Company and this gives rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

S Duffy
K Hildebrand - resigned 9 February 2024
J De Klerk
E Leathers
E Williams
N Perkins - appointed 29 April 2024

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in force during the year and remain in force at the date of approval of this report.

Research and development

The Company continues its research activities on behalf of the Group. Total research and development expenditure during 2024 was £6,092k (2023: £8,995k). The reduction reflects an increased R&D expenditure tax credit in 2024.

Results and dividends

The Company's loss for the financial year was £7k (2023: £3,116k profit). No dividends were proposed or paid in the year (2023: £nil). No dividends were proposed between the end of the financial year and the date of approval of the financial statements.

Independent Auditors and disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as independent auditors and appropriate arrangements are being made for them to be deemed reappointed as independent auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.

Erica Leathers

E Leathers
Director
23 April 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors' report to the members of Element Six (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Element Six (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2024; the Income Statement and the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. On 14 May 2024, Anglo American plc announced its intention to divest itself of, or demerge, De Beers plc, the Company's majority owner, as part of a wider strategic review of its portfolio. The liability under the revolving credit facility, of which the Company is an obligor, as of 31 December 2024 was \$61.0 million, and this facility will require repayment if there is a change of control. At this time, the structure of any transaction impacting De Beers plc is not determined, and accordingly the Directors cannot reasonably predict the impact of any such transaction on the financial position of the Company, nor the liquidity requirements and financing arrangements of the Company following any such transaction. This condition, as explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent

material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry with the Group Chief Financial Officer, Group Financial Controller and legal counsel regarding actual and potential litigation and claims;
- Review of board meeting minutes for any instances of non-compliance with laws, regulations and fraud;
- Identifying and testing the validity of journal entries, in particular, any journal entries posted with unusual account combinations, and any journals posted to revenue on certain weeks during the year but subsequently reversed in the next year;

- Challenging assumptions made by management in its significant accounting judgements and estimates, in particular in relation to revenue recognition treatment applied to the profit sharing agreement with Element Six Limited (Ireland), a related party company and recoverability of deferred tax assets; and
- Tested the appropriateness and sufficiency of financial statement disclosures under FRS 101.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Catherine Schroeder (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 April 2025

INCOME STATEMENT

Year Ended 31 December 2024

	Note	2024 £'000	2023 *Restated £'000
Revenue	3	37,150	40,716
Cost of sales		<u>(29,894)</u>	<u>(25,838)</u>
Gross Profit		7,256	14,878
Administrative expenses		<u>(2,918)</u>	<u>(5,762)</u>
Operating profit	5	4,338	9,116
Net foreign exchange		(43)	91
Finance costs	7	(5,880)	(5,537)
Finance income	7	<u>1,384</u>	<u>917</u>
(Loss)/profit before taxation		(201)	4,587
Tax on (loss)/profit	8	<u>194</u>	<u>(1,471)</u>
(Loss)/profit for the year		<u><u>(7)</u></u>	<u><u>3,116</u></u>

All amounts above are related to continuing operations. There are no other items of comprehensive income.

The notes on pages 15 to 31 form part of the financial statements.

*Refer to Note 21 for a breakdown and explanation of the restated balances.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Note	£'000	£'000
Non-Current Assets			
Property, plant and equipment	9	13,950	15,797
Deferred tax	10	11,079	10,898
		<u>25,029</u>	<u>26,695</u>
Current assets			
Raw materials used in research and development activities	11	833	1,150
Trade and other receivables	12	41,719	39,597
Cash and cash equivalents		27	—
		<u>42,579</u>	<u>40,747</u>
Current liabilities			
Creditors - amounts falling due within one year	13	(10,413)	(8,215)
Provisions for other liabilities and charges	15	(838)	(1,007)
		<u>31,328</u>	<u>31,525</u>
Net Current Assets			
		31,328	31,525
Non-current liabilities			
Creditors - amounts falling due after more than one year	13	(88,225)	(89,703)
Provisions for other liabilities and charges	15	(544)	(922)
		<u>(88,769)</u>	<u>(90,625)</u>
Net liabilities			
		<u>(32,412)</u>	<u>(32,405)</u>
Capital and reserves			
Ordinary share capital	16	175	175
Retained earnings		(32,587)	(32,580)
Total Shareholders' deficit		<u>(32,412)</u>	<u>(32,405)</u>

The notes on pages 15 to 31 form part of the financial statements.

