Severfield

CREATING BETTER WAYS TO BUILD, FOR A WORLD OF CHANGING DEMANDS

SEVERFIELD PLC INTERIM REPORT FOR THE SIX MONTHS ENDED 28 SEPTEMBER 2024

DIRECTORS AND ADVISERS

Alan Dunsmore
Chief Executive Officer

Adam Semple
Chief Financial Officer

Derek Randall
Executive director and Non-Executive Chair of JSW Severfield Structures

Charlie Cornish
Non-executive chair (appointed 1 May 2024)

Alun Griffiths
Resigned from the Board 30 July 2024

Louise Hardy
Resigned from the Board 31 October 2024

Kevin Whiteman
Resigned from the Board 30 July 2024

Cynthia Gordon
Non-Executive director and chair of the remuneration committee (appointed 21 October 2024)

Ian McAulay
Non-Executive Director and Workforce Engagement Director (appointed 25 November 2024)

Mark Pegler
Senior Independent Director and chair of the audit committee

Janice Crawford
Non-Executive Director (appointed 25 November 2024)

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HIGHLIGHTS

Revenue

£252.3m
(H1 2024: £215.3m)

Underlying[1] operating profit (before JVs and associates)

£17.2m
(H1 2024: £14.8m)

Operating (loss)/profit (before JVs and associates)

£(4.6)m
(H1 2024: £11.9m)

Underlying[1] profit before tax

£16.1m
(H1 2024: £14.2m)

(Loss)/profit before tax

£(5.8)m
(H1 2024: £11.0m)

Underlying[1] basic earnings per share

4.0p
(H1 2024: 3.5p)

Basic (loss)/earnings per share

(1.4)p
(H1 2024: 2.7p)

Interim dividend per share

1.4p
(H1 2024: 1.4p)

HEADLINES

- Revenue up 17% to £252.3m (H1 2024: £215.3m)
- Underlying[1] profit before tax up 14% to £16.1m (H1 2024: £14.2m)
- Period-end net debt (on a pre-IFRS 16 basis[2]) of £11.6m (30 March 2024: £9.4m), includes acquisition loans of £16.9m, and reflects a stable working capital position
- Results include non-underlying cost of £20.4m for bridge remedial works programme, excludes potential recoveries from third parties, assessment of any further remedial costs remains ongoing
- Diversified UK and Europe order book of £410m at 1 November 2024 (1 July 2024: £460m), includes new industrial, data centre, infrastructure, energy and commercial office orders
- Continued strategic progress in India – expansion plans have been accelerated, new production facilities expected to be operational in FY26
- Record India order book of £197m at 1 November 2024 (1 July 2024: £181m)
- Interim dividend of 1.4p per share (H1 2024: 1.4p per share)
- Additional capital returns through ongoing £10m share buyback programme

OUTLOOK

- UK and Europe:
  - wider market backdrop is challenging
  - previously anticipated recovery in some sectors has been slower than expected and tighter prices are continuing to impact our profitability in the short term
  - some large project opportunities for FY25 and FY26 have been either delayed or cancelled and increased risk of delay to expected orders in the short term
  - continued progress in growing European market sectors
- India: well-positioned to take advantage of significant growth opportunities, new markets being targeted, expansion plans have been accelerated
- Underlying profits for FY25 are now expected to be below our previous expectations
- Our businesses remain well-positioned in markets with excellent longer-term growth opportunities and our medium-term growth targets remain unchanged

Notes to financials:

1. Stated before non-underlying items of £21.9m (H1 2024: £3.1m) including bridge testing and remedial costs of £20.4m (H1 2024: £nil), the amortisation of acquired intangible assets of £1.3m (H1 2024: £2.8m) and other expenses of £0.2m (H1 2024: £0.3m). Non-underlying items have been separately identified by virtue of their magnitude or nature to enable a full understanding of the Group's financial performance and to make year-on-year comparisons. They are excluded by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group and are normally excluded by investors, analysts and brokers when making investment and other decisions (see note 7).
2. The Group excludes IFRS 16 lease liabilities from its measure of net funds/debt as they are excluded from the definition of net funds/debt as set out in the Group's borrowing facilities (see note 13).

Except as otherwise stated '2023' and 'FY23' and '2024' and 'FY24' refer to the 52-week period ended 25 March 2023 and the 53-week period ended 30 March 2024. '2025' and 'FY25' and '2026' and 'FY26' refer to the 52-week periods ending 29 March 2025 and 28 March 2026. The Group's accounts are made up to an appropriate weekend date around 31 March each year.

A reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures ('APMs') section (see note 17).

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INTRODUCTION

The Group has reported a good underlying performance in the first half, with revenue and underlying profit before tax both showing growth in the period. We have secured some attractive projects in the period, which are reflected in our diversified order books of £410m in the UK and Europe and £197m in India, providing us with a good volume of work for the remainder of FY25 and beyond.

In the UK and Europe, the current market backdrop remains challenging. Whilst we continue to see some good projects coming to market, the predicted recovery in certain sectors, particularly for our shorter-cycle businesses such as distribution, has been slower than previously anticipated, and pricing has remained at tighter levels for longer than expected for some projects. In addition, some large project opportunities for FY25 and FY26 have been either delayed or cancelled and, given the current market backdrop, we remain vigilant to the increased risk of delay to expected orders in the short term. Looking further ahead, our businesses remain well-positioned to win work in markets with positive long-term growth trends including those that are driving the green energy transition, providing us with a strong platform to fulfil our strategic growth aspirations.

Our balance sheet, supported by our strong cash position, has enabled us to focus on making the right capital allocation decisions to drive growth over the longer term, including through our ongoing capital investment programme, whilst also supporting the returns to shareholders, through the interim dividend and our ongoing share buyback programme.

In India, despite the lower first half profits, which have been driven by short-term delays to existing and expected projects in the run-up to and immediately following the Indian elections in June 2024, we remain very positive about the long-term trajectory of the market and of the value creation potential of JSSL. To support this expected market growth, we have agreed with our joint venture partner, JSW, to accelerate expansion plans for the business, with some new factory capacity increases expected to be completed in H2 and a new production facility expected to be operational in FY26.

Bridge remedial works programme

Since the publication of the 2024 results, the Group identified some bridge structures that were not in compliance with the client's weld specification requirements, predominantly relating to 12 bridge projects that are either ongoing or were completed over the past four years. The issues all arise out of a particular bridge specification and related sub-optimal choices of welding procedures, exacerbated by limitations in the specified weld testing regime for these projects. A comprehensive review is currently being undertaken by the Group, in conjunction with its affected clients, relevant industry authorities and insurers to fully understand the extent of the actions required to resolve the issue, which has not affected the safety of any operational bridges. Notwithstanding this, we are continuing our work on ongoing road and rail bridges for a variety of clients, which we are confident will meet the required specification.

Whilst the precise nature of the overall remedial work required for all affected bridge structures has not yet been fully determined, the Group has incurred costs of £7.1m relating to testing and remedial works undertaken during H1 and for eight bridge projects, where the Group is able to estimate with sufficient reliability the remaining testing and remedial costs, a further liability of £13.3m has been assessed. A non-underlying charge of £20.4m has therefore been recognised for these costs as at 28 September 2024. All amounts will be kept under review until our assessment of all affected structures has been concluded. The Group will be pursuing all potential recoveries from third parties, including insurance, with preliminary indications suggesting a good prospect of insurance recovery, albeit not yet with the level of certainty required for such recovery to be recognised under accounting standards.

At this stage, the Group is not able to estimate with sufficient reliability the cost of its obligation for the four remaining bridge projects where either the results of the ongoing testing are not yet known or a rectification solution has not yet been agreed with the client, as any estimate is subject to a number of unknown factors. These include what the proposed rectification solution is (if any is required), sequencing, timeline and consequential disruption. Furthermore, the Group is also not able to estimate with sufficient reliability any possible consequential costs (if any) from third parties as these are not yet known. As such,there is a range of potential outcomes in these specific cases and since the Group is unable to quantify the possible exposure based on current information, a contingent liability has been disclosed.

STRATEGY

The Group's well-established strategy is unchanged, focused on growth and diversification (both organic and through selective acquisitions), operational improvements and building further value in JSSL, which, in combination, is expected to deliver strong EPS growth in the medium term. Our clear focus on balance sheet strength and cash generation enables us to continue making the right capital allocation decisions for the long term, to maximise our competitive advantage and to best position us in our chosen markets for long-term growth.

The Group delivers steel superstructures through its Core Construction Operations, separated operationally into a Commercial and Industrial division (bringing together the Group's strong capabilities in the industrial and distribution, commercial offices, stadia and leisure, data centres, retail, and health and education market sectors), which includes our European operations, and a Nuclear and Infrastructure division (encompassing the Group's market-leading positions in the nuclear, power and energy, transport (road and rail) and process industries sectors). The Group's Modular Solutions division consists of the growing product ranges of Severfield Modular Solutions ('SMS') and of Construction Metal Forming ('CMF'), our specialist cold rolled steel joint venture business.

