Severfield

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

Severfield plc
Annual report and accounts
for the year ended 29 March 2025

Welcome to our
2025 Annual Report

Creating better ways to build, for a world of changing demands

Severfield is the largest specialist structural steelwork group in the UK, with a growing presence in India and Europe and a reputation for performance and innovation.

"2025 marked a year of change in my first year at Severfield, but it's clear to me that Severfield is built on strong foundations – with the right values, exceptional talent, and exciting growth potential we are well-positioned to win work in markets with positive long-term trends."

CHARLIE CORNISH
NON-EXECUTIVE CHAIR AND DIRECTOR

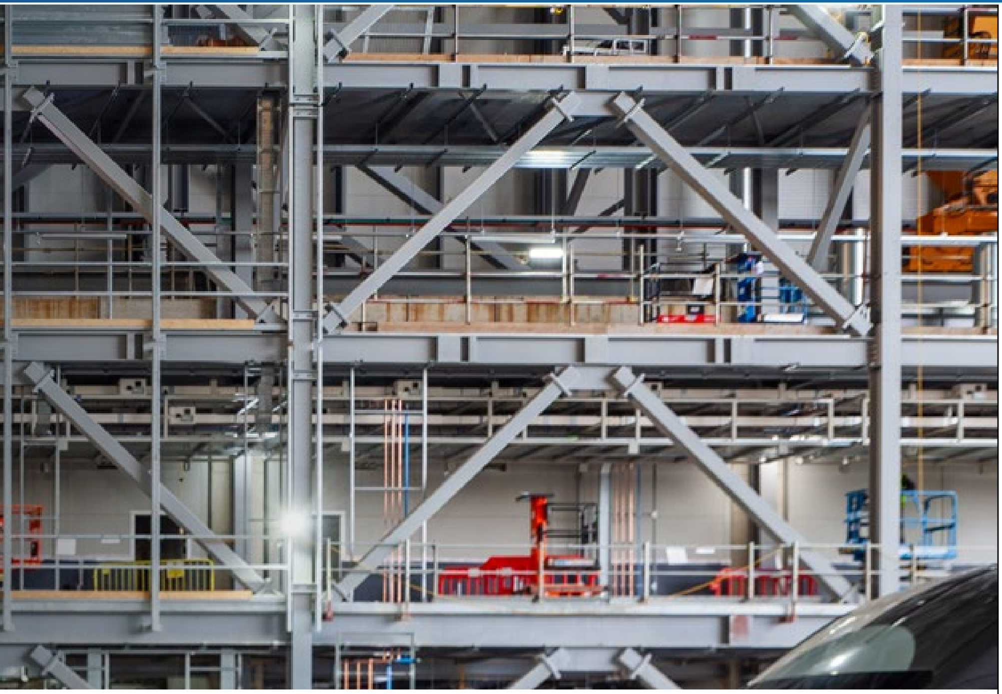
"After many years of strong profit growth, FY25 was a difficult year – but we've secured a solid baseload for FY26 and into FY27, and fresh opportunities continue to emerge. With our financial position and proven delivery record, we are well positioned to capitalise on the market's recovery."

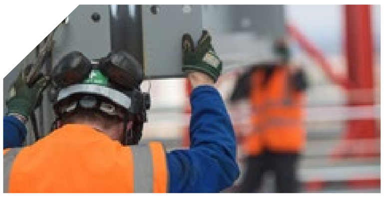
ADAM SEMPLE
CHIEF FINANCIAL OFFICER

Find us online @
www.severfield.com

You can find out more about the Group on our website www.severfield.com, which includes an investor information section containing a wide range of information of interest to institutional and private investors, including:

- Latest news and press releases
- Financial reports and investor presentations
- Company share price





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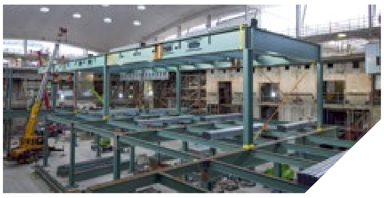
Our purpose framework



