

Registered number: 03173418

MIDLAND QUARRY PRODUCTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

MIDLAND QUARRY PRODUCTS LIMITED

COMPANY INFORMATION

Directors	E A Gretton S L Willis G J Day A Quilez Somolinos A G Boileau
Company secretary	W F Rogers
Registered number	03173418
Registered office	Second Floor Arena Court Crown Lane Maidenhead Berkshire SL6 8QZ
Independent auditors	PricewaterhouseCoopers LLP 2 Glass Wharf Temple Quay Bristol BS2 0FR

MIDLAND QUARRY PRODUCTS LIMITED

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MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Business review

The principal activities of the Company are quarrying and asphalt production in the Midlands.

Turnover for the year marginally decreased from £134,726,000 in 2024 to £133,491,000. Volumes of drystone sales were 60kt higher, and asphalt 40kt higher than the previous year due to an increase in market size in the region. Increases in volumes were offset by decreases in the selling price of both products, with the fall in oil prices driving down the asphalt price.

A cost efficiency drive including reduced spend on overtime, contractors, repair and maintenance costs, and reduced operating expenses led to the improvement in operating profit to £22,040,000 (2024 - £17,089,000).

Net interest income decreased to £3,009,000 from £3,878,000 resulting in a profit before tax of £25,049,000 (2024 - £20,967,000).

During the year, the Company agreed a rent review for its premises at Wednesbury, resulting in additions to right of use land and buildings of £498,000.

Directors' statement of compliance with their duty to promote the success of the Company

Section 172(1) Statement

This report sets out how the Directors have complied with section 172(1) of the Companies Act 2006 in making their strategic decisions during 2025 and in considering the likely long-term consequences of those decisions and the need to maintain a reputation for high standards of business conduct. This has involved engagement with the Company's stakeholders to ensure that we understand their views and interests when making decisions and when developing the Company's purpose, values and strategy. The Directors ensure that they listen to and consider the interests of the Company's employees and that it fosters relationships with the Company's customers and suppliers. The Directors work to ensure the sustainability of the Company's operations within local communities in the context of the potential impact on the local environment.

Sustainability Policy

Effective management of safety, health, environment, quality, carbon reduction and responsible sourcing remains fundamental to the sustained success of the Company's business. The Company's sustainability objectives are reviewed regularly and communicated to employees, contractors, visitors, key stakeholders and our supply chain to promote wider adoption of responsible practices. As a Heidelberg Materials UK company, the Company complies with all applicable law and regulatory requirements. Cooperation in the implementation of Heidelberg Materials UK's sustainability policy is a condition of employment, partnership and supply.

Full details of the Heidelberg Materials UK Sustainability Policy are available on the Heidelberg Materials UK website at www.heidelbergmaterials.co.uk. The policy sets out Heidelberg Materials UK's sustainability objectives, including: driving business and product innovation by engaging with customers and stakeholders to continually improve sustainability performance; adopting an integrated approach to achieve the highest standards in complying with ISOs 9001, 14001, 45001, 45003 and 50001, as well as PAS 2080 and BES 6001:Issue 4.0; ensuring health, safety and wellbeing in the workplace; demonstrating environmental responsibility by collaborating with suppliers and contributing to global efforts to limit temperature rise to below 1.5°C; conserving natural resources and maximising the use of alternative materials and recycling; being a good neighbour and fulfilling social value commitments through transparency, consultation, staff volunteering, local employment and local procurement; and being a fair, respectful and inclusive company.

During 2025, the Company continued to roll out its Heidelberg Materials UK 2030 commitments across the four key pillars: net zero, safe and inclusive, nature positive, and circular and resilient. The 2026 Sustainability Report sets out the 2030 targets and records progress in 2025 towards their achievement. Some of the 2030 commitments were revised and updated to reflect business actions and projects. These amended commitments are reported in the 2026 Sustainability Report.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Directors' statement of compliance with their duty to promote the success of the Company (continued)

2025

The Company progressed various investments through 2025 including the progression of the planning application with Leicestershire County Council for the Eastern Extension to Cliffe Hill Quarry. Following a short review the Council issued a final statement of planning permission and the Section 106 agreement was finalised, securing 30 million tonnes of new reserves in the Eastern Extension.

Further investments were completed across the business.

At the Company's Cliffe Hill Quarry, improvements were made to the secondary crushing plant to enable throughput of specific high demand materials, and a two-year renewal programme commenced to restore the bunker walls to the covered material stores.

At Clee Hill Quarry the main secondary crusher was replaced, significantly improving throughput and reducing downtime.

At the Cliffe Hill Asphalt Plant, a new dryer, lifters and drag slat conveyor were installed to maintain operational efficiency and sustainability.

At Wednesbury Asphalt Plant a new asphalt skip and tripper system, designed to transfer hot-mix asphalt from the production unit to long-term storage silos, was installed to maintain operational efficiency and reduce downtime.

The Company's main orders office at Whitwick was also refurbished to improve working conditions for customer-facing service colleagues and to make the work environment more digitally enabled.

In general, all of our investments are made in the interests of ensuring long term sustainable production to service our customers and the continuity of safe operations for our workforce, delivering value for our group and developing meaningful partnerships with our suppliers. Investments in new operations facilitate reductions in energy usage, water usage and emissions, lessening the impacts on both the environment and communities.

Information relating to the Company's investments, improvements, performance, outlook and sustainability is presented to our stakeholders through many channels. The Company participates in the national road shows and town hall talks presented by the Heidelberg Materials UK chief executive officer, as well as holding its own annual and periodic briefing sessions, forums, driver engagement days, and management meetings with trade unions.

In 2025 the Company continued its programme of strategic renewal, focusing on improving customer service, logistics and product availability. The Company focused on professional growth and talent development including internal promotions, the identification of key talents, and commitment to both on-the-job and formal training and development programmes. The Company also committed further resources to both the LEAD (Learning, Education and Development) management apprentice and trade apprentice programmes and LEAN training programmes. Particular focus was placed on LEAN management principles, rolling out yellow and white belt training, and identifying opportunities for streamlining processes and the reduction of waste.

Procurement was also prioritised, and a Procurement Deep Dive saw a number of key supplier contracts re-tendered, driving down variable costs and formalising service level agreements. Keen focus on fixed costs also saw the Company's cost base reduce in both Asphalt and Aggregates operations.