OUTLOOK

In the UK and Europe, the market backdrop is currently challenging. The previously anticipated recovery in some sectors has been slower than expected and tighter prices are continuing to impact our profitability in the short term. In addition, some large project opportunities for FY25 and FY26 have been either delayed or cancelled and, given the current market backdrop, we remain vigilant to the increased risk of delay to expected orders in the short term. As such, the Group now expects underlying profits for the full year to be below our previous expectations. The increase in employer national insurance rates announced by the UK Government in the October budget will impact our business from FY26 onwards. We estimate the combination of lowering the earnings threshold at which employers start paying national insurance contributions together with the increase in rate will, in aggregate, increase our employment costs by c.£2m per annum before any possible mitigation.

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Underpinned by a strong balance sheet, the Group remains in a strong financial position with a successful track record and, looking further ahead, the longer-term outlook for the Group remains very encouraging. Our businesses remain well-positioned to win work in markets with positive long-term growth trends including those that are driving the green energy transition in both Europe and the UK, with the new government reinforcing commitments to critical national infrastructure. Our prospects across these markets provide the board with confidence that the Group will continue to deliver significant and attractive shareholder returns in the coming years and our medium-term growth targets remain unchanged.

FINANCIAL REVIEW

H1 2025 (£M)	REVENUE	UOP*	UPBT*
Core Construction Operations	247.2	17.1	17.1
Modular Solutions	9.8	0.1	0.4
India	–	–	0.1
Central items/ eliminations	(4.7)	–	(1.5)
Group	**252.3**	**17.2**	**16.1**

H1 2024 (£M)	REVENUE	UOP*	UPBT*
Core Construction Operations	208.0	14.7	14.7
Modular Solutions	10.7	0.1	0.2
India	–	–	0.6
Central items/ eliminations	(3.4)	–	(1.3)
Group	**215.3**	**14.8**	**14.2**

* The references to underlying operating profit (before JVs and associates) and underlying profit before tax are defined in the 'notes to financials' and reconciled to the statutory measures in note 17.

Revenue of £252.3m (H1 2024: £215.3m) represents an increase of £37.0m (17 per cent) compared to the prior period. This reflects an increase in revenue from our Core Construction Operations, mainly representing an increase in production activity in the period.

Underlying operating profit (before JVs and associates) of £17.2m (H1 2024: £14.8m) represents an increase of £2.4m (16 per cent) over the prior period. This reflects the increase in revenue and final account upsides, which helped to offset the impact of some tighter pricing in certain market sectors. The statutory operating loss (before JVs and associates), which includes the non-underlying costs associated with the programme of bridge remedial works and other non-underlying items, was £4.6m (H1 2024: profit of £11.9m), a reduction in profit of £16.5m over the prior period.

The share of profit from the Indian joint venture in the period was £0.1m (H1 2024: £0.6m). The lower H1 profits have been driven by short-term delays to existing and expected projects before and after the Indian elections in June 2024.

The Group's underlying profit before tax was £16.1m (H1 2024: £14.2m), an increase of 14 per cent compared to the previous period. The statutory loss before tax was £5.8m (H1 2024: profit of £11.0m), a reduction in profit of £16.8m over the prior period.

An underlying tax charge of £3.9m is shown for the period (H1 2024: £3.4m). This tax charge is recognised based upon the best estimate of the average effective tax rate on profit before tax for the full financial year and equates to the statutory rate in the UK and the Netherlands of c.25 per cent (H1 2024: statutory rate of c.25 per cent). The total tax credit of £1.5m (H1 2024: charge of £2.7m) also includes a non-underlying tax credit of £5.4m (H1 2024: credit of £0.7m).

Underlying basic earnings per share is 4.0p (H1 2024: 3.5p). This calculation is based on the underlying profit after tax of £12.2m (H1 2024: £10.8m) and 307,188,953 shares (H1 2024: 309,538,321 shares) being the weighted average number of shares in issue during the period. Basic loss per share, which is based on the statutory loss after tax, is 1.4p (H1 2024: earning per share of 2.7p).

Non-underlying items

Non-underlying items for the period of £21.9m (H1 2024: £3.1m) consisted of the following:

£M	**H1 2025**	**H1 2024**
Bridge testing and remedial costs	20.4	–
Amortisation of acquired intangible assets	1.3	2.8
Other expenses	0.2	0.3
Non-underlying items	**21.9**	**3.1**

The costs of £20.4m relate to a programme of remedial work that is predominantly affecting twelve bridge structures and represent works undertaken during H1 and the remaining testing and remedial costs for eight bridge projects where management is able to reliably estimate the cost to the Group. The possible liability of the Group for the four remaining bridge projects and for any possible consequential costs from third parties has not yet been determined and has been disclosed as a contingent liability. In addition, no possible recoveries from third parties have been recognised in H1, including insurance as, although preliminary indications suggest a good prospect of insurance recovery, these cannot yet be recognised under IFRS.

The amortisation of acquired intangible assets of £1.3m represents the non-cash amortisation of customer relationships and order books, which are being amortised over a period of 12 months to five years. Acquisition-related expenses of £0.2m include the unwinding of the discount on the contingent consideration for DAM Structures, which is payable over a five-year period.

In H2 of the prior year, the Group recorded a non-underlying legacy employment tax charge of £4.4m relating to an assessment raised by HMRC for historical income tax and national insurance ('NIC') liabilities. The Group is disputing this assessment but, since HMRC issued formal determinations for the amounts it considers are due, a charge was recognised in the FY24 results. Discussions are ongoing with HMRC to attempt to reach a final settlement and we expect this matter to be concluded by the end of FY25.

Cash flow and financing

Net debt (pre-IFRS 16 basis) at 28 September 2024 was £11.6m (30 March 2024: £9.4m). This included net cash balances of £5.1m (30 March 2024: £10.8m) and outstanding acquisition-related term loans of £16.9m (30 March 2024: £20.0m). Operating cash flow for the period before working capital movements was £20.8m (H1 2024: £19.0m), the reduction over the prior period mainly reflects bridge testing and remedial cash costs of £3.0m incurred in H1. Net working capital has increased by £8.4m during the period mainly reflecting the unwinding of advance payments held on the balance sheet at 30 March 2024. Excluding advance payments, period-end net working capital represented approximately five per cent of revenue, within our normal range of four to six per cent (net working capital including advance payments was three per cent of revenue).

Capital expenditure of £3.1m (H1 2024: £5.4m) represents the continuation of the Group's capital investment programme. Depreciation in the period was £4.8m (H1 2024: £4.4m), of which £1.3m (H1 2024: £1.2m) relates to right-of-use assets under IFRS 16.

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The Group has a £60m revolving credit facility ('RCF') with HSBC Bank and Virgin Money, which matures in December 2026. This provides the Group with long-term financing to help support its growth strategy. The RCF is subject to three financial covenants, namely interest cover, net debt to EBITDA and debt service (cash flow) cover. In addition to the RCF, which was undrawn at 28 September 2024, amortising term loans have been used to fund previous acquisitions, of which £16.9m remained outstanding at 28 September 2024.

Share buyback programme update

In April 2024, the Group announced a share buyback programme to repurchase up to £10m of ordinary shares, subject to market conditions. The board is satisfied with the progress of this buyback programme, with a total of 8,611,558 shares purchased and cancelled to date, at a cost of £6.8m.

Pensions

The Group's net defined benefit pension liability at 28 September 2024 was £9.1m (scheme liabilities of £32.5m offset by scheme assets of £23.4m), a decrease of £2.4m from the year-end position of £11.5m. The deficit has reduced as a result of a higher discount rate, reflecting an increase in bond yields, lower inflation assumptions and employer deficit contributions over the period.

OPERATIONAL REVIEW

UK and EUROPE

Maintaining contract selectivity and bidding discipline to ensure there remains the appropriate risk balance in the order book is of critical importance to the future success of the Group. Almost all of our work continues to be derived through either negotiated, framework or two-stage bidding procurement processes, in line with our established approach to strong risk management, commercial discipline and careful contract selection.

The Group is pleased with the volume of work secured in the UK and Europe order book which stands at £410m at 1 November (1 July: £460m, 1 June: £478m), of which £307m is for delivery over the next 12 months. The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors including in Europe, with 29 per cent of the order book representing projects in continental Europe and Ireland (1 June: 32 per cent). This reflects our greater access to growing European market sectors and our stronger market position in Europe, facilitated by the acquisition of Voortman ('VSCH') in the previous financial year. Notwithstanding this, the current market backdrop remains challenging and whilst we continue to see some good projects coming to market in the UK and in Europe, the predicted recovery in certain market sectors, particularly for our shorter-cycle businesses such as distribution, has been slower than previously anticipated, and pricing has remained at tighter levels for longer than expected for some projects. In addition, some large project opportunities for FY25 and FY26have been either delayed or cancelled and, given the current market backdrop, we remain vigilant to the increased risk of delay to expected orders in the short term.