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The markets we serve

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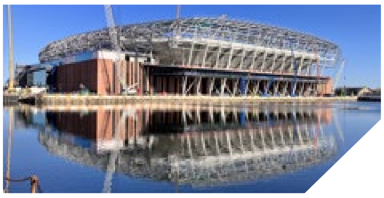
How we create value



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Our strategy

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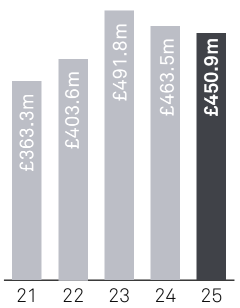
Overview

Our year in review

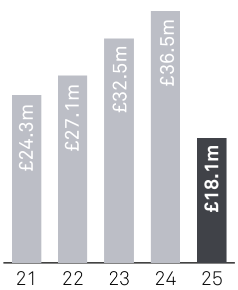
Revenue (£m)

£450.9m



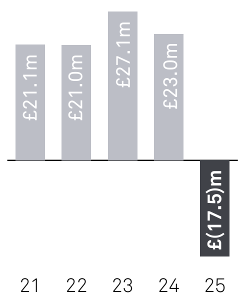
Underlying[1] profit before tax (£m)

£18.1m



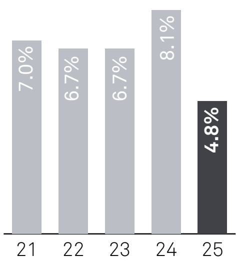
Profit/(Loss) before tax (£m)

£(17.5)m



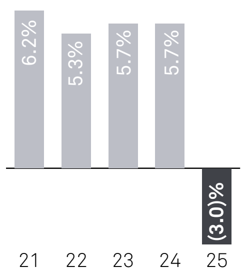
Underlying[1] operating margin (%)

4.8%



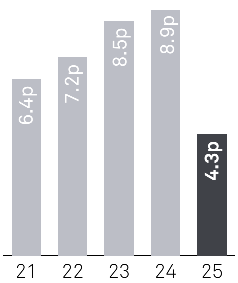
Operating margin (%)

(3.0)%



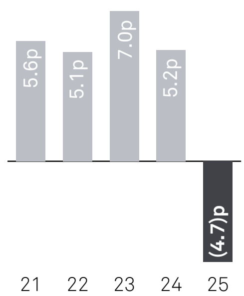
Underlying[1] basic earnings per share (p)

4.3p



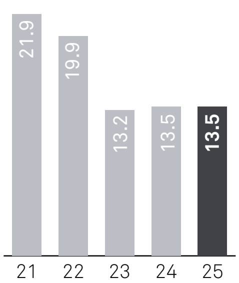
Basic earnings/(loss) per share (p)

(4.7)p



Greenhouse gas intensity[2] (tonnes CO_2e/£m)

13.5 tonnes



Operational highlights

- Revenue of £450.9m (2024: £463.5m)
- Underlying[1] profit before tax of £18.1m (2024: £36.5m) reflects tougher market conditions
- Loss before tax of £17.5m (2024: profit of £23.0m)
- Underlying[1] basic earnings per share of 4.3p (2024: 8.9p)
- Basic loss per share of 4.7p (2024: earnings per share of 5.2p)
- Net debt (on a pre-IFRS-16 basis[1]) of £43.1m (2024: £9.4m), includes amortising term loans of £13.8m, year-end leverage (on a pre-IFRS-16 basis[1]) of 1.2x
- Non-underlying items of £35.6m include estimated bridge testing and remedial costs (net of insurance recoveries) of £23.4m – insurance settlement now agreed. See 'Our operational performance' on page 36 for further details
- Diversified UK and Europe order book of £444m at 1 July 2025 (1 November 2024: £410m), of which £324m is for delivery over the next 12 months
- Continued strategic progress in India – record JSSL order book of £240m at 1 July 2025 (1 November 2024: £197m)
- Successful extension of £60m revolving credit facility to December 2027