The financial statements on page 12 to 31 were approved by the Board of Directors on 23 April 2025 and signed on its behalf by:

Erica Leathers

E Leathers
Director
Element Six (UK) Limited
Registered Number: 01050981

STATEMENT OF CHANGES IN EQUITY

Year Ended 31 December 2024

	Ordinary share capital £'000	Retained Earnings £'000	Total £'000
As at 1 January 2024	175	(32,580)	(32,405)
Profit for the financial year and total comprehensive income	—	(7)	(7)
As at 31 December 2024	175	(32,587)	(32,412)
As at 1 January 2023	175	(35,696)	(35,521)
Profit for the financial year and total comprehensive income	—	3,116	3,116
As at 31 December 2023	175	(32,580)	(32,405)

The notes on pages 15 to 31 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

The Company is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on the Company Information page 2.

The Company is domiciled in the United Kingdom.

Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council as applied in accordance with the provisions of the Companies Act 2006 as applicable to companies using FRS 101. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions available under that standard:

- IAS 7, a Cash Flow Statement and related notes;
- The effects of new but not yet effective IFRS;
- IAS 24, Disclosures in respect of transactions with wholly owned subsidiaries;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures. The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives;
- IAS 1, Paragraphs 40A–40D – Detail in respect of third balance sheet presented on a change in accounting policy, retrospective restatement or reclassification;
- IAS 38, A reconciliation of carrying amount of intangible assets at the beginning and end of the previous period;
- IAS 16, A reconciliation of the carrying amount of Property, Plant and Equipment at the beginning and end of the end of the previous period.

Where required, equivalent disclosures are given in the group financial statements of Anglo American plc. The group financial statements of Anglo American plc are available to the public and can be obtained from 17 Charterhouse Street, London, EC1N 6RA, United Kingdom.

The financial statements have been prepared in Pounds Sterling as that is the currency of the primary economic environment in which the Company operates. The principal accounting policies are set out below and have been applied consistently throughout the period.

The income statement has previously been presented in a Companies Act format. In the current year the Income Statement presentation has been presented in a standard IFRS format to ensure consistency with other Element Six Group financial statements. In accordance with IAS 8, this is a voluntary change in accounting policy and as a result the changes have been applied retrospectively by restating the prior year comparative.

The change was effective from 1 January 2024 and resulted in a change within individual financial statement line items in the Income statement, with no overall impact to Profit before income tax. There is no impact on the Statement of Financial Position, Statement of Changes in Equity or Cash Flow Statement. See Note 21 for details of the restatement.

Going Concern

The Company has net liabilities of £32,412k (2023: £32,405k), including amounts owed to other companies within the same Element Six Group of companies of £82,927k (2023: £82,657k). The Company is an obligor of a USD 135m Revolving Credit Facility which is a committed facility by five lenders maturing in May 2029. Element Six Abrasives Holdings Limited, the Company's parent, has confirmed, through a letter of support, that it intends to provide adequate financial resources to the Company if requested by the Company to meet its

1 Accounting policies – continued

Going Concern (continued)

obligations for a period of not less than twelve months from the date of approval of the financial statements by the directors.

Given the Company relies on funding from Element Six Abrasives Holdings Limited, its immediate parent, and receives a large proportion of its income from the profit sharing arrangement with Element Six Limited (IEPRO), which is within the same consolidated group of companies, the directors review the forecasts of the Abrasives Group as part of their going concern review. The Abrasives Group was profitable in 2024 and continued growth is also expected in 2025. Therefore, it is expected that the Company will continue to receive a profit share from IEPRO which is the Company's primary income stream.

As the Company is an obligor in the Group's Revolving Credit Facility, the directors have adopted the going concern basis in preparing these financial statements after considering the financial position of the Company, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Company has adequate resources and funding to pay its liabilities as they fall due for a period of at least twelve months from the date of approval of these financial statements.