Looking further ahead, we welcome the new UK Government's budget which established a National Wealth Fund to invest in energy, transport projects and critical national infrastructure. Many of our chosen markets continue to have a favourable long-term outlook – the Group has a prominent position in market sectors with strong growth potential and is well-positioned to win projects in support of a low-carbon economy and to deliver energy security. These include opportunities in both Commercial and Industrial, and Nuclear and Infrastructure, such as battery plants, energy-efficient buildings, manufacturing facilities for renewable energy and offshore wind projects together with work in the transport, nuclear and power and energy sectors given our capability to deliver major infrastructure projects.

Project Horizon

As part of Project Horizon, our digital transformation project, we continue to make good progress with drawing and design automation, which includes automated connection design and planning tools. Other projects either being worked on or completed recently include a new estimating system (part of an overall project to integrate pricing, design and production databases to drive production and planning processes), a digital time recording system to facilitate improved monitoring of factory processes, the use of barcoding for steel to improve traceability and for paint to reduce waste, the creation of 'digital twins' to provide real- time insights into project performance, together with ongoing work on artificial intelligence to improve administrative processing times.

To date, based on the original plan, we have successfully completed 24 projects, and a further 25 of the 59 projects that we have classified as short to medium term are currently ongoing. Our dedicated project team is currently self-funded through annual savings, with further benefits being tracked as more of the identified projects and initiatives are implemented.

Core Construction Operations

£M	H1 2025	H1 2024	CHANGE
Revenue	247.2	208.0	+19%
Underlying operating profit (before JVs and associates)	17.1	14.7	+16%
Underlying profit before tax	17.1	14.7	+16%
Revenue:			
Commercial and Industrial	205.0	166.5	+23%
Nuclear and Infrastructure	42.2	41.5	+2%

Revenue of £247.2m (H1 2024: £208.0m) represents an increase of £39.2m (19 per cent) compared to the prior period, reflecting higher activity levels in the current period. Underlying operating profit of £17.1m was up 16 per cent on the prior period (H1 2024: £14.7m), which reflects the increase in revenue and final account upsides, which have helped offset the impact of some tighter pricing in certain market sectors, particularly in distribution and short-cycle infrastructure.

Commercial and Industrial

Revenue has increased by 23 per cent to £205.0m (HY 2024: £166.5m), mainly due to an increase in production activity over the comparable period, which was adversely impacted by the pause in construction at Sunset Studios in July 2023. During the period, work progressed on the SeAH Wind monopile manufacturing facility in Teeside, the AESC UK (Envision) battery plant in Sunderland, a manufacturing facility for BAE in Scotland, an Energy from Waste facility based near the River Thames in London and a petrochemical project for Ineos in Belgium. We have also worked on a

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number of data centre projects including two for Google in Belgium and the Netherlands, one in Dublin and a package of data centres in Sweden, together with various mid-sized office developments, both in London and Ireland (including Harcourt Square in Dublin and Salisbury Square, 334 Oxford Street and 105 Victoria, in London).

The Commercial and Industrial order book at 1 November was £202m (1 June: £312m). This includes projects secured in recent months such as new industrial facilities, commercial offices, data centres and distribution centres. Whilst not yet included in the order book, we have also recently received the client recommendation for 'Building One' of the new state-of-the-art battery cell manufacturing facility for Agratas in Somerset, which will initially supply batteries for Jaguar Land Rover and Tata Motors. This gigafactory, for which production is expected to commence in Q4 of FY25, is set to be the largest of its kind in the UK once it is fully operational, and by the early 2030s could provide 40 per cent of the batteries needed by the domestic car industry.

We continue to see opportunities in markets that are driving the green energy transition such as energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with new battery gigafactories in the UK and Europe. The Group's manufacturing scale, speed of construction and on-time delivery capabilities, leaves us well positioned to win work from such projects, the majority of which are likely to be designed in steel. We are also seeing strong continued demand for data centres in the UK and Europe, driven by cloud computing, 5G and Artificial Intelligence ('AI') applications which are driving even greater dependence on data centre infrastructure.

Strategic targets: we are targeting future revenue growth in line with GDP, enhanced by our European operations, with margins of 8–10 per cent.

Nuclear and Infrastructure

Revenue has remained broadly flat at £42.2m (HY 2024: £41.5m). During the period, despite the bridge weld issues, we continued our work on road and rail bridges for a variety of clients. From a nuclear perspective, ongoing contracts include work at Hinkley Point and some large projects at Sellafield. Our nuclear operations have recently been awarded the ISO 19443:2018 certification, making us only the 12th company in the UK to achieve this accreditation, which sets strict requirements for quality management systems, ensuring compliance with stringent statutory and regulatory requirements. This achievement also creates new opportunities for the Group in the UK and Europe as a Tier-1 supplier in the nuclear industry.

The N&I order book at 1 November was £201m (1 June: £160m) of which 44 per cent represents transport infrastructure (1 June: 54 per cent) and 56 per cent represents power and energy (including nuclear) projects (1 June: 41 per cent). Recent orders include a recycling infrastructure project in Scotland, a large energy project in the Netherlands and a growing scope of nuclear work at Hinkley Point and also at Sellafield as part of the long-term Programme and Project Partners ('PPP') framework. We are also seeing some near-term opportunities for offshore wind projects, which would represent another major step into the renewables market for the Group.

In the 2024 full year results announcement, we highlighted that the markets in which we operate are showing signs of continued growth supported by state-backed spending on clean and domestically generated energy and improved transport infrastructure, both key components of the green energy transition. Our outlook for these markets remains encouraging, driven by a combination of bidding activity and improved economic and political stability, particularly in the UK. The new Labour government has committed to grow the UK economy and has highlighted proposed investment in energy and transport infrastructure, the leveraging of private investment, planning reform and upskilling the UK's workforce as key components of their plan to achieve this.

In the UK energy sector, we are seeing an increased volume of attractive opportunities including from the strengthening and upgrading of the power transmission network, for which the demand for engineering and construction expertise continues to outweigh supply, together with areas such as offshore wind, carbon capture, nuclear (including small modular reactors and Sizewell C) and hydrogen production. In the UK transport sector, we continue to make good progress with HS2 station opportunities in the pipeline, including at Birmingham Interchange, and we welcome the UK Government's commitment to improving connectivity across cities in the north of England and giving more power to devolved regions to deliver their own transport solutions, all of which align to our transport expertise. We remain well-positioned to win work from these structural opportunities given our end-to-end capabilities and complex infrastructure project experience.

Strategic targets: our medium-term target is to grow revenues to over £125m, representing a doubling of FY22 revenues, with margins of 8–10 per cent.

Modular Solutions

£M	H1 2025	H1 2024	CHANGE
Revenue	9.8	10.7	-8%
Underlying operating profit (before JVs and associates)	0.1	0.1	–
Share of results of CMF	0.3	0.1	+0.2
Underlying profit before tax	0.4	0.2	+0.2

Modular Solutions consists of the growing modular product ranges of SMS and of CMF, our cold rolled steel joint venture business. We continue to be the only hot rolled steel fabricator in the UK to have a cold rolled manufacturing capability. The division has been awarded 'Fit for Nuclear' and certain Network Rail accreditations, which, together with an expanding client base and our previous record in modular construction, we believe will help us achieve our future organic growth aspirations. The division consists of three main business areas:

- Severstor – specialist equipment housings for critical electrical equipment and switchgear;
- Supply chain (steel components for modular homes and buildings) – raw material fabrication and modular systems including steel cassettes and framing; and
- Bulk handling solutions – a high-performance silo discharge system for the bulk handling of materials such as paints and other dispersible solids (of which Rotoflo is the premium product).

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Although revenue of £9.8m (H1 2024: £10.7m) represents a slight decrease compared to the prior period, overall profitability has remained broadly unchanged. The lack of growth in H1 reflects some delays to higher-margin Severstor orders which are now expected to be delivered in H2. Divisional underlying PBT of £0.4m (H1 2024: £0.2m) also includes the post-tax share of profit of CMF of £0.3m (H1 2024: £0.1m). The increased profitability at CMF reflected better volumes in the period, as the business continues the ramp-up of its expanded manufacturing operations in Wales.