ESG

- The Group was awarded 'AAA' under MSCI's ESG rating for the fourth year running
- Achieved CDP 'A' score for leadership on climate change mitigation for second year running and 'A' for supply chain engagement
- Maintained our 'very good' BES 6001 responsible sourcing accreditation
- Progress against approved Science-Based Net Zero targets ('SBTi') achieved
- Maintained our carbon neutral accreditation from Achilles for Scope 1, 2 and operational Scope 3 emissions for our manufacturing, office and construction operations
- Listed in Financial Times Europe's Climate Leaders report for the fifth year running
- Procured 100 per cent of our energy from renewable sources at all UK-owned facilities
- Maintained progress against social value against the National TOMs – Themes, Outcomes and Measures – methodology framework
- Maintained Gold membership of 'The 5% Club', demonstrating our commitment to 'earn and learn' schemes

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Our operational performance

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Financial review

1 Except as otherwise stated '2024' and '2025' refers to the 53-week period ended 30 March 2024 and 52-week period ended 29 March 2025 respectively. The Group's accounts are made up to an appropriate weekend date around 31 March each year. Underlying results are stated before non-underlying items of £35.6m (2024: £13.5m). 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 33 for APM definitions.

2 Scope 1 and 2 emissions, using market-based approach.

View from the Chair

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

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Our purpose, strategy and values

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Building a responsible and sustainable business

Dear shareholders,

It is a privilege to write to you for the first time as Chair of Severfield. I would like to begin by thanking my predecessor, Kevin Whiteman for his leadership and contribution over many years with the Group. This past year has been a period of significant transition and challenge for our business, and I would like to take this opportunity to update you on our progress and outlook.

During the year, we announced the departure of our CEO, Alan Dunsmore, who left the Group in June 2025. On behalf of the Board, I would like to thank Alan for his commitment to Severfield over the past 15 years and for the last seven years of dedicated leadership as CEO. Alan was pivotal in shaping our purpose, strategy and values, driving growth both organically and through several acquisitions.

Following Alan's departure, interim leadership arrangements were put in place to ensure continuity and stability. In the interim, with my support and guidance, Rob Evans, Divisional Managing Director of our largest division, Commercial and Industrial, has taken on executive responsibilities, and formed an interim executive team, with Adam Semple, our CFO. I would like to thank them and the wider management team for providing continuity and leadership through this period.

We have launched a comprehensive search for a new CEO, which remains ongoing. Our priority is to appoint a leader with the strategic vision, experience, and values to build on our strengths and who will drive long-term value creation.

I am fortunate to have a strong and engaged board around me. As non-executive directors, Cynthia Gordon, Janice Crawford and Ian McAulay joined the board during the course of this year, bringing with them a fresh perspective and a broad range of experience. Their insights and independence are already proving invaluable as we navigate this period of leadership transition and renewed strategic focus.

Having joined the board at a time of change, I have spent the past months engaging with management, meeting colleagues across the business, and listening to investors. What I have seen confirms my belief that Severfield is a fundamentally strong business, with talented people, deeply embedded client relationships and prominent positions in market sectors with strong growth potential in the UK, Europe and in India. Notwithstanding the current challenging market conditions and the bridge weld issues that we have had to deal with, we now have a real opportunity to build on Severfield's market leading positions and to drive further operational progress on manufacturing efficiency and project delivery, positioning the Group for further growth and long-term shareholder returns.

The year ahead will be one of focus and execution – on delivering for our clients, maintaining operational momentum, and appointing the right CEO to lead Severfield through the next phase of its development. We have also recently launched three new transformation programmes focused on business development, project delivery, and manufacturing operations, with the objective of improving operational efficiency and order conversion rates. These initiatives underpin our commitment to continuous improvement and position us well to deliver sustainable growth in the years ahead.

My personal focus over the next few years will be to help build long-term value for Severfield's shareholders. I believe the key to long-term value is growth: growth in customer revenues; growth in earnings; and growth in the returns on the capital you have entrusted to us. The board and I remain confident in our direction and excited by the opportunities that lie ahead.

Thank you for your continued support and trust.

Yours sincerely,

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

24 July 2025

Our purpose, strategy and values

Our purpose, strategy, and values are the pillars upon which sustainable success is built, they shape our identity and guide our actions.

