

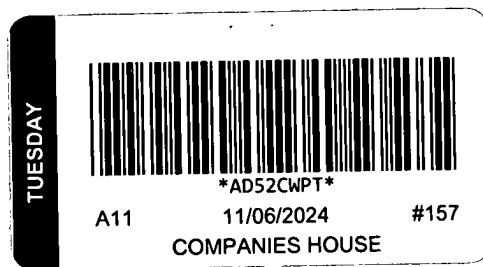


Element Six (UK) Limited

Annual Report and Financial Statements

Year Ended 31 December 2023

Company Registration Number: 01050981



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DIRECTORS AND OTHER INFORMATION

Board of Directors

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

Secretary

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

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

Registered Office

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

Registration Number: 01050981

Bankers

BNP
10 Harewood Avenue
London
NW1 6AA
United Kingdom

Independent Auditors

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

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2023.

Business Review and principal activities

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

Results

The profit for the year is £3,116,267 (2022: £14,954,810). Revenue decreased from £58,604,439 in 2022 to £40,716,465 in 2023. This is largely down to a decrease in the revenue received from the profit sharing agreement that the Company has with Element Six Limited (IEPRO). The main challenges in 2023 were reduced demand across all high pressure high temperature products and so lower revenue from IEPRO, along with managing cost inflation.

S172 Statement

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

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

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

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

There is an Element Six Inclusion & Diversity Committee with the aim to increase awareness and develop a strategic inclusion and diversity framework that enables engagement across the whole organisation.

An employee engagement survey and an employee stress survey were conducted in 2023 and the results are currently being reviewed and communicated to employees.

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

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

The directors ensure the Company maintains a reputation for high standards of business conduct and acts fairly between members of the Company.

STRATEGIC REPORT – continued**Financial Position**

The net liabilities as at 31 December 2023 were £32,404,458 (2022: £35,520,725). The net liability position is due to amounts due to companies in the Abrasives Group. The directors are satisfied the Company is a going concern, more information on this assessment can be found in the Directors' Report.

Key performance indicators

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

	2023	2022
Turnover (£)	40,716,465	58,604,439
Operating Profit (£)	<u>10,033,490</u>	<u>24,050,352</u>

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

Principal risks and uncertainties

Principal risks and uncertainties include lower demand for research activities from other Group companies driven by lower customer demand, in particular in the oil and gas industry along with uncertainty in the U.K. electricity market prices.

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

Financial risk management objectives and policies

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

Currency risk

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

Price risk

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

Interest rate risk

The Company has no significant interest bearing assets or liabilities apart from intercompany balances. Interest rate risk on intercompany balances is managed centrally by the treasury department for the benefit of the Group.

Credit risk

The majority of the Company's debtors are intercompany and the risk is managed centrally by the treasury department for the benefit of the Group.

STRATEGIC REPORT – continued

Liquidity risk

Liquidity risk is managed through a regular review of cash flow forecasts and an increased focus on working capital efficiency. In 2023, the primary source of guaranteed liquidity was a \$225m syndicated revolving credit facility, held jointly by the Company and other Group companies. This facility was superseded by a new facility that was entered into for \$135.0 million on 23 May 2024 which expires in May 2029. For more details refer below.

The Company has received a letter of support from Element Six Abrasives Holdings Limited stating its intention to provide adequate financial resources to Element Six (UK) Limited for a period not less than 12 months from the Directors' approval of the relevant Company's statutory financial statements for the year ended 31 December 2023.

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

Future developments

The directors expect the general level of activity to be maintained in the forthcoming year.

Events which have occurred since the end of the financial year

On 23 May 2024 a new revolving credit facility was signed for the Group for \$135m, denominated in USD. It will be a five year facility with two extension options of one year each and has two covenants: one based on leverage and one on interest cover.

Approval

Approved by the Board and signed on its behalf by:

Erica Leathers

E Leathers
Director
29 May 2024

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Element Six (UK) Limited ("Company") for the year ended 31 December 2023.

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

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

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

Streamlined Energy and Carbon Reporting

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

Statement of Business Relationships

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

Going Concern

The Company is in a net liabilities position of £32,404,458 (2022: £35,520,725), including amounts owed to other Abrasives Group entities of £82,657,207 (2022: £80,420,539). The Company is a member of a USD 225m Revolving Credit Facility which is a committed facility by five lenders maturing in June 2025. The Company has also received a letter of support from Element Six Abrasives Holdings Limited stating its intention to provide adequate financial resources to Element Six (UK) Limited for a period not less than 12 months from the Directors' approval of the Company's statutory financial statements for the year ended 31 December 2023.