A severe but plausible downside scenario has been modelled by reducing the performance of the business by the same level of decline seen from 2019 to 2020, where the Company was impacted by a global economic downturn due to Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. Current geopolitical uncertainty and potential impacts of US tariff policies have also been modelled. The wider group to which the Company belongs is supported by external funding and no banking covenants with respect to the funding are forecast to be breached in this downside scenario in the next 12 months from the date of approval of the financial statements. Therefore, it is expected that the funding to the Company will continue.

On 14 May 2024, Anglo American plc announced its intention to divest itself of, or demerge, De Beers Plc, a parent entity of the Company, as part of a wider strategic review of its portfolio. The Company's current primary source of guaranteed liquidity is the revolving credit facility which requires repayment if there is a change of control of the Company. The balance outstanding on the revolving credit facility at 31 December 2024 was \$61.0 million. Under the RCF agreement, divestment of De Beers plc by Anglo American plc will be considered as a change of control, and it will trigger the repayment of outstanding balances under the agreement. If this were to happen, the Company would need to secure alternative funding as part of any separation. At this time, the structure of any disposal transaction is not determined, and accordingly the Directors cannot reasonably predict the impact of any such transaction on the financial position of the Company, nor the financing arrangements of the Company following any such transaction.

Accordingly, the going concern assessment of the Company is therefore subject to uncertainties relating to the potential change in ownership of the Company and this gives rise to a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.

Adoption of new and revised Standards

The accounting policies are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2024. The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies – continued

Property, Plant & Equipment

Property, Plant and Equipment is stated at historical cost less any allowance for impairment. Historical cost includes all expenditure directly related to the acquisition of the asset and to bringing it into condition for its intended use.

Depreciation commences when the asset is ready for use and is charged on a straight-line basis over the asset's expected lives as follows:

Leasehold property	25 years
Plant and machinery	3-15 years
Right of use assets or over length of the lease, whichever is shorter	16 years

Impairments in respect of plant and machinery have been reflected in the financial statements based on the assets being technologically redundant and currently not in use. These assets were fully impaired and the loss was recognised in the income statement for the year.

To the extent that a capital project is incomplete then it is classified as construction in progress and once complete is reclassified to the appropriate asset category.

Right of use assets

Leased right of use assets are included within property, plant and equipment, and on inception of the lease are recognised at the amount of the corresponding lease liability, adjusted for any lease payments made at or before the lease commencement date, plus any direct costs incurred and an estimate of costs for dismantling, removing, or restoring the underlying asset and less any lease incentives received. Where necessary a provision is made in line with IAS 37.

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The right of use asset is depreciated on a straight-line basis over the term of the lease, or, if shorter, the useful life of the asset. The useful lives of right of use assets are estimated on the same basis as those of owned property plant and equipment.

The carrying values of right of use assets are reviewed for impairment in the same way as other property, plant and equipment under IAS 36.

Impairment of Property, plant and equipment

At each statement of financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

1 Accounting policies – continued

Research and development

Research and development expenditure is written-off to the income statement as incurred so no internally generated intangible asset can be recognised for development expenditure given that it is not expected to generate an economic benefit in future reporting periods.

Raw materials used in research and development activities

Raw materials are recognised once there is a present economic resource controlled by the Company as a result of past events. This typically arises upon purchase of such raw materials by the Company. These raw materials are also assessed for impairment when indicators of impairment arise.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, which approximates to fair value given the short-dated nature of these assets, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets.

The Company applies the simplified expected credit loss model for its trade receivables measured at amortised cost, as permitted by IFRS 9. Customers who wish to trade on credit terms with the Group are subject to credit verification; debtor balances are reviewed regularly with the result that the Group's exposure to bad debt is not significant. The expected credit loss on trade receivables is calculated using a provision matrix based on the country and assessed risk-rating of the receivable. The provision applied to each country is determined based on country risk and internal credit rating of the receivable. Debtor balances with other Group companies are reviewed regularly by Group treasury.

Trade receivables are derecognised when the Company no longer has contractual rights to the cash flows or when the receivable has been transferred.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, which approximates to fair value given the short-dated nature of these liabilities.

Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Deferred taxation

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax asset arises from tax losses which is only recognised once management is certain the losses will be utilised.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are not discounted.

1 Accounting policies - continued

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or (recovered) using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Pillar 2

Uncertainty and changes to tax regimes can materialise in any country in which we operate and the Company has no control over political acts, actions of regulators, or changes in local tax regimes. Global and local economic and social conditions can have a significant influence on governments' policy decisions and these have the potential to change tax and other political risks faced by the Company.

In line with Anglo American's published Tax Strategy, the Company actively monitors tax developments at a national level, as well as global themes and international policy trends, on a continuous basis, and has active engagement strategies with governments, regulators and other stakeholders within the countries in which the Company operates, or plans to operate, as well as at an international level. This includes global tax reforms such as those being agreed through the OECD's Digitalisation of the Economy Project which seeks to reallocate taxing rights for large profitable groups ('Pillar 1') and implement a minimum effective tax rate of 15% on profits of large multinational groups in each country in which they operate ('Pillar 2'). The Pillar 2 rules apply to the Anglo American Group from 1 January 2024 onwards.

The Company continues to review legislation to evaluate the potential impact and is engaging with policymakers in efforts to ensure that guidance and any required additional legislation is aligned to the stated policy objectives and that the Company is well placed to comply.

Current tax includes Pillar 2 taxes of £nil.

The Company has applied the mandatory temporary exception in relation to the accounting for deferred taxes related to Pillar 2 income taxes.

Lease liabilities

On inception, the lease liability is recognised as the present value of the expected future lease payments, calculated using the Group's incremental borrowing rate, adjusted to reflect the length of the lease and country of location. For a minority of leases where it is possible to determine the interest rate implicit in the lease, it is used in place of the Group's incremental borrowing rate.

Lease payments included in the lease liability consist of each of the following:

- Fixed payments, including in-substance fixed payments;
- Payments whose variability is dependent only upon an index or a rate, measured initially using the index or rate at the lease commencement date. The lease liability is revalued when there is a change in future lease payments arising from a change in an index or rate;
- Any amounts expected to be payable under a guarantee of residual value;
- The exercise price of a purchase option that the Group is reasonably certain to exercise, the lease payments after the date of a renewal option if the Group is reasonably certain to exercise its option to renew the lease, and penalties for exiting a lease agreement unless the Group is reasonably certain not to exit the lease early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change to the forecast lease payments. When the lease liability is remeasured, an adjustment is made to the corresponding right of use asset.

Foreign currencies

Transactions in foreign currencies are translated to Sterling at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the income statement.

Share Capital

Ordinary shares are classified as equity.

1 Accounting policies - continued

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Retirement benefits

The Company has a Group Personal Pension Plan (defined contribution scheme).

The defined contribution pension charge to operating profit comprises the contribution payable to the Group Personal Pension Plan for the year.

Grants

Grant income is recognised when the conditions for the receipt of the grant have been satisfied. Revenue grants are recognised in the income statement to match them against the expenditure to which they relate.

Long Term Compensation Plan (LTCP)

The Company recognises a liability and expense for bonuses, based on formulae that take into consideration net earnings, after certain adjustments. The Company recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Long term compensation plans take into consideration net earnings, after certain adjustments and either an achievement of three-year targets or a percentage of annual bonus amounts. The Company recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Finance income and costs

Finance income and costs are recognised in the Income Statement in the period for which they relate.

Revenue

Revenue represents amounts derived from the provision of services derived from the research and development into synthetic diamond manufacturing along with revenue from a profit sharing agreement with Element Six Limited (IEPRO).

Revenue is derived principally from other Group companies worldwide with some third-party product revenues and research and development income.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services supplied or from the profit-sharing agreement with Element Six Limited (IEPRO), stated net of discounts, returns and value added taxes. The Company recognises revenue when performance obligations have been satisfied and for the Company this is when the goods have transferred to the customer and the customer has control of these. The Company's activities are described in detail below.

(a) Sale of services

The Company provides research and development services to the Group and De Beers companies under cost plus agreements. Revenue from providing such services is recognised in the accounting period in which the services are rendered.