Our purpose 'creating better ways to build for a world of changing demands' embodies our commitment to making a positive impact on society and the world in which we live. As demands change, our engineers continue to find ingenious, intuitive and sustainable ways to deliver the buildings that society needs. Our core strength is providing high-quality and reliable engineering and construction solutions in the UK, Republic of Ireland and continental Europe, whilst maintaining our focus on serving our communities.

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Our approach to ESG and sustainability

Our strategy

Through the continued focus on our well-established strategy to drive growth in our core markets, grow our presence in new and emerging markets and ensure continuous efficiency improvement across all aspects of our business, we are turning our purpose into action, creating long-term value for all stakeholders, whilst staying true to our core purpose. Project Horizon, our digitalisation programme, continues to play a vital role in achieving this.

Drive growth

- Expand UK market share
- Enter new UK market sectors
- Accelerate growth in Europe

See more on page 31

Grow Indian presence

- Drive profitable growth through market expansion
- Enhance operational capacity and efficiency
- Position for long-term growth

See more on page 32

Operational excellence

- Enhance operational delivery
- Quality and efficiency
- Investment in technology

See more on page 33

Our culture

The Severfield Way

The Severfield Way harnesses the skills and expertise of our people and promotes the positive culture and ways of working that everyone at Severfield strives to achieve.

As Severfield continues to grow, we are working with more clients, in new sectors and in new countries with our footprint now extending into Europe. Through this growth, Severfield has acquired a diverse set of working practices, principles and cultures. The Severfield Way has brought the best aspects of each of these into one unifying framework that all our people can relate to.

Now refined to include our values and behaviours, and underpinned by our purpose, The Severfield Way is a clear framework that promotes the culture and ways of working that we want to encourage throughout the Group.

Our purpose has been a key driver of Severfield's success for many years, and The Severfield Way builds on this strong foundation. It highlights our strengths, reinforces the high standards we set, and acts as a catalyst for continued growth, inspiring colleagues and leaders alike to pursue excellence in everything they do.

Our values define how we work with clients, partners, colleagues, and communities. They are the guiding principles that shape our daily actions. By living these values, we remain committed to working together to drive the ongoing success of Severfield, our people, and our wider community. Upholding our values is non-negotiable, as they personify our commitment to ethical conduct and responsible business practices.

Our values

WE SET THE BAR HIGH.

Our passion drives us to go above and beyond expectations. As experts in our field, we are focused on staying on track, maintaining a positive approach and developing our own knowledge. Continually raising the reputation of our teams and the work that they produce comes from always challenging ourselves to do more, having an unwavering commitment to deliver industry-leading projects, and always taking the utmost pride in our work

WE ARE IN IT TOGETHER.

Everyone at Severfield understands that we are part of one team. By working together and recognising that we all have unique, valuable contributions, we can achieve great things. This isn't just about sharing in everyone's successes – it's about creating better links between all departments and locations, making people feel supported and empowered by their colleagues, and encouraging a collaborative approach across the Group.

WE DO THE RIGHT THING.

Our focus is on what's best for each other, our business, our clients, and our communities. As market leaders, we are passionate about what we do. Whether it's leading the way in industry safety standards or sustainable practices, always having open and honest communication with each other, or speaking up if we make a mistake, we always do the right thing.

WE FIND BETTER WAYS.

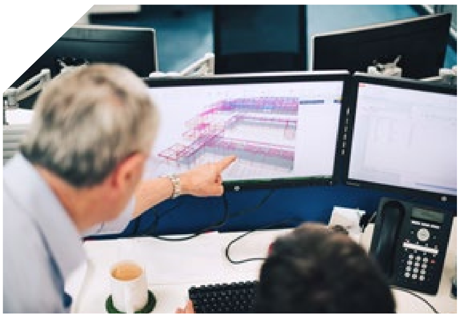
We are always looking for opportunities to improve. By always being open to change and taking best practice from other colleagues and the wider industry, we can make sure that we are adaptable in a world of changing demands. Whether this is developing a procedure following lessons learned, exploring different innovative ideas put forward by colleagues, or adopting brand new ways of working, we push the boundaries of what we do.