For the local communities where the Company's sites are situated, normally engagement was carried out through the Company's quarry liaison committee, where Company management meets with residents and the local authority, as well as through public meetings when planning matters arise. During 2025 these meetings continued on a face-to-face basis. The Company is also pleased to have re-committed as a prime sponsor the local Rainbows Hospice.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Directors' statement of compliance with their duty to promote the success of the Company (continued)

2025 (continued)

The Company made numerous donations to local good causes including Circus Starr, a circus which focuses on bringing entertainment to children with disabilities and their families, Coalville Rugby Football Club, Hopefest Music Festival, Sedgeley White Lions U7s football team, and the local branch of the Alzheimer's Society.

Further improvements in the interest of long-term sustainability and lessening the potential for impact on communities and the environment continued in 2025. These included continuing to reduce energy consumption, carbon emissions and fossil fuel use year on year at all sites.

The business is continuing to see the benefits of the revised quarry development plans. The plans are designed to reduce vehicle movements whilst also reducing inclines through better ramp design.

The Company also focused on waste reduction ensuring that a higher proportion of material meets specification at the first pass. Results from telematics on plant vehicles have shown significant improvements in fuel efficiency which are further developed with specialised driver training.

Occupational health and safety is one of the Company's core values, as a Heidelberg Materials UK company, and a fundamental element of our work processes. It is well understood that the health and wellbeing of the business's employees, contractors as well as people in the local communities, together with a safe working environment, is key to a successful, productive business and the Company therefore prioritises the reduction of risks leading to accidents, injuries and occupational illness in order to achieve the declared aim of Heidelberg Materials UK to do zero harm. The Company's principles for protecting its own employees, contractors as well as those of third parties are specified in the Heidelberg Materials UK policy on occupational health and safety.

In order to minimise and prevent risks for our employees, customers, suppliers, and other third parties, regular risk assessments were carried out at our locations so that all risks could be evaluated and appropriate protective measures taken. The Company focused on the potentially fatal six risks set out in the business's 2025 Health and Safety improvement plan. The Company also continued to roll out the Heidelberg Materials UK mental health awareness and training programme throughout its business.

Steps taken during 2025 to ensure maintenance of a reputation for high standards of business conduct included training staff in many different compliance areas, covering our Code of Business Conduct, corruption and anti-bribery, competition law, data protection and modern slavery, all supported by a regime of policies and procedures that underpin the Company's purpose and values; the compliance program is supported by an online reporting platform that allows concerns to be reported and investigated outside of reporting lines.

Further information relating to the Company's work on sustainability, local community engagement, carbon and energy, waste and raw materials, water and biodiversity and the Company's quality processes can be found on the Company website www.mqp.co.uk and on the Heidelberg Materials UK website www.heidelbergmaterials.co.uk.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Principal risks and uncertainties

Competitive markets

The Company operates in highly competitive markets. It needs to respond effectively to the demand of its customers and the activities of its competitors. In doing this the Company needs to maintain the lowest possible cost base and highest possible level of customer service.

Cost impacts

The cost drivers in the Company are predominantly linked to hydrocarbon costs, fuel, electricity, bitumen, diesel etc, and any significant increases in the costs of these materials could impact on the future profitability of the business and the industry. The Company aims to continue to find opportunities to mitigate the impact of these cost pressures through revised operating techniques, substitution and productivity gains.

Foreign exchange risk

The Company is not exposed to the material financial risks of foreign currency exchange rates.

Credit risk

The Company's principal financial assets are cash, trade and other debtors. The Company's credit risk is primarily attributable to its trade debtors. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Company has no significant concentration of credit risk, with exposure spread over a large number of counter parties and customers.

Commodity price risk

The Company is exposed to commodity price risk. The Company does manage its exposure to commodity price risk where it is considered financially appropriate; presently this is only in respect of electricity purchasing.

Supplier payment policy

Whilst not following any recognised code or standard, the policy on payment of all creditors is to pay 60 days from the end of the month of invoice; reduction from these terms is allowed for commercial consideration.

Environmental risk

The Company's impact upon the environment or the effects of climate change could expose us to regulatory breaches, significant disruption, reputational risk or a reduction in demand for our products. Emission restrictions and the transition to a low carbon economy could impact performance. The Company closely monitors the latest legislation and enacts internal policies to ensure the environmental impact of the business is minimised.

Cyber Security Risk

Due to the current geopolitical situation and the increasing prevalence of cyberattacks as a business model, the threat of attack, especially from external sources, is significantly heightened. This could expose the Company to significant downtime, which could adversely affect the Company's performance.

To counteract this threat level, Heidelberg Materials UK's Information Security Officer continues to lead the Information Security Programme in the UK, intended to improve the maturity of Heidelberg Materials UK's people, processes, and technology measured against the NIST (National Institute of Standards and Technology) Cyber Security Framework. This will include cyber education for all employees, introducing information security compliance check-points into the IT Demand/Delivery Process and supporting the creation and testing of business continuity plans at regular intervals.

Continuous improvements to the Company's IT networks evidence developments in cyber resilience, to ensure security and stability are maintained at a high level.

MIDLAND QUARRY PRODUCTS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Financial key performance indicators

Key performance indicators ("KPIs") are managed at a divisional level. As a result, the Directors have taken the decision not to disclose performance against KPIs in individual subsidiary financial statements. Management assess divisional performance against a number of financial KPIs including turnover, profitability, sales volumes, average selling prices, alongside other non financial KPIs such as health and safety performance and levels of customer satisfaction. Group performance against KPIs is disclosed in the financial statements of Heidelberg Materials AG.

This report was approved by the board on 3 September 2026 and signed on its behalf.



W F Rogers
Secretary

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors present their report and the audited financial statements for the year ended 31 December 2025.

Results and dividends

The profit for the year, after taxation, amounted to £21,390,000 (2024 - £15,013,000).

An interim dividend of £15,008,000 (2024 - £20,010,000) was paid during the year. The Directors do not recommend the payment of a final dividend (2024 - £nil).

Future developments

The Company will continue to invest in plant and long term reserves, to improve the lifespan of its quarries whilst seeking to reduce its carbon emissions and move towards a more sustainable business model.

The Directors believe that although there is still a lot of uncertainty concerning energy and other costs as a result of the continuing conflicts in Ukraine and the Middle East as well as the recent tariff increases, the Company will continue to see strong demand for its products and revenue. The Directors will continue to focus on maintaining margins during a continued period of cost pressures.