We have made further progress in growing our client base for Severstor and for steel framing solutions for modular building manufacturers, which is evident in SMS's growing order book and pipeline of opportunities. For Severstor, we are seeing future opportunities in growth markets such as renewables and data centres, alongside work in areas such as power, rail and oil and gas, and we now have visibility of some large projects in the pipeline (>£5m). We are also encouraged by the pipeline of opportunities in steel framing solutions, supported by our expanding customer base, and by CMF's growing product range and its recently enlarged cold rolled manufacturing capacity.

Strategic targets: our medium-term target is to grow combined SMS and CMF revenues to between £75m and £100m, with margins of greater than ten per cent. In FY24, the Modular Solutions division delivered revenue of £50.6m (SMS: £21.5m and CMF: £29.1m).

INDIA

£M	H1 2025	H1 2024	CHANGE
Revenue	49.3	51.7	-5%
EBITDA	3.8	5.0	-24%
Operating profit	2.5	3.9	-36%
Operating margin	5.1%	7.5%	-240 bps
Finance expense	(2.5)	(2.5)	–
Profit before tax	–	1.4	(1.4)
Tax	0.2	(0.2)	+0.4
Profit after tax	0.2	1.2	(1.0)
Group share of profit after tax (50%)	0.1	0.6	(0.5)

In the first half of 2025, JSSL recorded an output of 31,000 tonnes, broadly in line with the 32,000 tonnes achieved in the prior period. This position is evident in JSSL's revenue of £49.3m, also broadly unchanged from the prior period. Despite the lower-than-expected activity levels in H1, output in H2 is expected to increase, reflecting the volume of work in JSSL's record order book.

JSSL has reported a reduced operating profit of £2.5m (H1 2024: £3.9m), which has been driven by short- term delays to existing and expected projects in the run-up to and immediately following the Indian elections in June 2024, together with a sub-optimal mix of sub-contracted work, which has resulted in some production gaps at the Bellary factory. Financing expenses of £2.5m (H1 2024: £2.5m) are unchanged from the previous period and result in JSSL's operating profit reducing to a break-even position (H1 2024: profit before tax of £1.4m).

Despite the lower first half profits, India's construction sector, and the use of steel within construction, continues to grow strongly, supported by public and private sector investment in manufacturing and energy projects, and government investment to improve and expand transport infrastructure. This position is evident in a record order book at 1 November of £197m (1 July: £181m, 1 June: £181m), which contains a mix of higher margin commercial work of 77 per cent (1 June: 71 per cent). The expanding market picture is reflected in an improving pipeline of potential orders and in numerous growth opportunities in target markets, including commercial real estate, data centres, warehouses, infrastructure and in manufacturing sectors such as steel, cement and speciality chemicals. JSSL is also targeting opportunities for growth markets in new sectors and export markets including in Saudi Arabia, building on its brand and reputation for delivering high-quality steel solutions.

To support this expected market growth, in conjunction with our joint venture partner, JSW, we are accelerating the expansion plans for the business. Work is already underway on some of these expansion projects, which are expected to be completed by the end of H2, increasing factory capacity at the Bellary site to c.110,000 tonnes (c.160,000 tonnes including sub-contracted work). The development of the new site at Gujarat is also already underway, with new open yard and factory production facilities expected to be completed and ready for operation in FY26, further increasing JSSL's in-house production capacity from c.110,000 tonnes to c.180,000 tonnes. Further expansion work at Gujarat is expected in future years, which, once complete, will result in JSSL's combined factory capacity (Bellary and Gujarat) increasing to c.250,000 tonnes (c.350,000 tonnes including sub-contracted work). The majority of this investment will be financed by debt, provided directly to JSSL by Indian lenders. JSSL is also in the process of strengthening its sales and estimating teams, bringing people with new skills into the business and enhancing its supply chain partnerships to support the expansion of the business and to provide a springboard to deliver future profitable growth.

Value continues to build in JSSL and the business is well-positioned to take advantage of a very encouraging outlook for the Indian economy and a strong underlying demand for structural steel. We remain very positive about the long-term trajectory of the market and of the value creation potential of JSSL.

ESG

Safety

The Group's top priority remains the health, safety and wellbeing of all our stakeholders and we have maintained our unrelenting focus on safety through a number of initiatives, ensuring that our safety statistics remain industry leading. During the period, we continued to roll out our Safer@Severfield behavioural safety programme and are in the process of implementing a new risk management process, to improve the management and control of critical safety risks, further enhancing our safety processes.

Sustainability and ESG

During the period, we have continued to make good progress against our near and long-term carbon emissions targets, which were validated by the Science-Based Target initiative ('SBTi') in the previous year. We also achieved ESOS ('Energy Savings Opportunity Scheme') Phase 3 compliance ahead of schedule, demonstrating our effectiveness in reducing energy demand and improving efficiency.

INTERIM STATEMENT

We have continued to maintain our focus on social value, exploring key partnerships to help support delivery of our social value commitments. During the period, we have partnered with Chapter One, an organisation that provides one-to-one reading support to young children who need help with their reading skills. This initiative is fully supported by our new Group volunteering policy, which supports initiatives that make a positive impact in our communities. We continue to monitor how much value we deliver annually in line with the National TOMs methodology framework.

BOARD CHANGES

As previously announced, Cynthia Gordon, Janice Crawford and Ian McAulay have all recently joined the board as non-executive directors. Cynthia has become chair of the remuneration committee and Ian has assumed the responsibilities of workforce engagement director, taking over from Louise Hardy, who stepped down from the board in October. Their considerable combined strategic, financial, operational and commercial expertise, and their knowledge and experience gained in global organisations will be highly beneficial to the Group as it continues to grow and diversify.

Furthermore, as part of our ongoing board succession and retirement process, Derek Randall will retire from his position on the Severfield plc board at the end of the current financial year. Derek has recently transitioned from his previous position of managing director to non-executive chair of JSSL, and he will continue to represent the Group in this capacity on JSSL's board in India, together with Alan Dunsmore. Derek will also continue in his role as chair of JSWSMD, the Indian joint venture metal decking business.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

25 November 2024

CONSOLIDATED INCOME STATEMENT

	Six months ended 28 September 2024 (unaudited)		
	Underlying £000	Non-underlying £000	Total £000
Revenue	**252,253**	**–**	**252,253**
Operating costs	**(235,102)**	**(21,769)**	**(256,871)**
Operating profit/(loss) before share of results of JVs and associates	**17,151**	**(21,769)**	**(4,618)**
Share of results of JVs and associates	**402**	**–**	**402**
Operating profit/(loss)	**17,553**	**(21,769)**	**(4,216)**
Net finance expense	**(1,465)**	**(85)**	**(1,550)**
Profit/(loss) before tax	**16,088**	**(21,854)**	**(5,766)**
Taxation	**(3,928)**	**5,442**	**1,514**
Profit/(loss) for the period	**12,160**	**(16,412)**	**(4,252)**
Earnings/(loss) per share:			
Basic	**3.96p**	**(5.34)p**	**(1.38)p**
Diluted	**3.92p**	**(5.29)p**	**(1.37)p**

	Six months ended 28 September 2023 (unaudited)		
	Underlying £000	Non-underlying £000	Total £000
Revenue	215,256	–	215,256
Operating costs	(200,490)	(2,853)	(203,343)
Operating profit/(loss) before share of results of JVs and associates	14,766	(2,853)	11,913
Share of results of JVs and associates	800	–	800
Operating profit/(loss)	15,566	(2,853)	12,713
Net finance expense	(1,408)	(289)	(1,697)
Profit/(loss) before tax	14,158	(3,142)	11,016
Taxation	(3,371)	713	(2,658)
Profit/(loss) for the period	10,787	(2,429)	8,358
Earnings/(loss) per share:			
Basic	3.48p	(0.78)p	2.70p
Diluted	3.40p	(0.77)p	2.63p

CONSOLIDATED INCOME STATEMENT

	Year ended 30 March 2024 (audited)		
	Underlying £000	Non-underlying £000	Total £000
Revenue	463,465	–	463,465
Operating costs	(425,775)	(13,225)	(439,000)
Operating profit/(loss) before share of results of JVs and associates	37,690	(13,225)	24,465
Share of results of JVs and associates	1,950	–	1,950
Operating profit/(loss)	39,640	(13,225)	26,415
Net finance expense	(3,095)	(300)	(3,395)
Profit/(loss) before tax	36,545	(13,525)	23,020
Taxation	(9,076)	1,957	(7,119)
Profit/(loss) for the period	27,469	(11,568)	15,901
Earnings/(loss) per share:			
Basic	8.94p	(3.76)p	5.18p
Diluted	8.85p	(3.72)p	5.13p