Given the Company relies on funding from Element Six Abrasives Holdings Limited and receives a large proportion of its income from the profit sharing arrangement with Element Six Limited (IEPRO) the directors review the forecasts of the Abrasives Group as part of their going concern review. The Abrasives Group was profitable in 2023 and continued growth is also being seen in 2024. Therefore, it is likely that the Company will continue to receive a profit share from IEPRO. As a result of organisational changes within the Abrasives Group, the profit sharing agreement was updated from 1 January 2023 to reflect the new decision making processes. The split of profits between the Company and IEPRO will reduce each year going forward but not to such an extent to impact the going concern of the Company.

During the year, the Group experienced lower demand across all high pressure high temperature products and so lower revenue from IEPRO along with inflationary cost increases. Despite these increased costs the Group remained profitable and delivered growth from the prior year.

The directors have reviewed the financial position of the Group, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Group has adequate resources and funding to continue in operational existence for a period of at least 12 months from the date of issuance of these financial statements.

A severe but plausible downside scenario has been modelled by reducing the performance of the Abrasives Group by the same level of decline seen from 2019 to 2020, where the Company was impacted by a global economic downturn due to Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. No banking covenants for the Abrasives Group would be breached in this downside scenario in the next 12 months from the date of signing. Therefore, it is expected that the funding to the Company will continue.

The revolving credit facility was renewed on 23 May. Refer to the Strategic Report for details.

The Board is satisfied that the Abrasives Group's forecasts and projections, taking account of a severe but plausible downside scenario in trading performance, show the Group will continue to operate within the levels of its current facilities for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

DIRECTORS' REPORT - continued

Directors

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

W Hühn – resigned 31 January 2023

S Duffy

V Matthews - resigned 28 July 2023

K Hildebrand - resigned 9 February 2024

J De Klerk

E Leathers

E Williams - appointed 11 November 2023

N Perkins - appointed 29 April 2024

Directors' indemnities

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

Research and development

The Company continues its research activities on behalf of the Group. Total research and development expenditure during 2023 was £8,994,722 (2022: £8,751,583).

Results and dividends

The Company's profit for the financial year was £3,116,267 (2022: £14,954,810). No dividends were proposed or paid in the year (2022: £nil). No dividends were proposed between the end of the financial year and the date of approval of the accounts.

Independent Auditors and disclosure of information to auditors

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

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

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

Independent auditors

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

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

Erica Leathers

E Leathers
Director
29 May 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2023 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 Statement of Financial Position as at 31 December 2023; the Profit and Loss Account and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

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 UK Companies Act 2006 have been included.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, 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 employment laws, health and safety regulations, general data protection regulations, anti-bribery and corruption laws, and environmental laws and regulations 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 Companies Act 2006 and tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in making significant accounting judgements and estimates. Audit procedures performed by the engagement team included:

- Enquiry with the Group Chief Financial Officer, Group Financial Controller and legal counsel regarding actual and potential litigation and claims;
- Review of board meeting minutes for any instances of non-compliance with laws, regulations and fraud;
- Identifying and testing the validity of journal entries, in particular, any journal entries posted with unusual account combinations, and any journals posted to revenue on certain weeks during the year but subsequently reversed in the next year; and
- Challenging assumptions made by management in its significant accounting judgements and estimates, in particular in relation to revenue recognition and the recognition and recoverability of deferred tax assets.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions

reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Other required reporting**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 May 2024

PROFIT AND LOSS ACCOUNT

Year Ended 31 December 2023

		2023	2022
	Note	£	£
Turnover	3	40,716,465	58,604,439
Staff costs	4	(13,156,617)	(13,785,877)
Administrative expenses		(17,524,505)	(20,740,578)
Impairment		<u>(1,853)</u>	<u>(27,632)</u>
Operating profit	5	10,033,490	24,050,352
Net foreign exchange		91,036	(501,527)
Interest payable and similar expenses	7	<u>(5,537,236)</u>	<u>(3,702,556)</u>
Profit before taxation		4,587,290	19,846,269
Tax on profit	8	<u>(1,471,023)</u>	<u>(4,891,459)</u>
Profit for the year		<u><u>3,116,267</u></u>	<u><u>14,954,810</u></u>