(b) Profit sharing agreement

The Company is entitled to a share of the profits from IEPRO and recognises this as revenue when the profits are generated by the underlying sales by IEPRO.

2 Critical accounting judgements and key sources of estimation uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

2.1 Critical judgements

As at 31 December 2024, management notes that the only judgement relates to the revenue recognition treatment applied to the profit sharing agreement with IEPRO. This agreement is considered to be a sales/usage-based net royalty for intellectual property and has been assessed to result in over time revenue recognition.

2.2 Key sources of estimation uncertainty

The deferred tax asset as at 31 December 2024 primarily arose from historical tax losses of £9,741k (2023: £9,723k). During the year none of these losses were utilised (2023: £1,112k) as the Company utilised group relief to offset current year taxable profits. The future forecasted profits are sufficient for the deferred tax asset to be recovered within nine years. The future forecasted profits were determined with reference to the five-year plan as supported by the Board of Directors. Beyond the five year plan a modest revenue growth has been assumed and the operating profit margin increases in year 6 but then remains flat. If there is no growth beyond the five year plan the recoverability extends by a year to within ten years. A scenario has been modelled taking into consideration possible impacts of US tariff policies. This would extend the recoverability period but it is currently too early to predict the impact on the Group. In the UK, losses have no expiry so given the business is profitable, the losses are recognised in full.

3 Revenue

Revenue, which is shown net of VAT, represents amounts derived from the provision of services relating to the research and development into synthetic diamond manufacturing along with revenue from a profit sharing agreement with IEPRO.

Revenue is derived principally from the Group companies worldwide with some third party product revenues and research and development income.

All revenue is recognised over time.

An analysis of revenue by geographical market is given below:

	2024	2023
	£'000	£'000
UK	11,119	9,459
Europe	24,482	30,415
Rest of World	1,549	842
	<u>37,150</u>	<u>40,716</u>

The directors considered that the disclosure of disaggregated information above is sufficient based on the Company's operations.

Element Six (UK) Limited

Annual Report and Financial Statements 2024

4 Staff costs

The monthly average number of persons employed by the Company during the year was as follows:

	2024 Number	2023 Number
Production / Research & Development	115	103
Administration	43	49
	<u>158</u>	<u>152</u>

The staff costs comprise:

	£'000	£'000
Wages and salaries	11,016	11,474
Social security costs	1,032	1,074
Post employment benefits	60	—
Other pension costs	652	609
	<u>12,760</u>	<u>13,157</u>

The value of the unpaid pension contributions for the year ended 31 December 2024 was nil (2023: £116k).

5 Operating profit

Operating profit is stated after charging/(crediting):

	2024 £'000	2023 £'000
Auditors' remuneration – statutory audit services	24	24
Auditors' remuneration – audit services related to the Group	384	400
Research and development expenditure	6,092	8,995
Depreciation of fixed assets	1,355	1,436
Depreciation of right of use assets	1,460	1,324
Donations	1	1
Grant income	(15)	(293)
Impairment of fixed assets	15	2
Group support costs	<u>305</u>	<u>318</u>

There have been no non-audit services provided by the auditors of the Company (2023: none).

Group support costs include central finance, HR, IT, and strategy costs which the business incurs as the joint entrepreneur to support the wider Abrasives Group.

Element Six (UK) Limited

Annual Report and Financial Statements 2024

6 Directors' emoluments

	2024 £'000	2023 £'000
Aggregate emoluments	638	700
Aggregate amounts receivable under long-term incentive plan	315	134
Contributions paid to defined contribution pension scheme	24	40
Termination payments	<u>—</u>	<u>477</u>

	2024 Number	2023 Number
Members of defined contribution scheme	<u>3</u>	<u>3</u>

	2024 £'000	2023 £'000
The amounts in respect of the highest paid director are as follows:		
Total of emoluments	512	374
Contributions paid to defined contribution pension scheme	<u>5</u>	<u>19</u>

7 Finance costs and income

	2024 £'000	2023 £'000
Intercompany interest payable	5,522	5,152
Unwinding of discount relating to lease liabilities	358	385
	<u>5,880</u>	<u>5,537</u>
Intercompany interest income	(1,384)	(917)
	<u>(1,384)</u>	<u>(917)</u>