Going concern

The Company manages its liquidity through centralised group treasury arrangements operated by its ultimate parent undertaking, Heidelberg Materials AG. At the reporting date, the Company's surplus cash includes a short-term money market deposit placed with Heidelberg Materials AG, together with positive inter-company balances arising under a group-wide zero-balancing cash pooling arrangement. Both the money market deposit and cash pool balances are governed by formal contractual arrangements which provide for the repayment of principal and interest in accordance with agreed terms. The central treasury function is required to maintain sufficient liquidity to meet obligations as they fall due.

At the reporting date, the Company has net assets and holds surplus cash in the form of a short term money market deposit and positive inter-company balances within the group cash pooling arrangement. In addition, Heidelberg Materials AG, which indirectly owns the Company's entire share capital, has confirmed its intention and ability to continue to support the Company for a period of not less than 12 months from the date of approval of these financial statements, should such support be required.

The Directors have performed an assessment on the ability of the Company to operate on a going concern basis. This includes an assessment of the Company's financial position and forecast performance, Heidelberg Materials UK's divisional cash flow forecasts up to December 2027 and other relevant enquiries, including: the on-going impact of geopolitical instability in Ukraine and the Middle East and other political uncertainties; persistent inflationary pressures; the effect of tariffs; Government fiscal policy and the overarching impact these factors have on construction and consumer markets, as well as consideration of identifiable risks made by the ultimate parent undertaking, Heidelberg Materials AG, on their global business activities. The ultimate parent undertaking continues to operate on a going concern basis.

The Directors continue to see ongoing demand for the Company's products and services and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future having considered the risks and uncertainties that are relevant to both the Company and its ultimate parent undertaking and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

Engagement with stakeholders

The Directors' statement on compliance with their duty to promote the success of the Company included within the Strategic Report includes a summary of how the Company engaged with its key stakeholders during 2025.

Risk management

The Directors' report on Risk management policies is included within the Strategic Report under Principal risks and uncertainties.

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Streamlined Energy and Carbon Reporting (SECR) Disclosure

The SECR disclosure presents our carbon footprint within the United Kingdom across Scope 1 and 2 emissions. It contains an appropriate intensity metric, the total energy use of electricity, gas and transport fuel and a summary of energy efficiency actions taken during the relevant financial year.

	Year ended 31 Dec 2025	Year ended 31 Dec 2024
Energy consumption used to calculate emissions (kWh)	21,101,169	22,411,090
Emissions from combustion of gas (Scope 1) tCO ₂ e	0	0
Emissions from combustion of fuel for transport purposes (Scope 1) tCO ₂ e	151	156
Emissions from purchased electricity (Scope 2, location-based) tCO ₂ e	3,617	4,497
Emissions from purchased electricity (Scope 2, market-based) tCO ₂ e	128	313
Total gross tCO ₂ e based on above (location-based)	3,768	4,653
Total gross tCO ₂ e based on above (market-based)	279	469
Intensity ratio (tCO ₂ e/Turnover in £000) (location-based)	0.02823	0.03454
Intensity ratio (tCO ₂ e/Turnover in £000) (market-based)	0.00209	0.00348

Energy Efficiency Action Summary

The Company forms part of the Heidelberg Materials UK operating division of Heidelberg Materials AG.

Environmental responsibility remains a core operating principle, with sustainability fully integrated into the Company's long-term strategy. The Company met its 2025 ESOS compliance requirements by maintaining energy and carbon management systems certified to ISO 50001 standards and delivering planned actions. The Company's targets remain aligned with science-based pathways.

The Company has continued to advance energy-efficiency measures across its operations. High-efficiency replacement asphalt drums have been installed at several sites, contributing to reduced energy consumption and improved production reliability. The business has also progressed its programme of plant rebuilds, enhanced driver training, and ensured that machinery is appropriately sized and matched to task requirements to optimise fuel and power use.

In addition to these projects, the adoption of proactive and preventative maintenance tools for planning and diagnostics has continued to expand. Further digitalisation and enhanced data management practices, including further deployment of Microsoft Sustainability Manager, continues to improve performance and decision-making processes.

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Streamlined Energy and Carbon Reporting (SECR) Disclosure (continued)

The Company continues to procure electricity under EDF's zero carbon "BLUE for Business" tariff, except for properties where energy supply is controlled by landlords. The fleet management team has focused on optimising the transport of raw materials and finished products, working with both internal fleet operations and external logistics partners to reduce our internal footprint.

The Company has also undertaken further assessments to better understand the full impacts of its activities through comprehensive Scope 3 emissions reviews. This work confirmed the Company's approach to Procurement Policy Note (PPN) 06/21 and supported the development of more transparent product information. As a result, Environmental Product Declarations (EPDs) are available across the Company's portfolio.

Methodology Notes

Reporting Period	1 January 2025 – 31 December 2025
Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with the Company's annual accounts made up to 31 December 2025
Reporting method	GHG Emissions reporting <u>are</u> in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2025 for all emissions factors https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025
Conversion factor source	Federal Register EPA for natural gas and gasoline (petrol) https://www.ecfr.gov/cgi-bin/text-idx?SID=ae265d7d6f98ec86fcd8640b9793a3f6&mc=true&node=pt40.23.98&rgn=div5#ap40.23.98_138.1 EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub U. S. Energy Information Administration for diesel https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf EPA Direct Emissions from Stationary Combustion Sources for LPG https://www.epa.gov/sites/default/files/2020-12/documents/stationaryemissions.pdf
Calculation method	Activity Data x Emission Factor = GHG emissions Activity Data x Conversion Factor = kWh consumption
Other relevant information on calculation	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. The percentage of the Company's employees relative to the total workforce (4.6%) is applied to the overall transport diesel and petrol consumption to estimate the Company's usage. Diesel usage by forklift trucks is not currently tracked separately. An average consumption of 3.95 litres per hour is assumed (Source: https://forkliftbriefing.com/save-money/the-forklift-fuel-robbery/). Based on operational experience, an average of 2 hours of run time per day is estimated for all UK working days for two machines operating on-site.

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Streamlined Energy and Carbon Reporting (SECR) Disclosure (continued)

Methodology Notes (continued)

Dual reporting approach	Dual reporting allows us to compare our purchasing decision (market based-approach – green electricity) to the overall GHG-intensity of the grid (location-based approach) electricity.
Amount of carbon free electricity (kWh) imported from the grid	19,709,759 kWh
Information on carbon free electricity	The electricity supplied to Midland Quarry Products Limited by EDF for 2025 reporting period has been generated from 100% carbon free (nuclear) sources, except for landlord sites. Using the GHG Protocol Corporate Standards' market-based approach the above enables us to report "0" emissions under Scope 2.
Reason for the intensity measurement choice	For consistency, due to the cement market data order, turnover has been chosen for our intensity metric as the company is precluded by law from publishing production data. Turnover reflects business performance and following the recommendations of the SECR reporting guidance on financial metrics.
Exclusions	The Scope 3 transport fuels and the associated emissions were calculated in the first SECR year (2020) and were found to be de minimis. It is excluded from reporting as it is not practical to obtain.
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (no more than 1%).