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

The notes on pages 15 to 30 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		2023	2022
	Note	£	£
Non-Current Assets			
Property, plant and equipment	9	15,798,714	15,337,735
Deferred tax	10	10,898,314	12,444,692
		<u>26,697,028</u>	<u>27,782,427</u>
Current assets			
Raw materials used in research and development activities	11	1,150,291	959,323
Trade and other receivables	12	39,596,776	32,703,441
		<u>40,747,067</u>	<u>33,662,764</u>
Current liabilities			
Trade and other payables	13	(8,215,293)	(89,301,760)
Net Current Assets/(Liabilities)		32,531,774	(55,638,996)
Non-current liabilities			
Trade and other payables	13	(89,703,786)	(6,211,674)
Provisions for other liabilities and charges	15	(1,929,474)	(1,452,482)
		<u>(91,633,260)</u>	<u>(7,664,156)</u>
Net liabilities		<u>(32,404,458)</u>	<u>(35,520,725)</u>
Capital and reserves			
Ordinary share capital	16	175,000	175,000
Retained earnings		<u>(32,579,458)</u>	<u>(35,695,725)</u>
Total Shareholders' deficit		<u>(32,404,458)</u>	<u>(35,520,725)</u>

The notes on pages 15 to 30 form part of the financial statements.

The financial statements on page 12 to 30 were approved by the Board of Directors on 29 May 2024 and signed on its behalf by:

Erica Leathers

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

STATEMENT OF CHANGES IN EQUITY**Year Ended 31 December 2023**

	Ordinary share capital £	Retained earnings £	Total £
As at 1 January 2023	175,000	(35,695,725)	(35,520,725)
Total comprehensive income for the year	<u>—</u>	<u>3,116,267</u>	<u>3,116,267</u>
As at 31 December 2023	<u>175,000</u>	<u>(32,579,458)</u>	<u>(32,404,458)</u>
As at 1 January 2022	175,000	(50,650,535)	(50,475,535)
Total comprehensive income for the year	—	14,954,810	14,954,810
As at 31 December 2022	<u>175,000</u>	<u>(35,695,725)</u>	<u>(35,520,725)</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

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

The Company is domiciled in the United Kingdom.

Basis of preparation

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

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

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

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

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

Going Concern

The Company is in a net liabilities position of £32,404,458 (2022: £35,520,725), including amounts owed to other Abrasives Group entities of £82,657,207 (2022: £80,420,539). The Company is a member of a USD 225m Revolving Credit Facility which is a committed facility by five lenders maturing in June 2025. The Company has also received a letter of support from Element Six Abrasives Holdings Limited stating the latter's intention to provide adequate financial resources to Element Six (UK) Limited for a period not less than 12 months from the Directors' approval of the Company's statutory financial statements for the year ended 31 December 2023.

Given the Company relies on funding from Element Six Abrasives Holdings Limited and receives a large proportion of its income from the profit sharing arrangement with Element Six Limited (IEPRO) the directors review the forecasts of the Abrasives Group as part of their going concern review. The Abrasives Group was profitable in 2023 and continued growth is also being seen in 2024. Therefore, it is likely that the Company will continue to receive a profit share from IEPRO. As a result of organisational changes within the Abrasives Group, the profit sharing agreement was updated from 1 January 2023 to reflect the new decision making processes. The split of profits between the Company and IEPRO will reduce each year going forward but not to such an extent to impact the going concern of the Company.

1 Accounting policies – continued

Going Concern (continued)

During the year, the Group experienced lower demand and inflationary cost increase. Despite these increased costs the Group remained profitable and delivered growth from the prior year.

The directors have reviewed the financial position of the Group, financial forecasts and plans including any uncertainties, the availability of funds and the current and prospective position with respect to financial covenants and have concluded that the Group has adequate resources and funding to continue in operational existence for a period of at least 12 months from the date of issuance of these financial statements.

The revolving credit facility was renewed on 23 May. Refer to note 19 for details.

A severe but plausible downside scenario has been modelled by reducing the performance of the Abrasives Group by the same level of decline seen from 2019 to 2020, where the Company was impacted by a global economic downturn due to Covid-19 pandemic, as well as the oil and gas price war between Russia and Saudi Arabia. No banking covenants for the Abrasives Group would be breached in this downside scenario in the next 12 months from the date of signing. Therefore, it is expected that the funding to the Company will continue.

The Board is satisfied that the Abrasives Group's forecasts and projections, taking account of a severe but plausible downside scenario in trading performance, show the Group will continue to operate within the levels of its current facilities for the period assessed. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements.