Further details of non-underlying items are disclosed in note 7 to the condensed consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Items that will not be reclassified to income statement:			
Actuarial gain/(loss) on defined benefit pension scheme	**1,170**	737	(745)
Share of other comprehensive income of JVs and associates accounted for using the equity method	**–**	–	869
Tax relating to components that will not be reclassified	**(293)**	(183)	186
	877	554	310
Items that are or may be reclassified to income statement:			
Cash flow hedges – reclassified to income statement	**(647)**	(165)	(314)
Exchange difference on foreign operations	**(269)**	(122)	(264)
Tax relating to components that may be reclassified	**69**	–	(398)
Gains taken to equity on cash flow hedges	**374**	78	1,239
	(473)	(209)	263
Other comprehensive income for the period	**404**	345	573
(Loss)/profit for the period from continuing operations	**(4,252)**	8,358	15,901
Total comprehensive income for the period attributable to equity shareholders of the parent	**(3,848)**	8,703	16,474

CONSOLIDATED BALANCE SHEET

	At 28 September 2024 (unaudited) £000	At 23 September 2023 (unaudited) £000	At 30 March 2024 (audited) £000
ASSETS			
Non-current assets			
Goodwill	**98,469**	98,510	98,469
Other intangible assets	**4,159**	8,100	5,508
Property, plant and equipment	**95,815**	99,421	96,434
Right-of-use assets	**18,078**	18,040	18,651
Interests in JVs and associates	**37,763**	32,580	37,364
Deferred tax assets	**1,828**	–	1,828
Contract assets, trade and other receivables	**3,236**	2,805	1,050
	259,348	259,456	259,304
Current assets			
Inventories	**10,872**	12,823	11,648
Contract assets, trade and other receivables	**100,582**	77,997	88,334
Current tax assets	**7,028**	1,235	4,646
Derivative financial instruments	**669**	254	675
Cash and cash equivalents	**9,422**	25,664	13,803
	128,573	117,973	119,106
Total assets	**387,921**	377,429	378,410
LIABILITIES			
Current liabilities			
Overdraft	**(4,307)**	–	(3,409)
Trade and other payables	**(96,322)**	(94,413)	(78,934)
Provisions	**(23,860)**	–	(11,819)
Financial liabilities – borrowings	**(6,200)**	(8,625)	(6,200)
Financial liabilities – leases	**(2,616)**	(2,572)	(2,931)
	(133,305)	(105,610)	(103,293)
Non-current liabilities			
Trade and other payables	**(540)**	(1,483)	(1,095)
Retirement benefit obligations	**(9,145)**	(11,155)	(11,464)
Financial liabilities – borrowings	**(10,700)**	(16,900)	(13,800)
Financial liabilities – leases	**(15,754)**	(16,076)	(16,142)
Deferred tax liabilities	**(11,825)**	(7,948)	(11,865)
	(47,964)	(53,562)	(54,366)
Total liabilities	**(181,269)**	(159,172)	(157,659)
NET ASSETS	**206,652**	218,257	220,751
EQUITY			
Share capital	**7,639**	7,739	7,739
Share premium	**85,590**	88,522	88,522
Other reserves	**3,435**	3,530	4,728
Retained earnings	**109,988**	118,466	119,762
TOTAL EQUITY	**206,652**	218,257	220,751

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2024	7,739	88,522	4,728	119,762	220,751
Total comprehensive expense for the period	–	–	(542)	(3,306)	(3,848)
Equity-settled share-based payments	–	–	(920)	1,808	888
Purchase of shares	–	–	(4,128)	–	(4,128)
Allocation of owned shares	–	–	1,265	(1,265)	–
Shares cancelled	(100)	(2,932)	3,032	–	–
Dividend provided for or paid*	–	–	–	(7,011)	(7,011)
At 28 September 2024 (unaudited)	7,639	85,590	3,435	109,988	206,652

* The 2024 final dividend of £7.0m was paid to shareholders on 11 October 2024

	Share Capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 26 March 2023	7,739	88,522	5,959	115,498	217,718
Total comprehensive income for the period	–	–	(209)	8,912	8,703
Equity-settled share-based payments	–	–	433	478	911
Purchase of shares	–	–	(2,653)	-	(2,653)
Dividend provided for or paid*	–	–	-	(6,422)	(6,422)
At 23 September 2023 (unaudited)	7,739	88,522	3,530	118,466	218,257

*The 2023 final dividend of £6.4m was paid to shareholders on 11 October 2023

	Share Capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 26 March 2023	7,739	88,522	5,959	115,498	217,718
Total comprehensive income for the year	–	–	1,530	14,944	16,474
Equity-settled share-based payments	–	–	(1,234)	3,007	1,773
Purchase of shares	–	–	(4,500)	–	(4,500)
Allocation of owned shares	–	–	2,973	(2,973)	–
Dividend provided for or paid	–	–	–	(10,714)	(10,714)
At 30 March 2024 (audited)	7,739	88,522	4,728	119,762	220,751

CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Net cash flow from operating activities	**6,817**	31,390	45,136
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment	**242**	94	408
Purchases of land and buildings	**–**	(240)	(410)
Purchases of other property, plant and equipment	**(3,109)**	(5,127)	(10,911)
Investments in JVs and associates	**–**	–	(2,801)
Payment of deferred and contingent consideration	**(120)**	(1,183)	(1,183)
Investment in subsidiary entity, net of cash acquired	**–**	(22,554)	(22,551)
Net cash used in investing activities	**(2,987)**	(29,010)	(37,448)
Cash flows from financing activities			
Interest paid	**(1,115)**	(1,106)	(3,220)
Dividends paid	**–**	–	(10,714)
Proceeds from borrowings	**–**	19,000	19,000
Repayment of borrowings	**(3,100)**	(2,425)	(7,950)
Repayment of lease liabilities	**(1,399)**	(870)	(2,628)
Purchase of shares (net of SAYE cash received)	**(3,495)**	(2,653)	(3,120)
Net cash (used in)/generated from financing activities	**(9,109)**	11,946	(8,632)
Net (decrease)/increase in cash and cash equivalents	**(5,279)**	14,326	(944)
Cash and cash equivalents at beginning of period	**10,394**	11,338	11,338
Cash and cash equivalents at end of period	**5,115**	25,664	10,394

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1) General information

Severfield plc ('the Company') is a company incorporated and domiciled in the UK. The address of its registered office is Severs House, Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire, YO7 3JN. The Company is listed on the London Stock Exchange.

The condensed consolidated interim financial information does not constitute the statutory financial statements of the Group within the meaning of section 435 of the Companies Act 2006. The statutory financial statements for the year ended 30 March 2024 were approved by the board of directors on 19 June 2024 and have been delivered to the registrar of companies. The report of the auditors on those financial statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial information for the six months ended 28 September 2024 has been reviewed, not audited, and was approved for issue by the board of directors on 25 November 2024.

2) Basis of preparation

The condensed consolidated interim financial statements for the six months ended 28 September 2024 have been prepared in accordance with the UK-adopted international accounting standard 34 'Interim Financial Reporting' as adopted for use in the UK and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. The condensed consolidated interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the statutory financial statements for the year ended 30 March 2024, which were prepared in accordance with UK-adopted international accounting standards (IFRS) and the requirements of the companies Act 2006. The condensed consolidated financial statements have also been prepared in accordance with UK-adopted financial reporting standards.

Going concern

Net debt (pre-IFRS 16 basis) at 28 September 2024 was £11.6m, representing cash (net of overdrafts) of £5.1m and outstanding term loans of £16.9m, net of debt arrangement costs of £0.2m. The Group has a £60m revolving credit facility ('RCF') with HSBC and Virgin Money that matures in December 2026. The RCF, of which £15m is available as an overdraft facility, includes an additional facility of £45m, which allows the Group to increase the aggregate available borrowings to £60m. Throughout the period, the Group has maintained significant amounts of headroom in its financing facilities and associated covenants.

The directors have reviewed the Group's forecasts and projections for the remainder of the 2025 financial year and up to 12 months from the date of approval of the interim financial statements, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a 'severe but plausible' scenario. This scenario is based on the combined impact of securing only 25 per cent of forecast uncontracted orders for the next 12 months, one-off contract losses, a deterioration of market conditions, a significant one-off event (including the possibility of the Group incurring further bridge remedial costs) and other downside factors. The scenario also takes into account likely mitigating actions, including the reduction of any non-essential or committed capital expenditure, operating expenditure and dividend payments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2) Basis of preparation continued

Given the Group's diversified operations, successful track record and previous strong performance during periods of challenging market conditions, this 'severe but plausible' scenario was modelled to stress test our strong financial position and demonstrates that the Group will operate within its existing facilities and pass covenants tests.

Having also made appropriate enquiries, the directors consider it reasonable to assume that the Group has adequate resources to be able to operate within the terms and conditions of its financing facilities for at least 12 months from the approval of the condensed Group financial statements. For this reason, the directors continue to adopt the going concern basis in preparing the condensed consolidated interim financial information.

3) Accounting policies

Except as described below, the accounting policies applied and judgements and estimates considered in preparing the condensed consolidated interim financial statements are consistent with those used in preparing the statutory financial statements for the year ended 30 March 2024.