What we do

We provide value throughout the entire project lifecycle...

We manage every aspect of the fabrication and construction process, from initial scheme design, through detailing, specification and manufacture, to the eventual handover to our clients of a quality product on-site. By engaging with our clients in the design stage, we can add value throughout the project lifecycle. Our in-house design and construction teams work closely together to create the most efficient and safest solutions that match our clients' needs.

Over the years, we have continued to invest in operational improvements, including the launch of Project Horizon, our digital transformation project, in 2023. This is a long-term business initiative that will support our strategy and help shape our future as we develop and enhance our systems and processes, to ensure we remain at the forefront of technology and innovation as a market leader in the industry. The objective is to maximise the automation of our estimating, design, production and contract delivery processes to improve customer service and deliver efficiency and capacity benefits in the future.



01 Design

Our design process provides innovative solutions and 'value engineering', driven by our experienced engineers and building information modelling ('BIM') software. We can advise on all areas of the project, including materials, fire protection, and construction techniques, leading to an optimum solution, cost savings and sustainability benefits. Our engineers handle temporary works for construction efficiency and safety, essential for high-rise towers and complex structures, working closely with our in-house construction team to ensure optimal solutions.

02 Fabrication

The Group's fabrication facilities feature extensive stockyards and cutting, fabrication, welding and painting areas, including some of the industry's largest finished goods and sub-assembly areas. Significant and ongoing investment has led to innovative, state-of-the-art processing equipment designed for optimal layout, logistics and integration. Numerical control data optimises output, reducing waste and errors. Our plate girder production line provides efficient plated sections, optimal profiles, and shop-applied intumescent coatings for structural steelwork.

03 Construction

The Group's highly trained in-house construction workforce provides a market-leading service using the latest on-site equipment. Supported by an experienced contract management team, each project manager serves as the single client contact, ensuring optimal communication and performance. The Group is an industry leader in construction methodology and our integrated construction process is vital for our clients and a key differentiator for the Group.

...addressing societies' infrastructure needs

Our businesses are well-positioned to win work in markets with positive long-term growth trends, including those which are benefitting from the green energy transition. At Severfield, we have significant experience in delivering a wide range of projects across the sectors that support this expected growth. The Group's manufacturing scale, speed of construction and on-time delivery capabilities, leaves us well-positioned to win work from such projects, many of which are likely to be designed in steel.

Battery plants

In the UK and EU, we are seeing a new wave of opportunities for battery giga-factories to support domestic zero carbon vehicle production, with a number of facilities currently being planned or considered. Recognising the importance of these facilities, governments in the UK and Europe are allocating funding to deliver globally competitive local battery supply chains. Severfield has a strong position in the sector and is currently working on the Agratas battery plant in Somerset having just completed the Envision battery plant in Sunderland.

Renewable energy

Decarbonising the power sector, whilst meeting a significant increase in electricity demand, has the potential to generate significant investment from both the private and public sectors. The UK currently has the largest operational offshore wind farm in Europe, with similar sized projects planned or underway. This presents opportunities for the Group including manufacturing facilities for renewables, offshore wind projects (such as Hornsea 3), onshore substations for wind connecting offshore energy to the grid and modular housings for offshore applications.

New nuclear

The UK Government has launched 'Great British Nuclear', to facilitate the design, construction, commissioning and operation of nuclear energy generation projects to address constraints in the nuclear market. The new Civil Nuclear Roadmap, published in January 2024, describes how the UK could meet its existing target to generate up to 24GW of nuclear power by 2050, four times the current capacity. Similar projects are also being planned in Europe. The Group has extensive experience in this sector and is a key delivery partner for existing nuclear projects at Sellafield.

Low carbon transport

Significant UK Government investment is planned in public transport, including HS2, Northern Powerhouse rail links, TransPennine upgrades, rail electrification projects, West Yorkshire mass transit system, and in improving roads, buses and railways in the north of England, all of which could also introduce new opportunities for the Group. Severfield is well placed in the infrastructure sector to support the delivery of such projects and our bridge team has a strong reputation and extensive experience in all types of bridgework, including major transport routes.