Directors

The Directors who served during the year and up to the date of signing the financial statements were:

E A Gretton
S L Willis
G J Day
A Quilez Somolinos
A G Boileau

Directors' indemnity

Heidelberg Materials AG has indemnified, by means of directors' and officers' liability insurance, one or more Directors of the Company against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act. Such qualifying third party indemnity provision was in force during the year and is in force as at the date of approving the Directors' Report.

The articles of association also provide for the Directors to be indemnified by the Company subject to the provisions of the Companies Act.

MIDLAND QUARRY PRODUCTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Disclosure of information to auditors

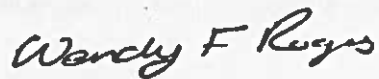
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP having indicated their willingness to act will continue in office, as independent auditors of the Company, in accordance with section 487 of the Companies Act 2006.

This report was approved by the board on 3 September 2026 and signed on its behalf.



W F Rogers
Secretary

MIDLAND QUARRY PRODUCTS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors are responsible for preparing the Strategic Report, Directors' 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).

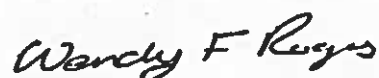
Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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; 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.

The Responsibility Statement was approved by the board on 3 September 2026 and signed on its behalf.



W F Rogers
Secretary

Independent auditors' report to the members of Midland Quarry Products Limited

Report on the audit of the financial statements

Opinion

In our opinion, Midland Quarry Products Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit 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 Balance Sheet as at 31 December 2025;
- the Statement of Comprehensive Income for the year then ended;
- 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.

Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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 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 2025 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 Directors' Responsibilities Statement, 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 Health and Safety and environmental legislation, 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 UK tax legislation and the Companies Act 2006. 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, and management bias in accounting estimates or judgements to manipulate results. Audit procedures performed by the engagement team included:

- Reviewing meeting minutes of the board for evidence of breaches of regulations and further reviewing any relevant correspondence;

- Identifying and testing journal entries based on our risk assessment and evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud;
- Inquiring of management in respect of any known or suspected instances of non compliance with laws and regulations and fraud; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and obtaining corroborative evidence to support their reasonableness.

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
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors's remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

Stuart Couch

Stuart Couch (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
3 September 2026

MIDLAND QUARRY PRODUCTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £000	2024 £000
Turnover	3	133,491	134,726
Change in stocks of finished goods and work in progress		(4,016)	(3,307)
Other operating income	4	524	795
Raw materials and consumables		(42,247)	(44,514)
Other operating expenses	5	(52,318)	(57,313)
Staff costs	7	(9,289)	(9,096)
Depreciation and amortisation	14	(4,105)	(4,202)
Operating profit		22,040	17,089
Interest receivable and similar income	9	3,230	4,336
Interest payable and similar expenses	10	(221)	(458)
Profit before tax		25,049	20,967
Tax on profit	11	(3,659)	(5,954)
Profit for the financial year		21,390	15,013
Total comprehensive income for the year		21,390	15,013

All amounts relate to continuing operations.

The notes on pages 19 to 41 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED
REGISTERED NUMBER: 03173418

BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note	2025 £000	2024 £000
Fixed assets			
Goodwill	13	-	-
Tangible assets	14	20,121	22,092
		<u>20,121</u>	<u>22,092</u>
Current assets			
Stocks	15	8,633	9,674
Debtors: amounts falling due within one year	16	88,101	79,174
Cash at bank and in hand		97	153
		<u>96,831</u>	<u>89,001</u>
Creditors: amounts falling due within one year	17	(23,338)	(23,321)
Net current assets		<u>73,493</u>	<u>65,680</u>
Total assets less current liabilities		<u>93,614</u>	<u>87,772</u>
Creditors: amounts falling due after more than one year	18	(6,807)	(7,071)
		<u>86,807</u>	<u>80,701</u>
Provisions for liabilities			
Deferred taxation	20	(1,972)	(2,304)
Other provisions	21	(1,577)	(1,521)
		<u>(3,549)</u>	<u>(3,825)</u>
Net assets		<u>83,258</u>	<u>76,876</u>
Capital and reserves			
Called up share capital	22	5	5
Share premium account		37,995	37,995
Profit and loss account		45,258	38,876
Total equity		<u>83,258</u>	<u>76,876</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 3 September 2026.



A Quilez Somolinos
Director

The notes on pages 19 to 41 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2024	5	37,995	43,873	81,873
Comprehensive income for the year				
Profit for the year	-	-	15,013	15,013
Contributions by and distributions to owners				
Dividend paid	-	-	(20,010)	(20,010)
At 1 January 2025	5	37,995	38,876	76,876
Comprehensive income for the year				
Profit for the year	-	-	21,390	21,390
Contributions by and distributions to owners				
Dividend paid	-	-	(15,008)	(15,008)
At 31 December 2025	5	37,995	45,258	83,258

The notes on pages 19 to 41 form part of these financial statements.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies

1.1 General information

Midland Quarry Products Limited ("the Company") is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Company Information.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

The Company's financial statements are presented in Sterling, which is also the Company's functional currency, and all values are rounded to the nearest thousand pounds (£'000).

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have, unless otherwise stated, been consistently applied to all periods presented.

1.3 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Heidelberg Materials AG as at 31 December 2025 and these financial statements may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies (continued)

1.4 Going concern

The Company manages its liquidity through centralised group treasury arrangements operated by its ultimate parent undertaking, Heidelberg Materials AG. At the reporting date, the Company's surplus cash includes a short-term money market deposit placed with Heidelberg Materials AG, together with positive inter-company balances arising under a group-wide zero-balancing cash pooling arrangement. Both the money market deposit and cash pool balances are governed by formal contractual arrangements which provide for the repayment of principal and interest in accordance with agreed terms. The central treasury function is required to maintain sufficient liquidity to meet obligations as they fall due.