Adoption of new and revised Standards

The accounting policies are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2023. The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

Property, Plant & Equipment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued**1 Accounting policies – continued****Right of use assets**

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

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

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

Impairment of Property, plant and equipment

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

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

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

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

1 Accounting policies – continued

Research and development

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

Raw materials used in research and development activities

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

Financial instruments

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

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

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

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

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

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

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

Deferred taxation

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

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

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

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

Deferred tax assets and liabilities are not discounted.

1 Accounting policies - continued

Taxation

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

Lease liabilities

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

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

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

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

Foreign currencies

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

Provisions

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

Retirement benefits

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

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

Grants

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

1 Accounting policies - continued

Long Term Compensation Plan (LTCP)

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

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

Interest payable and similar charges

Interest payable and similar charges are recognised in the Statement of Comprehensive Income in the period for which they relate.

Turnover

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

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

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

(a) Sale of services

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

(b) Profit sharing agreement

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

2 Critical accounting judgements and key sources of estimation uncertainty

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

2.1 Critical judgements

As at 31 December 2023, management notes that the only judgement relates to the revenue recognition treatment applied to the profit sharing agreement with IEPRO. This agreement is considered to be a sales/usage-based net royalty for intellectual property and has been assessed to result in over time revenue recognition.

2.2 Key sources of estimation uncertainty

The deferred tax asset as at 31 December primarily arose from historical tax losses of £9,722,944 (2022: £10,835,129). During the year £1,112,185 of these losses were utilised (2022: £3,330,157) and the profits generated are sufficient for the deferred tax asset to be recovered within five years. The future profits were determined with reference to the five-year plan as approved by the Board of Directors. The profits are sensitive to future demand for products which is dependent on market conditions. When a reasonable but plausible downside scenario is considered, the recovery of the deferred tax balance increases from five years to six years.

3 Turnover

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

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

All revenue is recognised over time.

An analysis of turnover by geographical market is given below:

	2023	2022
	£	£
UK	9,459,413	8,829,102
Europe	30,415,072	49,390,761
Rest of World	841,980	384,576
	<u>40,716,465</u>	<u>58,604,439</u>

The directors consider that the disclosure of further disaggregated information would be seriously prejudicial to the interests of the Company and therefore have not disclosed such information.

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4 Staff costs

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

	2023 Number	2022 Number
Production / Research & Development	103	100
Administration	49	47
	<u>152</u>	<u>147</u>

The staff costs comprise:

	£	£
Wages and salaries	11,473,911	12,226,023
Social security costs	1,074,267	1,006,992
Other pension costs	608,439	552,862
	<u>13,156,617</u>	<u>13,785,877</u>

The value of the unpaid pension contributions for the year ended 31 December 2023 was £116,450 (2022: £97,717).

5 Operating profit

Operating profit is stated after charging/(crediting):

	2023 £	2022 £
Auditors' remuneration – statutory audit services	23,586	22,232
Auditors' remuneration – audit services related to the Group	399,889	481,791
Research and development expenditure	8,994,722	8,751,583
Depreciation of fixed assets	1,435,967	1,626,905
Depreciation of right of use assets	1,324,201	1,326,577
Donations	500	2,934
Grant income	(293,274)	(215,734)
Impairment of fixed assets	1,853	27,632
Group support costs	<u>318,000</u>	<u>3,662,812</u>

There have been no non-audit services provided by the auditors of the Company (2022: none).

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

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6 Directors' emoluments

	2023 £	2022 £
Aggregate emoluments	699,572	947,288
Aggregate amounts receivable under long-term incentive plan	134,213	77,226
Contributions paid to defined contribution pension scheme	40,176	38,967
Termination payments	<u>476,809</u>	<u>—</u>

	2023 Number	2022 Number
Members of defined contribution scheme	<u>3</u>	<u>3</u>

	2023 £	2022 £
The amounts in respect of the highest paid director are as follows:		
Total of emoluments	374,200	351,628
Contributions paid to defined contribution pension scheme	<u>19,294</u>	<u>12,719</u>

7 Interest payable and similar expenses

	2023 £	2022 £
Intercompany interest payable	5,151,977	3,333,282
Unwinding of discount relating to lease liabilities	<u>385,259</u>	<u>369,274</u>
	<u><u>5,537,236</u></u>	<u><u>3,702,556</u></u>