Taxes on profits in interim periods are accrued using the tax rate that is expected to be applicable to total earning for the full year based on enacted rates at the interim date.

New and amended standards and interpretations need to be adopted in the first interim financial statements issued after their effective date (or date of early adoption).

There are no new accounting standards that are effective for the first time for the six months ended 28 September 2024 that have a material impact on the Group.

Critical accounting judgements and estimates

Provisions and contingent liabilities

The Group has identified some bridge structures that were not in compliance with the client's weld specification requirements, predominantly relating to 12 bridge projects. For eight of the bridge projects identified, management is able to estimate with sufficient reliability the remaining testing and remedial costs and has recognised a provision – see note 12 for further details. Management is not able to estimate with sufficient reliability the cost (if any) of its remaining obligation for four further bridge projects and has therefore disclosed a contingent liability – see note 16 for further details.

A provision is recognised when (i) the Group has a present legal or constructive obligation as a result of a past event; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount of the obligation can be estimated reliably. If a reliable estimate of a potential outflow of resources cannot be made due to uncertainties surrounding future events, the obligation is disclosed as a contingent liability. Contingent liabilities represent possible obligations where the timing and amount of any outflow is subject to significant uncertainty. These liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow is deemed remote. If a contingent liability becomes probable and can be reliably measured, it is reclassified and recognised as a provision.

3) Accounting policies continued

Management applies judgement to determine whether the criteria for recognising a provision are satisfied or, alternatively, if disclosure of a contingent liability is more appropriate. The recognition of provisions also involves a degree of estimation. In forming these estimates, management makes an assessment of the costs likely to be incurred after consulting with relevant experts and legal advisers where appropriate. Both judgements and estimates are subject to change based on new information, future developments or changes in circumstances. Management continually assesses any changes to ensure the financial statements reflect the most up-to-date information available.

4) Risks and uncertainties

The principal risks and uncertainties, which could have a material impact upon the Group's performance over the remaining six months of the year ending 29 March 2025, other than as disclosed below, have not changed from those disclosed on pages 92 to 104 of the strategic report included in the annual report for the year ended 30 March 2024. The annual report is available on the Company's website www.severfield.com. These risks and uncertainties include, but are not limited to:

- Health and safety
- Supply chain
- People
- Commercial and market environment
- Mispricing a contract (at tender)
- Cybersecurity
- Failure to mitigate onerous contract terms
- Industrial relations
- Meeting bridge specifications (new risk to reflect recent bridge weld issue)

The preparation of the condensed consolidated interim financial statements under IFRS requires management to make judgements, assumptions and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Assumptions and estimates are reviewed on an ongoing basis and any revisions to them are recognised in the period in which they are revised. The Group's critical accounting judgements and estimates have not changed significantly from those disclosed on pages 187 and 188 of the annual report for the year ended 30 March 2024.

Revenue and profit recognition

Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by reference to recovery of pre-contract costs, surveys of progress against the construction programme, changes in design and work scope, the contractual terms and site conditions under which the work is being performed, delays, costs incurred, claims received by the Group, external certification of the work performed and the recoverability of any unagreed income from claims and variations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4) Risks and uncertainties continued

Management continually reviews the estimated final outturn on contracts and makes adjustments where necessary. Based on the above, management believes it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment. However, due to the level of uncertainty, combination of cost and income variables and timing across a large portfolio of contracts at different stages of their contract life, it is impracticable to provide a quantitative analysis of the aggregated judgements that are applied at a portfolio level.

Within this portfolio, there are a limited number of long-term contracts where the Group has incorporated significant judgements over revenue and profit, which have been recognised at a level that is considered highly probable not to significantly reverse. However, there are a host of factors affecting potential outcomes in respect of these entitlements, which could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from a gain of £12,000,000 to a loss of £7,000,000. Management has assessed the range of reasonably possible outcomes on this limited number of contracts based on facts and circumstances that were present and known at the balance sheet date. As with any contract applying long-term contract accounting, these contracts are also affected by a variety of uncertainties that depend on future events, and so often need to be revised as contracts progress. The range excludes any uncertainties associated with the ongoing programme of bridge remedial work.

The Group has appropriate internal control procedures over the determination of each of the above variables to ensure that profit recognised as at the balance sheet date and the extent of future costs to contract completion are reasonably and consistently determined and subject to appropriate review and authorisation.

At the balance sheet date, amounts due from construction contract customers, included in contract assets, trade and other receivables was £52,064,000 (30 March 2024: £36,800,000).

5) Segmental analysis

In line with the requirements of IFRS 8, operating segments are identified on the basis of the information that is regularly reported and reviewed by the chief operating decision maker ('CODM'). The Group's CODM is deemed to be the executive committee, who are primarily responsible for the allocation of resources and the assessment of performance of the segments. Consistent with previous periods, management continues to identify multiple operating segments, primarily at an individual statutory entity level, which are reported and reviewed by the CODM. For the purpose of presentation under IFRS 8, the individual operating segments meet the aggregation criteria that allows them to be aggregated and presented as one reportable segment for the Group.

- Core Construction Operations – comprising the combined results of the Commercial and Industrial ('C&I') and Nuclear and Infrastructure ('N&I') divisions, including the results of our European operations.
- Modular Solutions – comprising Severfield Modular Solutions ('SMS') and the Group's share of profit (50 per cent) from the joint venture company, Construction Metal Forming Limited ('CMF').

5) Segmental analysis continued

The constituent operating segments that make up 'Core Construction Operations' have been aggregated because the nature of the products across the businesses, whilst serving different market sectors, are consistent in that they relate to the design, fabrication and erection of steel products. They have similar production processes and facilities, types of customers, methods of distribution, regulatory environments and economic characteristics. This is reinforced through the use of shared production facilities across the Group.

The C&I and N&I divisions presented in the interim statement were established in April 2022 to provide better client service and increased organisational clarity, both internally and externally. These still meet the aggregation criteria to be presented as one reportable segment under IFRS 8 and are therefore presented as such.

Segment assets and liabilities are not presented as these and are not reported to the CODM.

Segmental results

Period ended 28 September 2024:	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ elimination £000	Total £000
Revenue	247,171	9,794	–	(4,712)	252,253
Underlying operating profit	17,137	14	–	–	17,151
Underlying operating profit margin	*6.9%*	*0.1%*			*6.8%*
Result from joint ventures					
– CMF	–	351	–	–	351
– JSSL	–	–	51		51
Finance costs	–	–	–	(1,465)	(1,465)
Underlying profit before tax	17,137	365	51	(1,465)	16,088
Non-underlying items (note 7)	(21,769)	–	–	(85)	(21,854)
(Loss)/profit before tax	(4,632)	365	51	(1,550)	(5,766)
Other material items of income and expense:					
– Depreciation of owned property, plant and equipment	(3,442)	(78)	–	–	(3,520)
– Depreciation of right-of-use assets	(1,248)	(21)	–	–	(1,269)
– Other operating income	1,512	251	–	–	1,763

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5) Segmental analysis continued

Period ended 23 September 2023:	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ elimination £000	Total £000
Revenue	207,986	10,726	–	(3,456)	215,256
Underlying operating profit	14,716	50	–	–	14,766
Underlying operating profit margin	*7.1%*	*0.5%*			*6.9%*
Result from joint ventures					
- CMF	–	191	–	–	191
- JSSL	–	–	609	–	609
Finance costs	–	–	–	(1,408)	(1,408)
Underlying profit before tax	14,716	241	609	(1,408)	14,158
Non-underlying items (note 7)	(2,853)	–	–	(289)	(3,142)
Profit before tax	11,863	241	609	(1,697)	11,016
Other material items of income and expense:					
– Depreciation of owned property, plant and equipment	(3,162)	(77)	–	–	(3,239)
– Depreciation of right-of-use assets	(1,145)	(17)	–	–	(1,162)
– Other operating income	788	56	–	–	844

5) Segmental analysis continued

53 weeks ended 30 March 2024:	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ elimination £000	Total £000
Revenue	449,168	21,489	–	(7,192)	463,465
Underlying operating profit	37,430	260	–	–	37,690
Underlying operating profit margin	8.3%	1.2%			8.1%
Result from joint ventures					
– CMF	–	92	–	–	92
– JSSL	–	–	1,858	–	1,858
Finance costs	–	–	–	(3,095)	(3,095)
Underlying profit before tax	37,430	352	1,858	(3,095)	36,545
Non-underlying items (note 7)	(14,270)	(115)	–	860	(13,525)
Profit before tax	23,160	237	1,858	(2,235)	23,020
Other material items of income and expense:					
– Depreciation of owned property, plant and equipment	(6,317)	(163)	–	–	(6,480)
– Depreciation of right-of-use assets	(2,644)	(39)	–	–	(2,683)
– Other operating income	1,625	245	–	–	1,870

Revenue

All revenue is derived from construction contracts and related assets. Additional disclosures are made under IFRS 15 to enable users to understand the relative size of the divisions. An analysis of the Group's revenue is as follows:

	Half year		Year ended 30 March
	2025 £000	2024 £000	2024 £000
Construction contracts:			
– Commercial and Industrial	**205,016**	166,468	361,734
– Nuclear and Infrastructure	**42,155**	41,518	87,434
Core Construction Operations	**247,171**	207,986	449,168
Modular Solutions	**9,794**	10,726	21,489
Elimination of inter-segment revenue	**(4,712)**	(3,456)	(7,192)
Total Group revenue	**252,253**	215,256	463,465

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5) Segmental analysis continued

Geographical information

The following table presents revenue according to the primary geographical markets in which the Group operates. This disaggregation of revenue is presented for the Group's two operating segments.