At the reporting date, the Company has net assets and holds surplus cash in the form of a short term money market deposit and positive inter-company balances within the group cash pooling arrangement. In addition, Heidelberg Materials AG, which indirectly owns the Company's entire share capital, has confirmed its intention and ability to continue to support the Company for a period of not less than 12 months from the date of approval of these financial statements, should such support be required.

The Directors have performed an assessment on the ability of the Company to operate on a going concern basis. This includes an assessment of the Company's financial position and forecast performance, Heidelberg Materials UK's divisional cash flow forecasts up to December 2027 and other relevant enquiries, including: the on-going impact of geopolitical instability in Ukraine and the Middle East and other political uncertainties; persistent inflationary pressures; the effect of tariffs; Government fiscal policy and the overarching impact these factors have on construction and consumer markets, as well as consideration of identifiable risks made by the ultimate parent undertaking, Heidelberg Materials AG, on their global business activities. The ultimate parent undertaking continues to operate on a going concern basis.

The Directors continue to see ongoing demand for the Company's products and services and have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future having considered the risks and uncertainties that are relevant to both the Company and its ultimate parent undertaking and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Goodwill

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. The Companies Act 2006 requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the Company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The Company is therefore invoking a "true and fair view override" to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. The Company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability nor can the pattern in which goodwill diminishes be known.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies (continued)

1.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised on the satisfaction of performance obligations, such as the transfer of a promised good, identified in the contract between the Company and the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

1.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- 20 years
Long term restoration and stripping costs	- Straight line at a rate per tonne calculated as cost of stripping divided by the expected tonnage to be extracted over the estimated exposed reserve
Right of use leased assets	- Over the life of the lease
Plant and machinery	- 4 to 20 years
Fixtures and fittings	- 2 to 20 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Costs includes all direct costs and an appropriate proportion of fixed and variable overheads.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies (continued)

1.9 Financial instruments

Financial assets

Financial assets are initially measured at fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

The Company's financial assets include cash and trade and other receivables.

Debt instruments at fair value through profit or loss

Debt instruments are subsequently measured at fair value where they are financial assets held within a business model whose objective is to sell the financial asset, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Any fair value gains or losses at each reporting period is recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

In addition financial assets where the contractual terms of the financial asset do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are also subsequently measured at fair value.

Debt instruments at amortised cost

Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The ECL required for other debt instruments is determined using a three stage model.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. Accounting policies (continued)

1.9 Financial instruments (continued)

Impairment of financial assets (continued)

- At the initial recognition of the financial asset an expected credit loss provision is recorded for the twelve month period following the reporting date. Any interest revenue is calculated on the gross carrying amount of the financial asset.
- If the credit risk of that financial instrument has increased significantly since initial recognition, a loss allowance for full lifetime expected credit losses is recorded. Any interest revenue is calculated on the gross carrying amount of the financial asset. Should the significant increase in credit risk reverse within subsequent reporting periods then the expected credit losses on the financial instrument revert to being measured based on an amount equal to the twelve month expected credit losses.
- If objective evidence of impairment exists, a loss allowance for full lifetime expected credit losses is recognised. Any interest revenue is calculated on the net carrying amount of the financial asset.

Financial liabilities

Financial liabilities are initially measured at fair value and, in the case of loans and borrowing and payables, net of directly attributable transactions costs.

The subsequent measurement of financial liabilities depends on their classification, as described below:

Fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

At amortised cost

Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate a shorter period, to the amortised cost of a financial liability.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies (continued)

1.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

1.11 Pensions

The Company participates in the Hanson Industrial Pension Scheme, which is a funded defined benefit scheme. Funds are held externally under the supervision of the corporate trustee. The assets and liabilities of the Hanson Industrial Pension Scheme are recognised on the balance sheet of Hanson Quarry Products Europe Limited. Hanson Quarry Products Europe Limited is a fellow group subsidiary and is also the sponsoring company of the scheme. Accordingly, contributions to the scheme are expensed to the Statement of Comprehensive Income as the liability for payment arises.

The Company also participates in the Hanson Industrial Pension Scheme (Defined Contribution Section). Company contributions are expensed to the Statement of Comprehensive Income as incurred.

1.12 Emissions allowances

Emission rights are shown as inventories. Emission rights granted free of charge are initially measured at a nominal value of zero. Emission rights acquired for consideration are accounted for at cost using the moving average method and are subject to write-down in the event of impairment. Provisions for the obligation to return emission rights are recognised if the actual CO₂ emissions up to reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date.

1.13 Restoration and teardown provision

The Company aims to reinstate land following mineral extraction or industrial occupation to a beneficial use as soon as reasonably practicable. This is done by consulting with interested parties to ensure that the after use is appropriate to both the needs of the local people and the natural environment.

The Company makes a provision on a discounted basis to return a factory site to a decontaminated, cleared and improved site and to make a provision to restore the present extracted areas to currently anticipated after-use.

1.14 Interest income

Interest income is recognised in profit or loss using the effective interest method.

1.15 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. Accounting policies (continued)

1.15 Current and deferred taxation (continued)

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investment in subsidiaries, branches and associates, and interests in joint ventures, a deferred tax liability shall be recognised in accordance with IAS 12.39.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

1.16 Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Leases for quarries do not fall within the scope of IFRS 16. These leases are considered pending transactions and the expenses are recognised in the material costs in the period in which they arise.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The interest rates were calculated on the basis of the remaining term of the leases.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Accounting policies (continued)

1.16 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the Tangible Fixed Assets in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss in Exceptional Items.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Impairment of non-current assets

A cash flow-based method in accordance with IAS 36 (Impairment of Assets) is used to determine the recoverable amount of cash-generating units as part of the impairment test for goodwill and other non-current assets. In particular, estimates are required in relation to future cash flows of the groups of cash generating units as well as to the discount rates used (discounted cash flow method). A change in the influencing factors may have a significant impact on the existence or amount of impairment losses.

Recoverability of amounts owed by group undertakings

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Restoration provision

Provisions for restoration are measured on the basis of estimates of the development of costs and expected life of the quarry. A change in influencing parameters may have an impact on the income statements as well as the amounts recognised in the Balance Sheet. The actual outflow of resources may differ from the outflow of resources expected at the reporting date and may have an impact on the recognition and measurement. Further explanations on provisions can be found in note 21.

3. Turnover

All turnover arose within the United Kingdom.