8 Tax on (loss)/profit

	2024	2023
	£'000	£'000
Current tax:		
UK corporation tax on profit for the year	(13)	—
Adjustments in respect of prior years	—	(75)
Total current tax credit	<u>(13)</u>	<u>(75)</u>
Deferred tax:		
Current year	(138)	1,394
Adjustments in respect of prior years	(43)	64
Adjustments in deferred tax due to change in tax rate	—	88
Total deferred tax	<u>(181)</u>	<u>1,546</u>
Total tax per income statement	<u>(194)</u>	<u>1,471</u>

The tax assessed on the loss for the year differs from that which would result from applying the standard effective rate of corporation tax in the UK of 25% (2023: 23.5%) to the loss on activities. The differences are explained below:

	2024	2023
	£'000	£'000
(Loss)/profit before taxation	<u>(201)</u>	<u>4,587</u>
(Loss)/profit before tax multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.5%)	(50)	1,078
Expenses not deductible for tax purposes	1,068	1,294
Income not taxable	(144)	(23)
Adjustments in deferred tax due to change in tax rate	—	88
Adjustment in respect of prior years	(56)	(11)
Effects of Group relief/other reliefs	<u>(1,012)</u>	<u>(955)</u>
Total tax for the year	<u>(194)</u>	<u>1,471</u>

Element Six (UK) Limited

Annual Report and Financial Statements 2024

9 Property, plant and equipment

	Leasehold property £'000	Plant and machinery £'000	Constructi on in progress (CIP) £'000	Total Owned £'000	Right of use assets £'000	Total £'000
Cost						
At 1 January 2024	5,236	15,493	654	21,383	14,366	35,749
Additions	—	—	983	983	—	983
Transfer - CIP	—	932	(932)	—	—	—
Impairment	—	—	—	—	—	—
Disposals	—	(7)	—	(7)	—	(7)
At 31 December 2024	<u>5,236</u>	<u>16,418</u>	<u>705</u>	<u>22,359</u>	<u>14,366</u>	<u>36,725</u>
Accumulated Depreciation and Impairment						
At 1 January 2024	2,035	11,821	—	13,856	6,096	19,952
Charge for the year	223	1,132	—	1,355	1,460	2,815
Impairment	—	15	—	15	—	15
Disposals	—	(7)	—	(7)	—	(7)
At 31 December 2024	<u>2,258</u>	<u>12,961</u>	<u>—</u>	<u>15,219</u>	<u>7,556</u>	<u>22,775</u>
Net book value						
At 31 December 2024	<u>2,978</u>	<u>3,457</u>	<u>705</u>	<u>7,140</u>	<u>6,810</u>	<u>13,950</u>
At 31 December 2023	<u>3,201</u>	<u>3,672</u>	<u>654</u>	<u>7,527</u>	<u>8,270</u>	<u>15,797</u>

Depreciation commences when the asset is ready for use as per management's intentions, and is charged on a straight line basis over the asset's expected lives as follows:

Leasehold property	25 years
Plant and machinery	3-15 years
Right of use assets or over lease of the lease, whichever is shorter	16 years

All right of use assets and lease liabilities arise from property leases.

10 Deferred tax

The analysis of deferred tax assets is as follows:

	Tax losses £'000	Property, plant and equipment temporary differences £'000	Other £'000	Total £'000
Deferred tax assets				
As at 1 January 2023	10,835	1,290	319	12,444
(Charge)/credit to the income statement	<u>(1,112)</u>	<u>(345)</u>	<u>(89)</u>	<u>(1,546)</u>
At 31 December 2023	9,723	945	230	10,898
(Charge)/credit to the income statement	<u>18</u>	<u>309</u>	<u>(146)</u>	<u>181</u>
At 31 December 2024	<u>9,741</u>	<u>1,254</u>	<u>84</u>	<u>11,079</u>

There are unrecognised deferred tax assets as follows:

	2024 £'000	2023 £'000
Capital tax losses	<u>1,268</u>	<u>1,268</u>
	<u>1,268</u>	<u>1,268</u>

Deferred tax assets in respect of capital tax losses amounting to £5,071k (2023: £5,071k) have not been recognised. This is on the basis that it is not probable that there will be capital gains arising in future periods against which to utilise all of them.