	Half year		Year ended 30 March
Core Construction Operations – revenue by destination	**2025 £000**	2024 £000	2024 £000
United Kingdom	**157,411**	171,210	367,127
Republic of Ireland and continental Europe	**89,760**	36,776	82,041
	247,171	207,986	449,168

	Half year		Year ended 30 March
Modular Solutions – revenue by destination	**2025 £000**	2024 £000	2024 £000
United Kingdom	**9,135**	10,726	17,486
Republic of Ireland and continental Europe	**659**	–	4,003
	9,794	10,726	21,489
Elimination of intercompany revenue (UK)	**(4,712)**	(3,456)	(7,192)
	5,082	7,270	14,297

6) Seasonality

There are no seasonal variations that impact the split of revenue between the first and second half of the financial year. Underlying movements in contract timing and phasing, which are an ongoing feature of the business, will continue to drive moderate fluctuations in half-yearly revenues.

7) Non-underlying items

	At 28 September 2024 £000	At 23 September 2023 £000	At 30 March 2024
Operating costs	**(21,769)**	(2,853)	(13,225)
Finance expense	**(85)**	(289)	(300)
Non-underlying items before tax	**(21,854)**	(3,142)	(13,525)
Tax on non-underlying items	**5,442**	713	1,957
Non-underlying items after tax	**(16,412)**	(2,429)	(11,568)

Non-underlying items before tax consist of:	At 28 September 2024 £000	At 23 September 2023 £000	At 30 March 2024 £000
Amortisation of acquired intangible assets	**(1,305)**	(2,853)	(5,399)
Bridge testing and remedial costs	**(20,364)**	–	–
Legacy employment tax charge	**(100)**	–	(4,413)
Asset impairment charges	**–**	–	(4,543)
Unwinding of discount on contingent consideration	**(85)**	(289)	(300)
FV adjustment to contingent consideration	**–**	–	1,130
Non-underlying items before tax	**(21,854)**	(3,142)	(13,525)

Amortisation of acquired intangible assets represents the amortisation of customer relationships, order books and brand name, which were identified on the acquisition of Harry Peers, DAM Structures and the Voortman Steel Construction Group.

Bridge testing and remedial costs relate to the ongoing programme of bridge remedial work and represent works undertaken during H1 and the remaining testing and remedial costs for bridge projects where management is able to reliably estimate the remaining costs to the Group.

In the prior year, the Group recorded a non-underlying legacy employment tax charge of £4.4m relating to an assessment raised by HMRC for historical income tax and national insurance ('NIC') liabilities. The Group is disputing this assessment but, since HMRC issued formal determinations for the amounts it considers are due, a charge was recognised within the FY24 results. Discussions are ongoing with HMRC to attempt to reach a final settlement and we expect this matter to be concluded by the end of FY25.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7) Non-underlying items continued

Non-underlying items have been separately identified by virtue of their magnitude or nature to enable a full understanding of the Group's financial performance and to make year-on-year comparisons. They are excluded by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group and are normally excluded by investors, analysts and brokers when making investment and other decisions. For an item to be considered as non-underlying, it must satisfy at least one of the following criteria:

- A significant item, which may span more than one accounting period;
- An item directly incurred as a result of either a business combination, disposal or related to a major business change or restructuring programme; and
- An item which is unusual in nature (outside the normal course of business).

Non-underlying items are presented as a separate column within their related consolidated income statement category on a consistent basis for each half year and full year results. The exclusion of non- underlying items may result in underlying earnings being materially higher or lower than total earnings.

Accordingly, certain alternative performance measures ('APMs') have been used throughout this report to supplement rather than replace the measure provided under IFRS, see note 17 for further details.

8) Taxation

The corporation tax expense reflects the estimated effective tax rate of 25 per cent on the profit/loss before taxation for the Group for the period ending 28 September 2024.

9) Dividends

	Six months ended 28 September 2024 £000	Six months ended 23 September 2023 £000	Year ended 30 March 2024 £000
2023 final – 2.1p per share	**–**	(6,422)	(6,422)
2024 interim – 1.4p per share	**–**	–	(4,292)
2024 final – 2.3p per share	**(7,011)**	–	–
	(7,011)	(6,422)	(10,714)

The 2024 final dividend of £7,011,000 was paid to shareholders on 11 October 2024.

The directors have declared an interim dividend in respect of the six months ended 28 September 2024 of 1.4p per share (H1 2024: 1.4p per share) which will amount to an estimated dividend payment of £4,200,000 (H1 2024: £4,292,000). This dividend is not reflected in the balance sheet as it was declared and will be paid after the balance sheet date, on 7 February, to shareholders on the register at the close of business on 10 January.

10) Earnings per share

Earnings per share is calculated as follows:

	Six months ended 28 September 2024 £000	Six months ended 23 September 2023 £000	Year ended 30 March 2024 £000
Earnings for the purposes of basic earnings per share being net (loss)/profit attributable to equity holders of the parent Company	(4,252)	8,358	15,901
Earnings for the purposes of underlying basic earnings per share being underlying net profit attributable to equity holders of the parent Company	12,160	10,787	27,469

Number of shares	Number	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	307,188,953	309,538,321	307,131,912
Effect of dilutive potential ordinary shares and under share plans	3,030,768	7,670,171	3,093,177
Weighted average number of ordinary shares for the purposes of diluted earnings per share	310,219,721	317,208,492	310,225,089
Basic (loss)/earnings per share	(1.38)p	2.70p	5.18p
Underlying basic earnings per share	3.96p	3.48p	8.94p
Diluted (loss)/earnings per share	(1.37)p	2.63p	5.13p
Underlying diluted earnings per share	3.92p	3.40p	8.85p

11) Property, plant and equipment

During the period, the Group acquired land and buildings of £nil (H1 2024: £240,000) and other property, plant and equipment of £3,109,000 (H1 2024: £5,127,000). The Group also disposed of other property, plant and equipment for £242,000 (H1 2024: £94,000) resulting in a gain on disposal of £134,000 (H1 2024: loss of £5,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12) Provisions

	Legacy employment taxes £000	Bridge testing and remedial costs £000	Loss provisions £000	**Total £000**
Balance at 30 March 2024	3,373	–	8,446	**11,819**
Provisions made during the year	100	13,266	3,087	**16,453**
Provisions used during the year	–	–	(4,412)	**(4,412)**
Balance at 28 September 2024	**3,473**	**13,266**	**7,121**	**23,860**

For all provisions, the resulting cash outflows are expected to occur within 12 months.

The provision for testing and remedial costs relates to the ongoing programme of bridge remedial work, predominantly for eight bridge projects where management can reliably estimate the remaining costs to the Group.

Provisions are recognised and measured based on management's best estimate of the expenditure required to settle the obligation, considering relevant risks and uncertainties. These estimates may change in response to new information, future developments, or changes in circumstances. Bridge testing and remedial costs will be kept under review until our assessment of all affected structures has been concluded.

The potential cost to the Group for four further bridge projects and for any possible consequential costs from third parties has not yet been determined and has been disclosed as a contingent liability. In addition, no possible recoveries from third parties have been recognised in H1, including insurance as, although preliminary indications suggest a good prospect of insurance recovery, these are not virtually certain and therefore cannot yet be recognised under IFRS.

13) Net debt

	At 28 September 2024 £000	At 23 September 2023 £000	At 30 March 2024 £000
Borrowings	**(16,900)**	(25,525)	(20,000)
Cash and cash equivalents	**5,115**	25,664	10,394
Unamortised debt arrangement costs	**193**	278	235
Net (debt)/funds (pre-IFRS 16)	**(11,592)**	417	(9,371)
IFRS 16 lease liabilities	**(18,370)**	(18,648)	(19,073)
Net debt (post-IFRS 16)	**(29,962)**	(18,231)	(28,444)

The Group also presents net debt/funds on a pre-IFRS 16 basis as lease liabilities are excluded from the definition of net debt/funds as set out in the Group's borrowing facilities.