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8 Tax on profit

	2023 £	2022 £
Current tax:		
UK corporation tax on profit for the year	—	1,503,924
Adjustments in respect of prior years	(75,355)	75,032
Total current tax charge	<u>(75,355)</u>	<u>1,578,956</u>
Deferred tax:		
Current year	1,394,418	2,457,832
Adjustments in respect of prior years	64,250	78,514
Adjustments in deferred tax due to change in tax rate	87,710	776,157
Total deferred tax	<u>1,546,378</u>	<u>3,312,503</u>
Total tax per income statement	<u>1,471,023</u>	<u>4,891,459</u>

The tax assessed on the profit for the year differs from that which would result from applying the standard effective rate of corporation tax in the UK of 23.50% (2022: 19.00%) to the profit on activities. The differences are explained below:

	2023 £	2022 £
Profit before taxation	<u>4,587,290</u>	<u>19,846,269</u>
Profit multiplied by standard rate of corporation tax in the UK of 23.50% (2022:19.00%)	1,078,956	3,770,791
Expenses not deductible for tax purposes	1,293,630	695,984
Income not taxable	(22,968)	(34,472)
Adjustments in deferred tax due to change in tax rate	87,710	776,157
Adjustment in respect of prior years	(11,105)	153,546
Effects of Group relief/other reliefs	(955,200)	(470,547)
Total tax for the year	<u>1,471,023</u>	<u>4,891,459</u>

Factors that may affect future tax charges

The Finance Act 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The rate is applicable to the measurement of deferred tax balances at 31 December 2023.

Deferred tax assets in respect of capital tax losses amounting to £5,070,617 (2022: £5,070,617) have not been recognised. This is on the basis that it is not probable that there will be sufficient and suitable taxable profits arising in future periods against which to utilise all of them.

On 23 March 2023, HM Treasury released draft legislation for the Global Minimum Tax ('Pillar 2') rules in the UK which was substantively enacted on 20 June 2023. These rules will apply to the full Anglo American Group from the financial year ended 31 December 2024 onwards. Further information regarding the group's Pillar Two position is detailed in the consolidated accounts of Anglo American Plc. Element Six (UK) Limited has applied the mandatory temporary exception under IAS 12 in relation to the accounting for deferred taxes arising from the implementation of the Pillar 2 rules.

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9 Property, plant and equipment

	Short leasehold property £	Plant and machinery £	Constructi on in progress (CIP) £	Total Owned £	Right of use assets £	Total £
Cost						
At 1 January 2023	5,236,437	15,138,737	356,715	20,731,889	11,795,498	32,527,387
Additions	—	—	652,063	652,063	2,570,937	3,223,000
Transfer - CIP	—	354,393	(354,393)	—	—	—
At 31 December 2023	<u>5,236,437</u>	<u>15,493,130</u>	<u>654,385</u>	<u>21,383,952</u>	<u>14,366,435</u>	<u>35,750,387</u>
Accumulated Depreciation						
At 1 January 2023	1,806,717	10,611,281	—	12,417,998	4,771,654	17,189,652
Charge for the year	227,534	1,208,433	—	1,435,967	1,324,201	2,760,168
Impairment	—	1,853	—	1,853	—	1,853
At 31 December 2023	<u>2,034,251</u>	<u>11,821,567</u>	<u>—</u>	<u>13,855,818</u>	<u>6,095,855</u>	<u>19,951,673</u>
Net book value						
At 31 December 2023	<u>3,202,186</u>	<u>3,671,563</u>	<u>654,385</u>	<u>7,528,134</u>	<u>8,270,580</u>	<u>15,798,714</u>
At 31 December 2022	<u>3,429,720</u>	<u>4,527,456</u>	<u>356,715</u>	<u>8,313,891</u>	<u>7,023,844</u>	<u>15,337,735</u>

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

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

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

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10 Deferred tax

The analysis of deferred tax assets is as follows:

	Capital tax losses £	Property, plant and equipment temporary differences £	Other £	Total £
Deferred tax assets				
As at 1 January 2022	14,165,286	1,479,614	112,296	15,757,196
(Charge)/credit to the income statement	<u>(3,330,157)</u>	<u>(189,364)</u>	<u>207,017</u>	<u>(3,312,504)</u>
At 31 December 2022	10,835,129	1,290,250	319,313	12,444,692
(Charge)/credit to the income statement	<u>(1,112,185)</u>	<u>(345,470)</u>	<u>(88,723)</u>	<u>(1,546,378)</u>
At 31 December 2023	<u>9,722,944</u>	<u>944,780</u>	<u>230,590</u>	<u>10,898,314</u>

There are unrecognised deferred tax assets as follows:

	2023 £	2022 £
Capital tax losses	<u>1,267,654</u>	<u>1,267,654</u>
	<u>1,267,654</u>	<u>1,267,654</u>

Deferred tax assets in respect of capital tax losses amounting to £5,070,617 (2022: £5,070,617) have not been recognised. This is on the basis that it is not probable that there will be sufficient and suitable taxable profits arising in future periods against which to utilise all of them.