4. Other operating income

	2025 £000	2024 £000
Other operating income	524	794
Foreign exchange gain	-	1
	<u>524</u>	<u>795</u>

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

5. Other operating expenses

	2025 £000	2024 £000
Selling and administrative expenses	1,024	839
Distribution expenses	25,420	25,994
Expenses for third party repairs and services	14,212	19,775
Loss on disposal of tangible assets	243	-
Rental and leasing expenses	2,501	2,940
Foreign exchange losses	2	-
Other expenses	8,916	7,765
	<u>52,318</u>	<u>57,313</u>

6. Auditors' remuneration

Fees for audit services have been borne by other group undertakings. It is not practicable to ascertain what proportion of such fees relates to the Company.

7. Staff costs

Staff costs, including Directors' remuneration, were as follows:

	2025 £000	2024 £000
Wages and salaries	7,826	7,756
Social security costs	931	801
Other pension costs	532	539
	<u>9,289</u>	<u>9,096</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2025 No.	2024 No.
Production and distribution	75	85
Administrative and sales	74	64
	<u>149</u>	<u>149</u>

MIDLAND QUARRY PRODUCTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025****8. Directors' remuneration**

	2025 £000	2024 £000
Directors' emoluments	178	126
Company contributions to defined contribution pension schemes	25	12
	<u>203</u>	<u>138</u>

During the year retirement benefits were accruing to 1 Director (2024 - 1) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £178,000 (2024 - £126,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £25,000 (2024 - £12,000).

Some of the Directors of the Company are also directors of a number of the group's fellow subsidiaries. In addition to the remuneration paid directly by the Company, the Directors received total remuneration of £2,057,000 (2024 - £2,062,000), which was paid by various fellow subsidiaries. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as directors of fellow subsidiary companies.

9. Interest receivable and similar income

	2025 £000	2024 £000
Interest receivable from group companies	3,230	4,292
Discounted adjustments to provisions	-	44
	<u>3,230</u>	<u>4,336</u>

10. Interest payable and similar expenses

	2025 £000	2024 £000
Discounted adjustments to provisions	35	-
Interest on lease liabilities	186	203
Other interest payable	-	255
	<u>221</u>	<u>458</u>

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

11. Taxation

	2025 £000	2024 £000
Corporation tax		
Current UK Corporation tax on profits for the year	6,570	5,232
Adjustments in respect of prior periods	(2,576)	822
Total current tax	<u>3,994</u>	<u>6,054</u>
Deferred tax		
Origination and reversal of timing differences	(333)	(30)
Adjustments in respect of prior periods	(2)	(70)
Total deferred tax	<u>(335)</u>	<u>(100)</u>
Taxation on profit	<u>3,659</u>	<u>5,954</u>

Reconciliation of the tax charge for the year

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

	2025 £000	2024 £000
Profit before tax	<u>25,049</u>	<u>20,967</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	6,262	5,242
Effects of:		
Expenses not deductible for tax purposes	24	22
Adjustments to tax charge/(credit) in respect of prior periods	(2,578)	752
Transfer pricing adjustments	(49)	(62)
Total tax charge for the year	<u>3,659</u>	<u>5,954</u>

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

12. Dividends

	2025 £000	2024 £000
Interim dividend paid on "A" Ordinary shares	7,508	10,010
Interim dividend paid on "B" Ordinary shares	7,500	10,000
	<u>15,008</u>	<u>20,010</u>

During the year the Company paid an interim cash dividend of £7,500 (2024 - £10,000) per share to the holders of the 'A' and 'B' Ordinary Shares.

13. Goodwill

	2025 £000
Cost	
At 1 January 2025 and 31 December 2025	<u>3,284</u>
Amortisation	
At 1 January 2025 and 31 December 2025	<u>3,284</u>
Net book value	
At 31 December 2025	<u>-</u>
At 31 December 2024	<u>-</u>

MIDLAND QUARRY PRODUCTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. Tangible fixed assets

	Freehold property £000	Long term restoration £000	Stripping costs £000	Plant and machinery £000	ROU Plant and machinery £000	Fixtures and fittings £000	ROU Land and buildings £000	Assets under construction £000	Total £000
Cost									
At 1 January 2025	2,886	382	18,950	93,279	3,974	235	3,035	958	123,699
Additions	-	-	-	815	122	26	498	882	2,343
Disposals	-	-	-	(298)	-	-	-	-	(298)
Asset class transfer	-	34	-	957	-	-	-	(957)	34
At 31 December 2025	2,886	416	18,950	94,753	4,096	261	3,533	883	125,778
Depreciation									
At 1 January 2025	1,952	369	16,067	78,361	3,212	195	1,451	-	101,607
Charge for the year	80	2	610	2,522	586	19	287	-	4,106
Disposals	-	-	-	(56)	-	-	-	-	(56)
At 31 December 2025	2,032	371	16,677	80,827	3,798	214	1,738	-	105,657
Net book value									
At 31 December 2025	854	45	2,273	13,926	298	47	1,795	883	20,121
At 31 December 2024	934	13	2,883	14,918	762	40	1,584	958	22,092

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

15. Stocks

	2025 £000	2024 £000
Raw materials and consumables	4,238	4,653
Finished goods and goods for resale	4,395	5,021
	<u>8,633</u>	<u>9,674</u>

Replacement costs of stock

The difference between purchase price or production cost of stocks and their replacement cost is not material.

16. Debtors

	2025 £000	2024 £000
Due within one year		
Trade debtors	5,899	5,238
Amounts owed by group undertakings	79,999	73,641
Corporation tax receivable	2,100	244
Prepayments and accrued income	103	51
	<u>88,101</u>	<u>79,174</u>

Included within amounts owed by group undertakings is an amount of £29,312,000 (2024 - £72,469,000) which is unsecured, repayable on demand and accrues interest at SONIA (2024 - SONIA). Also included is an amount of £50,000,000 (2024 - nil) which is unsecured, matures on 9 January 2026 and accrues interest at an annual rate of 3.82%.

The remaining balance is unsecured, interest free, has no fixed date of repayment and is repayable on demand.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

17. Creditors: Amounts falling due within one year

	2025 £000	2024 £000
Trade creditors	13,120	13,068
Amounts owed to group undertakings	2,775	6
Corporation tax	-	222
Other taxation and social security	1,681	1,535
Lease liabilities	767	1,014
Other creditors	-	255
Accruals and deferred income	4,995	7,221
	<u>23,338</u>	<u>23,321</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

18. Creditors: Amounts falling due after more than one year

	2025 £000	2024 £000
Lease liabilities	<u>6,807</u>	<u>7,071</u>

19. Leases

Company as a lessee

The Company leases property, plant and machinery as well as vehicles used by its employees.