14) Net cash flow from operating activities

	Six months ended 28 September 2024 £000	Six months ended 23 September 2023 £000	Year ended 30 March 2024 £000
Operating (loss)/profit from continuing operations	**(4,216)**	12,713	26,415
Adjustments:			
Depreciation of property, plant and equipment	**3,520**	3,239	6,480
Right-of-use asset depreciation	**1,269**	1,162	2,683
(Gain)/loss on disposal of other property, plant and equipment	**(134)**	5	(92)
Asset impairment charges	**–**	–	4,543
Amortisation of intangible assets	**1,350**	2,898	5,489
Movements in pension scheme liabilities	**(1,149)**	(1,066)	(2,152)
Share of results of JVs and associates	**(402)**	(800)	(1,950)
FX movements	**(82)**	(86)	(373)
Share-based payments	**256**	911	392
Operating cash flows before movements in working capital	**412**	18,976	41,435
Decrease in inventories	**776**	554	1,729
(Increase)/decrease in receivables	**(13,310)**	41,298	31,232
Increase/(decrease) in payables	**21,548**	(26,248)	(21,962)
Cash generated from operations	**9,426**	34,580	52,434
Tax paid	**(2,609)**	(3,190)	(7,298)
Net cash flow from operating activities	**6,817**	31,390	45,136

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15) Related-party transactions

There have been no changes in the nature of related-party transactions as described in note 31 on page 217 of the annual report for year ended 30 March 2024 and there have been no new related-party transactions which have had a material effect on the financial position or performance of the Group in the six months ended 28 September 2024, except as stated below.

During the period, the Group provided services in the ordinary course of business to its Indian joint venture, JSW Severfield Structures ('JSSL') and in the ordinary course of business contracted with and purchased services from its UK joint venture, Construction Metal Forming Limited ('CMF'). The Group's share of the retained profit in JVs and associates of £402,000 (H1 2024: £800,000) for the period reflects a profit from JSSL of £51,000 (H1 2024: £608,000) and a profit from CMF of £351,000 (H1 2024: £192,000).

During the period, the Group has sold services to its Indian joint venture ('JSSL') of £274,000 (H1 2024: £128,000). The amount due from JSSL at 28 September 2024 was £421,000 (30 March 2024: £132,000).

During the period, the Group has purchased services from CMF of £6,381,000 (H1 2024: £5,226,000). The amount due to CMF at 28 September 2024 was £nil (30 March 2024: £2,126,000).

16) Contingent assets and liabilities

Liabilities have been recorded for the directors' best estimate of uncertain contract positions, known legal claims, legal actions in progress and circumstances that could give rise to claims or actions. The Group takes legal advice as to the likelihood of the success of and the likely value of such claims and actions and no liability is recorded where the directors consider, based on that advice, that the claim or action is unlikely to succeed, or that the Group cannot make a sufficiently reliable estimate of the potential obligation or liability arising out of such claim or action.

Since the publication of the 2024 results, the Group identified some bridge structures that were not in compliance with the client's weld specification requirements, predominantly relating to 12 bridge projects that are either ongoing or were completed over the past four years. The issues all arise out of a particular bridge specification and related sub-optimal choices of welding procedures, exacerbated by limitations in the specified weld testing regime for these projects.

Whilst the precise nature of the overall remedial work required for all affected bridge structures has not yet been fully determined, the Group has incurred costs of £7.1m relating to testing and remedial works undertaken during H1 and for eight bridge projects, where the Group is able to estimate with sufficient reliability the remaining testing and remedial costs, a further liability of £13.3m has been assessed. A non- underlying charge of £20.4m has therefore been recognised for these costs as at 28 September 2024.

The Group is not able to estimate with sufficient reliability the cost (if any) of its remaining obligation for four further bridge projects where either the results of the ongoing testing are not yet known or a rectification solution has not yet been agreed with the client, as any estimate is subject to a number of unknown factors including what the proposed rectification solution is (if any is required), sequencing, timeline and consequential disruption. Furthermore, the Group is also not able to estimate with sufficient reliability any possible consequential costs (if any) from third parties as these are not yet known. As such there is a range of potential outcomes in these specific cases and since the Group is unable to quantify the possible exposure based on current information, a contingent liability has been disclosed.

All amounts will be kept under review until our assessment of all affected structures has been concluded. The Group will be pursuing all potential recoveries from third parties, including insurance, with preliminary indications suggesting a good prospect of insurance recovery, albeit not yet with the level of certainty required for such recovery to be recognised under accounting standards.

The Company and its subsidiaries have provided unlimited multilateral guarantees to secure any bank overdrafts and loans of all other Group companies. At 28 September 2024 this amounted to £nil (30 March 2024: £nil). The Group has also given performance bonds in the normal course of trade.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17) Alternative performance measures

Our alternative performance measures ('APMs') present useful information, which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the Group and its underlying business performance. In addition, APMs enhance the comparability of information between reporting periods by adjusting for non-underlying items. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

To facilitate understanding of the APMs used by the Group, and their relationship to reported IFRS measures, definitions and numerical reconciliations are set out below.

Alternative performance measure ('APM')	Definition	Rationale
Underlying operating profit (before JVs and associates)	Operating profit before non-underlying items and the results of JVs and associates.	Profit measure reflecting underlying trading performance of wholly owned subsidiaries.
Underlying profit before tax	Profit before tax before non-underlying items.	Profit measure widely used by investors and analysts.
Underlying basic earnings per share ('EPS')	Underlying profit after tax divided by the weighted average number of shares in issue during the year.	Underlying EPS reflects the Group's operational performance per ordinary share outstanding.
Net funds/(debt) (pre- IFRS 16)	Balance drawn down on the Group's revolving credit facility, with unamortised debt arrangement costs added back, less cash and cash equivalents (including bank overdrafts) before IFRS-16 lease liabilities.	Measure of the Group's cash indebtedness before IFRS-16 lease liabilities, which are excluded from the definition of net funds/(debt) in the Group's borrowing facilities. This measure supports the assessment of available liquidity and cash flow generation in the reporting period.

17) Alternative performance measures continued

Reconciliations to IFRS measures

Underlying operating profit/(loss) (before JVs and associates)	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Underlying operating profit (before JVs and associates)	17,151	14,766	37,690
Non-underlying operating items	(21,769)	(2,853)	(13,225)
Share of results of JVs and associates	402	800	1,950
Operating (loss)/profit	**(4,216)**	12,713	26,415

Underlying profit/(loss) before tax	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Underlying profit before tax	16,088	14,158	36,545
Non-underlying items	(21,854)	(3,142)	(13,525)
(Loss)/profit before tax	**(5,766)**	11,016	23,020

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17) Alternative performance measures continued

Underlying basic earnings per share	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Underlying net profit attributable to equity holders of the parent Company	12,160	10,787	27,469
Non-underlying items after tax	(16,412)	(2,429)	(11,568)
Net (loss)/profit attributable to equity holders of the parent Company	(4,252)	8,358	15,901
Weighted average number of ordinary shares	307,188,953	309,538,321	307,131,912
Underlying basic earnings per share	3.96p	3.48p	8.94p
Basic (loss)/earnings per share	(1.38)p	2.70p	5.18p

Net debt	Six months ended 28 September 2024 (unaudited) £000	Six months ended 23 September 2023 (unaudited) £000	Year ended 30 March 2024 (audited) £000
Borrowings	(16,900)	(25,525)	(20,000)
Cash and cash equivalents	5,115	25,664	10,394
Unamortised debt arrangement costs	193	278	235
Net (debt)/funds (pre-IFRS 16)	(11,592)	417	(9,371)
IFRS 16 lease liabilities	(18,370)	(18,648)	(19,073)
Net debt (post-IFRS 16)	(29,962)	(18,231)	(28,444)

18) Cautionary statement

The condensed interim financial statements (interim report) have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The interim report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report, but, such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

19) Statement of directors' responsibilities

The directors confirm that, to the best of their knowledge, the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted for use in the UK, and that the interim report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions that have occurred in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report and financial statements.

The maintenance and integrity of the Severfield plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

25 November 2024

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

25 November 2024

INDEPENDENT REVIEW REPORT TO SEVERFIELD PLC

Conclusion

We have been engaged by Severfield plc 'the Company' to review the condensed set of financial statements in the half-yearly financial report for the six months ended 28 September 2024, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 September 2024 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA').

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ('ISRE (UK) 2410') issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK- adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half- yearly financial report in accordance with IAS 34 as adopted for use in the UK.

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

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

CRAIG PARKIN
FOR AND ON BEHALF OF KPMG LLP
Chartered Accountants
1 Sovereign Square Sovereign Street Leeds
LS1 4DA
United Kingdom
26 November 2024

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