11 Raw materials used in research and development activities

	2024 £'000	2023 £'000
Raw material to be consumed in research and development activities	<u>833</u>	<u>1,150</u>

The replacement cost of stocks did not differ significantly from the figures shown.

The Company holds raw materials to be consumed in research and development activities. These raw materials are not classified as inventory as they do not meet the recognition criteria of IAS 2 "Inventory".

Element Six (UK) Limited

Annual Report and Financial Statements 2024

12 Trade and other receivables

	2024	2023
	£'000	£'000
Amounts owed by other Group undertakings	36,031	35,854
Amounts owed by related parties	1,591	2,120
Corporation tax receivable	3,305	882
Other debtors	88	77
VAT recoverable	265	371
Prepayments	377	293
Trade debtors	62	—
	<u>41,719</u>	<u>39,597</u>

Amounts owed by other Group undertakings falling due within one year are unsecured, interest free and repayable on demand.

13 Creditors

	2024	2023
	£'000	£'000
Amounts falling due within one year		
Trade creditors	4,005	3,206
Amounts owed to Group undertakings	419	149
Amounts owed to related parties	2,100	1,493
Lease liability	1,921	1,414
Other taxation and social security	285	272
Accruals and other payables	1,683	1,681
	<u>10,413</u>	<u>8,215</u>
Amounts falling due after more than one year		
Amounts owed to Group undertakings	82,508	82,508
Lease liability	5,717	7,195
	<u>88,225</u>	<u>89,703</u>

Amounts owed to Group undertakings falling due within one year are unsecured, interest free and are repayable on demand. The amount of £82,508k (2023: £82,508k) owed to Element Six Abrasives Treasury Limited is unsecured, interest bearing (a margin of 1.5% plus 3 month SONIA) with a maturity date of 1 January 2030.

14 Leases

Lease agreements give rise to the recognition of a right of use assets (see note 9) and a related liability for future lease payments.

Leases principally relate to the Global Innovation Centre. The Global Innovation Centre is the registered office for Element Six (UK) Limited. The lease for the Innovation Centre is for 10 years. Leases for small items of property, plant and equipment typically run for 3 to 5 years.

No current lease agreements had extension or termination options triggered in the current year (2023: nil).

The total cash outflow for leases in 2024 was £1,329k (2023: 2,238k).

15 Provisions for other liabilities and charges

	Long-Term Compensation Plan £'000	Restructuring & Termination £'000	Total £'000
At 1 January 2024	1,929	–	1,929
Charged to the income statement	258	346	604
Utilised	(1,027)	(124)	(1,151)
At 31 December 2024	<u>1,160</u>	<u>222</u>	<u>1,382</u>
2024 Analysis of total provisions:			
Non-current	322	222	544
Current	838	–	838
	<u>1,160</u>	<u>222</u>	<u>1,382</u>
2023 Analysis of total provisions:			
Non-current	922	–	922
Current	1,007	–	1,007
	<u>1,929</u>	<u>–</u>	<u>1,929</u>

Element Six (UK) Limited

Annual Report and Financial Statements 2024

16 Ordinary share capital

	2024	2023
	£'000	£'000
Ordinary shares issued and fully paid:		
175,000 (2023:175,000) ordinary shares of £1 each	<u>175</u>	<u>175</u>

The Company does not have a limited amount of authorised shares.

17 Ultimate parent Company

The immediate parent undertaking of Element Six (UK) Limited is Element Six Abrasives Holdings Limited, a Company incorporated in the United Kingdom. The parent Company of the smallest group of undertakings of which the Company is a member and in whose group financial statements it is included is Element Six Abrasives Holdings Limited, whose registered address is 17 Charterhouse Street, London, England, EC1N 6RA, United Kingdom a Company incorporated in the United Kingdom.

Element Six Abrasives Holdings Limited is owned by Element Six Holdings Limited (59.78%) and Umicore International SA (40.22%). Umicore is registered in Belgium, while De Beers plc is registered in Jersey and its ultimate controlling entities are Anglo American plc (85.00%) and the Government of the Republic of Botswana (15.00%). Element Six Holdings Limited is 100% owned by De Beers plc.