Lease liabilities are due as follows:

	2025 £000	2024 £000
Not later than one year	767	1,014
Between one year and five years	2,426	2,194
Later than five years	4,381	4,877
	<u>7,574</u>	<u>8,085</u>

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

20. Deferred taxation

	2025 £000	2024 £000
At beginning of year	(2,304)	(2,404)
Credited to the Statement of Comprehensive Income	335	100
Transfers from fellow group undertakings	(3)	-
At end of year	(1,972)	(2,304)

The provision for deferred taxation is made up as follows:

	2025 £000	2024 £000
Accelerated capital allowances	(2,258)	(2,567)
Transfers from fellow group undertakings	286	-
Other temporary differences	-	263
	(1,972)	(2,304)

Deferred tax has been recognised at 25% (2024 - 25%), being the enacted main rate of corporation tax at the balance sheet date on which the deferred tax liability is expected to be settled.

21. Other provisions

	Restoration £000	Carbon emissions £000	Other provision £000	Total £000
At 1 January 2025	1,052	189	280	1,521
Charged to profit or loss	-	133	74	207
Transfer from fixed assets	29	-	-	29
Unwind of discount	70	-	-	70
Utilised in year	-	-	(250)	(250)
At 31 December 2025	1,151	322	104	1,577

The restoration provision is held to cover the costs of restoring land to its original state. The costs will be incurred over the useful life of the land, most of which is over 12 months. Provisions for terminal restoration have been discounted at 5.017% (2024 - 5.072%) per annum on current prices and where appropriate have been established after taking account of the advice of suitably qualified and experienced consultants and after establishing the costs in line with current practice and standards. All amounts greater than 12 months are discounted.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

21. Other provisions (continued)

Carbon emissions provisions relate to the obligation to return emission rights. These obligations are recognised if the actual carbon dioxide emissions up to the reporting date are not covered by emission rights granted free of charge. The amount of provision for emission rights already acquired for consideration is measured at the carrying amount and, for emission rights yet to be acquired in order to fulfil the obligation, at the market value as at the reporting date. Amounts have not been discounted as they are expected to be realised in less than twelve months.

Other provisions relate to expected rent accruals required due to rent reviews incurred but not formally agreed and finalised on leases out of scope for IFRS 16.

22. Share capital

	2025 £000	2024 £000
Authorised		
1,499 (2024 -1,499) "A" Ordinary shares of £1 each	1	1
1,499 (2024 -1,499) "B" Ordinary shares of £1 each	1	1
3,000 (2024 -3,000) "C" Ordinary shares of £1 each	3	3
	5	5
Allotted, called up and fully paid		
1,001 (2024 -1,001) "A" Ordinary Shares of £1 each	1	1
1,000 (2024 -1,000) "B" Ordinary Shares of £1 each	1	1
3,000 (2024 -3,000) "C" Ordinary Shares of £1 each	3	3
	5	5

"A" and "B" Ordinary Shares have equal voting rights, but the holders of "C" Ordinary Shares are not entitled to vote or attend any general meeting of the company.

The "A" Ordinary Shares, "B" Ordinary Shares and "C" Ordinary Shares shall rank pari passu in respect of any dividend or distribution declared by the Company in any financial year after holders of the "A" and "B" Ordinary Shares have received a dividend of £10,000,000 in respect of each "A" and "B" Ordinary Share.

On a return of assets on a winding up, or otherwise, the holder of the "B" Ordinary Shares shall be entitled to 50 per cent of the amount so returned; the holder of the "C" Ordinary Shares shall be entitled to the lesser of:

i) 50p per share; or

ii) 50 per cent of the amount so returned;

and the holder of the "A" Ordinary Shares shall be entitled to the balance.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Pension commitments

During the year, the Company participated in the defined benefit section of the Hanson Industrial Pension Scheme (the "Scheme") and relevant employees are eligible for benefits under this funded defined benefit Scheme. Funds are held externally under the supervision of the corporate trustee (the "Trustee"). The Company participates in the Scheme along with several other UK companies within the Heidelberg Materials AG group (the "Group").

The results of the latest funding valuation at 31 December 2024 have been adjusted to the balance sheet date by an independent actuary from AON Hewitt Limited taking account of experience over the period since 31 December 2024, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

The Scheme was closed to future accruals in September 2010. Scheme assets are stated at their market values at the respective balance sheet dates.

In the prior year, another defined benefit pension scheme, the Hanson No. 2 Pension Scheme ("Hanson No. 2 Scheme"), previously sponsored by Hanson Building Materials Limited, was merged into the scheme. The transaction resulted in the transfer of the defined benefit and obligations into the Scheme. The merger did not result in any changes to the benefits provided to the members of either scheme.

The assets and liabilities of the Scheme are recognised in the financial statements of a fellow group company, Hanson Quarry Products Europe Limited, and the balances at 31 December were:

	2025 £000	2024 £000
Scheme assets at fair value		
Cash and cash equivalents	53,202	134,639
Equity	185,977	154,495
Interest rate swaps	-	(1,771)
Nominal government bonds	488,613	480,853
Nominal corporate bonds	109,617	109,292
Index linked bonds	635,228	629,071
Real estate	13,073	15,372
Insurance policies	31,662	43,107
Fair value of Scheme assets	1,517,372	1,565,058
Present value of Scheme liabilities	(1,070,742)	(1,123,837)
Defined benefit Scheme assets	446,630	441,221

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Pension commitments (continued)

Scheme assets can be further disaggregated as:

Equity

- Investment of £78,594,000 is in a pooled investment world equity fund with inputs based on indirectly observable quoted prices
- Investment of £107,383,000 is in a pooled investment infrastructure equity fund with inputs that are unobservable.

Interest rate swaps

- Interest rate swaps have inputs that are unobservable.

Real estate

- Investments in property funds are unlisted and the inputs are unobservable.

The value of the "buy-in" insurance policies held in the name of the Trustee has been set equal to the value of the matched liabilities.

The Company and Trustee have agreed a long-term strategy for reducing investment risk as and when appropriate. This includes an asset-liability matching policy which aims to reduce the volatility of the funding level of the Scheme by investing in assets such as swaps which perform in line with the liabilities of the Scheme so as to protect against inflation being higher than expected.

The Trustee aims to achieve the Scheme's investment objectives through investing partly in a diversified mix of growth assets which, over the long term, are expected to grow in value by more than low risk assets like cash and gilts. This is done within a broad liability driven investing framework that uses cash, gilts and other hedging instruments like swaps in a capital efficient way. In combination this efficiently captures the Trustee risk tolerances and return objectives relative to the Scheme's liabilities. A number of investment managers are appointed to promote diversification by assets, organisation and investment style.