11 Raw materials used in research and development activities

	2023 £	2022 £
Raw material to be consumed in research and development activities	<u>1,150,291</u>	<u>959,323</u>

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

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

Element Six (UK) Limited

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12 Trade and other receivables

	2023	2022
	£	£
Trade debtors	—	363,570
Amounts owed by other Group undertakings	35,853,499	29,375,420
Amounts owed by related parties	2,120,391	1,615,004
Other debtors	76,743	—
VAT recoverable	371,147	178,751
Prepayments	292,962	627,731
Corporation tax receivable	882,034	542,965
	<u>39,596,776</u>	<u>32,703,441</u>

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

13 Trade and other payables

	2023	2022
	£	£
Trade creditors	3,205,811	2,737,797
Amounts owed to Group undertakings	148,840	80,420,539
Amounts owed to related parties	1,493,012	556,876
Lease liability	1,414,488	1,344,000
Other taxation and social security	272,340	246,180
Accruals and other payables	1,680,802	3,996,368
	<u>8,215,293</u>	<u>89,301,760</u>
Amount falling due after more than one year		
Amounts owed to Group undertakings	82,508,367	—
Lease liability	7,195,419	6,211,674
	<u>97,919,079</u>	<u>96,965,916</u>

Amounts owed to Group undertakings falling due within one year are unsecured, interest free and are repayable on demand. The amount of £82,508,367 owed to Element Six Abrasives Treasury Limited is unsecured, interest bearing (a margin of 1.5% plus 3 month SONIA) with a maturity date of 1 January 2030. The loan was refinanced in 2023 and is now classified as non-current. In 2022 the balance of £77,403,598 owed to Element Six Abrasives Treasury Limited was unsecured, interest bearing (a margin of 2.25% plus 3 month GBP Libor) and was repayable on 30 days' notice.

14 Leases

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

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

No current lease agreements had extension or termination options triggered in the current year (2022: nil).

The total cash outflow for leases in 2023 was £2,237,963 (2022: 1,008,000).

15 Provisions for other liabilities and charges

	Long-Term Compensation Plan £	Restructuring & Termination £	Total £
At 1 January 2023	1,452,482	–	1,452,482
Charged to the income statement	684,923	580,000	1,264,923
Utilised	(207,931)	(580,000)	(787,931)
At 31 December 2023	<u>1,929,474</u>	<u>–</u>	<u>1,929,474</u>
2023 Analysis of total provisions:			
Non-current	922,359	–	922,359
Current	1,007,115	–	1,007,115
	<u>1,929,474</u>	<u>–</u>	<u>1,929,474</u>
2022 Analysis of total provisions:			
Non-current	1,452,482	–	1,452,482
Current	–	–	–
	<u>1,452,482</u>	<u>–</u>	<u>1,452,482</u>

16 Ordinary share capital

	2023	2022
	£	£
Ordinary shares issued and fully paid:		
175,000 (2022:175,000) ordinary shares of £1 each	<u>175,000</u>	<u>175,000</u>

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

17 Ultimate parent Company

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

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

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

18 Related party disclosures

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

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

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

	2023	2022
	£	£
Expense from Anglo American plc	(594,701)	(869,092)
Total receivable at year end	254,780	—
Total payable at year end	<u>(682,474)</u>	<u>(53,381)</u>

Element Six (UK) Limited**Annual Report and Financial Statements 2023****18 Related party disclosures – continued**

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

	2023	2022
	£	£
Expense from De Beers plc	(1,574,568)	(1,368,757)
Total payable at year end	<u>—</u>	<u>(128,190)</u>

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

	2023	2022
	£	£
Income from Element Six Holdings Limited and its other subsidiaries	9,242,951	8,810,204
Total receivable from Element Six Holdings Limited and its other subsidiaries at year end	1,865,611	1,615,004
Total payable to Element Six Holdings Limited and its other subsidiaries at year end	<u>(810,538)</u>	<u>(375,305)</u>

19 Post balance sheet events

On 23 May 2024 a new revolving credit facility was signed for the Group for \$135m, denominated in USD. It will be a five year facility with two extension options of one year each and has two covenants: one based on leverage and one on interest cover.

[End of report]