The parent of the largest group in whose consolidated financial statements the Company is included is Anglo American plc, a public limited Company registered in England and Wales. The group financial statements of Anglo American plc can be obtained from the Company Secretary of Anglo American plc, whose registered address is 17 Charterhouse Street, London, United Kingdom, EC1N 6RA, United Kingdom or the Anglo American plc website.

18 Related party disclosures

59.78% of the shares in Element Six Abrasives Holdings Limited are held by Element Six Holdings Limited. The remaining 40.22% is held by Umicore International SA. The ultimate parent of Umicore International SA is Umicore Belgian Quoted Co, a Company registered in Belgium.

Element Six Holdings Limited is 100% owned by De Beers plc, and De Beers plc is ultimately owned by Anglo American plc (85.00%), and the Government of the Republic of Botswana (15.00%).

Anglo American plc, which ultimately owns 85.00% of De Beers plc, is also a related party. Transaction details are as follows:

	2024	2023
	£'000	£'000
Expense from Anglo American plc	(459)	(595)
Total receivable at year end	301	255
Total payable at year end	<u>(144)</u>	<u>(682)</u>

Element Six (UK) Limited

Annual Report and Financial Statements 2024

18 Related party disclosures – continued

De Beers plc which owns 100.00% of the shares in Element Six Holdings Limited, is a related party. Transaction details are as follows:

	2024 £'000	2023 £'000
Expense from De Beers plc	(2,736)	(1,575)
Total payable at year end	<u>(1,803)</u>	<u>—</u>

Element Six Holdings Limited, which owns 59.78% of Element Six Abrasives Holdings Limited, is also a related party along with its other subsidiaries. Transaction details are as follows:

	2024 £'000	2023 £'000
Income from Element Six Holdings Limited and its other subsidiaries	12,190	9,243
Total receivable from Element Six Holdings Limited and its other subsidiaries at year end	1,290	1,866
Total payable to Element Six Holdings Limited and its other subsidiaries at year end	<u>(153)</u>	<u>(811)</u>

19 Financial commitments

On 23 May 2024, a USD \$135m revolving credit facility was entered into by the Company and other Group companies. The Company is an obligor to this facility.

20 Post balance sheet events

Effective 05 April 2025, the United States imposed a minimum 10% tariff on imports from all countries. As an importer into the United States, the Group is actively monitoring and responding to opportunities and risks presenting themselves from this announcement, however it is currently too early to predict the impact on the Group.

21 Re-presentation of income statement

The income statement has previously been presented in a Companies Act format. In the current year the Income Statement presentation has been presented in a standard IFRS format to ensure consistency with other Element Six Group financial statements. In accordance with IAS 8, this is a voluntary change in accounting policy and as a result the changes have been applied retrospectively by restating the prior year comparative.

The change was effective from 1 January 2024 and resulted in a change within individual financial statement line items in the Income statement, with no overall impact to Profit before income tax. There is no impact on the Statement of Financial Position, Statement of Changes in Equity or Cash Flow Statement. This change has affected the Income Statement line items for the prior period as follows:

	2023 as reported	Profit increase/ (decrease)	2023 restated
	£'000	£'000	£'000
Revenue	40,716	—	40,716
Cost of sales	—	(25,838)	(25,838)
Staff costs	(13,156)	13,156	—
Administrative expenses	(17,525)	11,763	(5,762)
Impairment	(2)	2	—
Operating profit	<u>10,033</u>	<u>(917)</u>	<u>9,116</u>
Net foreign exchange	91	—	91
Interest payable and similar expenses	(5,537)	—	(5,537)
Finance income*	<u>—</u>	<u>917</u>	<u>917</u>
Profit before taxation	4,587	—	4,587
Tax on profit	<u>(1,471)</u>	<u>—</u>	<u>(1,471)</u>
Profit for the year	<u><u>3,116</u></u>	<u><u>—</u></u>	<u><u>3,116</u></u>

* Within the previous income statement presentation, finance income comprising of intercompany interest had been disclosed within administrative expenses. This has been disclosed as finance income.

[End of report]