The Scheme has not invested directly in any of the Group's own financial instruments nor in properties or other assets used by the Group.

Changes in present value of the defined benefit obligations are analysed as follows:

	2025 £000	2024 £000
Opening defined benefit obligation	1,123,837	1,102,662
Hanson No.2 Scheme merger	-	124,097
Current service cost	1,887	2,023
Interest cost	59,015	48,469
Actuarial gains on Scheme liabilities	(32,023)	(78,595)
Net benefits paid out	(81,974)	(74,819)
Closing defined benefit obligation	1,070,742	1,123,837

The actuarial gains on Scheme liabilities can be broken down into effects from the adjustment of financial assumptions resulting in a gain of £19,753,000 (2024 - £82,383,000), effects from experience adjustments resulting in a gain of £18,954,000 (2024 loss - £5,774,000), and effects from changes in demographic assumptions resulting in a loss of £6,684,000 (2024 gain - £1,986,000).

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Pension commitments (continued)

The main actuarial assumptions used in the valuation are set out below:

	2025	2024
	%	%
Rate of salary increases *	2.81	3.20
Rate of increase in pension payments LPI 5%	2.67	2.90
Discount rate	5.41	5.45
RPI inflation assumption	2.80	3.10
CPI inflation assumption	2.31	2.70

* For 2025 this reflects CPI inflation + 0.5% p.a. (2024 - CPI inflation + 0.5% p.a.).

The mortality assumptions are based on recent actual mortality experience of members within the Scheme with an allowance for future improvements. The assumptions mean that a member currently aged 65 is expected to live on average for a further 21.9 years if they are male (2024: 20.9 years) and for a further 23.7 years if they are female (2024: 22.9 years). For a member who retires in 2046 (2024: 2045) at the age of 65 the assumptions are that they will live on average for a further 22.4 years after retirement if they are male (2024: 21.8 years), and for a further 24.6 years after retirement if they are female (2024: 24.0 years).

Sensitivity analysis

The sensitivity of the present value of Scheme liabilities to changes in the principal assumptions used is set out below.

	Change in assumption	Impact on scheme liabilities
Discount rate	Increase / decrease 0.5%	Decrease 5% / increase 5%
Rate of pension increase	Increase / decrease 0.25%	Increase 2% / decrease 2%
Life expectancy	Increase / decrease 1 year	Increase 4% / decrease 4%

The above sensitivity analyses are based on a change in an assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

Changes in the fair value of the Scheme assets are analysed as follows:

	2025	2024
	£000	£000
Opening fair value of Scheme assets	1,565,058	1,586,639
Hanson No.2 Scheme merger	-	126,598
Expected return on Scheme assets	82,460	70,014
Administrative expenses paid by the Scheme	(2,722)	(2,189)
Actuarial losses on Scheme assets	(26,100)	(122,448)
Contributions paid by the employers	(19,350)	(18,737)
Net benefits paid out	(81,974)	(74,819)
Closing fair value of Scheme assets	<u>1,517,372</u>	<u>1,565,058</u>

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

23. Pension commitments (continued)

Amounts for the current and previous four years:

	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
Fair value of Scheme assets	1,517,372	1,565,058	1,586,639	1,612,346	2,325,635
Defined benefit obligation	(1,070,742)	(1,123,837)	(1,102,662)	(1,103,983)	(1,686,298)
Surplus in Scheme	446,630	441,221	483,977	508,363	639,337
Experience (losses)/gains on Scheme assets	(26,100)	(122,448)	(12,635)	(675,653)	(892)
Experience (losses)/gains on Scheme liabilities *	18,954	(5,774)	(9,726)	(8,974)	(6,177)

* This item consists of (losses)/gains in respect of liability experience only and excludes any change in liabilities in respect of changes to the actuarial assumptions used.

UK legislation requires that pension schemes are funded prudently. The latest funding valuation as at 31 December 2024 was agreed on 30 March 2026. The valuation showed a surplus of £358,500,000, therefore no deficit recovery contributions are required. As part of the valuation it has been agreed that the Company will pay no contributions in respect of death in service, incapacity retirement and redundancy retirement benefits. Expenses, including levies payable to the Pensions Protection Fund (PPF) are met out of the Scheme assets. The next funding valuation is due with an effective date no later than 31 December 2027.

The Scheme also has a contingent funding mechanism in place whereby further contributions are payable to the Scheme based on operating income targets agreed between the employers and the Trustee. Once the Scheme is in surplus, contingent funding mechanism contributions are no longer payable.

The Company has guaranteed a proportion of the funding obligations that the other funding sponsors of the Scheme have to that Scheme. In addition, the ultimate parent undertaking, Heidelberg Materials AG has guaranteed the entire funding obligations of the Scheme.

The Scheme is recognised on the balance sheet of Hanson Quarry Products Europe Limited as this entity is considered to bear the risks relating to the plan due to the proportion of members employed by the entity. The number of current and deferred members employed directly by the Company is an insignificant percentage of the total membership.

Hanson Quarry Products Europe Limited recognises the Pension Scheme surplus in accordance with the requirements of IFRIC 14. The Trustee of the Scheme does not have the unilateral right to commence wind-up of the Scheme. Thus, the Company assumes that the Scheme continues in existence until the last benefit payments are made to members, at which point any residual assets are returned to the employer in line with the rules of the Scheme.

MIDLAND QUARRY PRODUCTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

24. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with wholly owned subsidiaries in the group headed by Heidelberg Materials AG. Balances outstanding at 31 December with related parties, are as follows:

	2025 £000	2024 £000
Amounts owed by ultimate parent undertaking	79,312	72,469
Amounts owed by fellow subsidiary undertakings	687	342
Amounts owed by immediate parent undertaking	-	830
Amounts owed to immediate parent undertaking	(2,775)	-
Amounts owed to fellow subsidiary undertakings	-	(6)
	<u>77,224</u>	<u>73,635</u>

25. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Hanson Quarry Products Europe Limited, a company registered in England and Wales. The Company's ultimate parent undertaking is Heidelberg Materials AG, a company registered in Germany. The largest and smallest group in which the results of the Company are consolidated is that headed by Heidelberg Materials AG. Copies of the consolidated financial statements of Heidelberg Materials AG may be obtained from Berliner Strasse 6, D 69120 Heidelberg, Germany.