Low carbon buildings

Decarbonisation legislation and Net Zero targets are driving demand for low carbon buildings, including modifications to existing buildings or new build projects. The Group has a strong track record in the commercial office sector, regionally and in London, as well as experience in 'cut and carve' (retrofit) design and construction, leaving us well placed to win work from these opportunities.

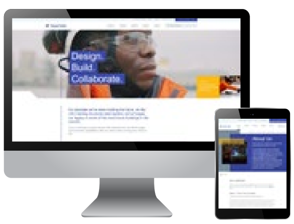
Data centres

Demand for data centres in the UK and EU is also expected to continue, fueled by cloud computing, 5G and the recent advancement of artificial intelligence ('AI'), including Agentic AI, applications which are driving even greater dependence on data centre infrastructure. The Group has a notable track record in this sector, having already delivered projects in the UK, Ireland, Belgium, Finland, Sweden, the Netherlands and Germany for a variety of different end clients.

Transmission

In the UK, the National Grid's connection reform initiative is accelerating connections to the grid and similar projects are underway in the EU. The Group is well placed to meet this demand, which includes a significant increase in the volume of power transmission and distribution projects being brought to market, with an acceleration of work to strengthen and stabilise power networks to meet future energy demands.

Read more about our services online @
www.severfield.com



Where we do it

Commercial and Industrial

Commercial offices

Industrial and distribution

Data centres

Retail

Health and education

Stadia and leisure

Our Commercial & Industrial division designs, fabricates and constructs structural steelwork for a variety of different sectors including commercial offices, stadia and leisure, industrial and distribution, data centres, retail, and health and education.

The division has manufacturing sites in five locations: Dalton, Lostock, Sherburn, Enniskillen (Northern Ireland) and Rijssen (the Netherlands). Each has full-service capabilities and modern manufacturing processes enabling us to provide a high-quality product to a variety of different sectors. Each of our sites has its own strong reputation in the market and, between them, cover a wide geographical area, including Europe.

Locations

- Dalton
- Lostock
- Sherburn
- Enniskillen, Northern Ireland
- Rijssen, Netherlands

UK employees

1,352

European employees

165

Nuclear and Infrastructure

Nuclear

Power and energy

Transport infrastructure

Process industries

Our Nuclear and Infrastructure division has extensive experience in the specialist, highly-regulated nuclear, transport (road and rail), process industries, and power and energy sectors. Providing award-winning design teams, utilising state-of-the-art design software and Tekla detailing facilities to offer customers value engineering.

This gives a mix of proven success along with modern, innovative design and fabrication ideas to be able to provide a quality, specialised service to a growing market.

Locations

- Dalton
- Carnaby
- Lostock
- Maassluis, Netherlands
- Cardiff
- Glasgow

Total employees

237

Modular solutions

The Modular Solutions division consists of the growing modular product ranges of Severfield Modular Solutions ('SMS') and of Construction Metal Forming ('CMF'), our cold rolled steel joint venture business.

Severfield Modular Solutions offers a market-leading suite of products, including an expanding range of modular products to cater to diverse needs, including 'Severstor' units (robust, steel-framed modules that house critical systems equipment such as electrical switchgear) and 'Rotoflo' technology (a well-established high-efficient and controlled discharge system representing a major advance in materials handling technology).

From its current facility in Sherburn, it also provides a one-stop shop for steel products and processing service using our extensive range of equipment and allows us to address smaller-scale projects.

Construction Metal Forming, the Group's 50:50 joint venture in Monmouthshire, South Wales, is a specialist designer, manufacturer, innovator and installer of profiled MetFloor® metal decking. The modern manufacturing facility in South Wales houses three dedicated roll forming production lines, for the manufacture of MetFloor® metal decking. CMF has further expanded its product range to include cold-formed products, the design and manufacture of steel purlins, and certain modular products.

Locations

- Sherburn
- Monmouthshire

Employees
143

Employees
91

JSW Severfield Structures Limited (India)

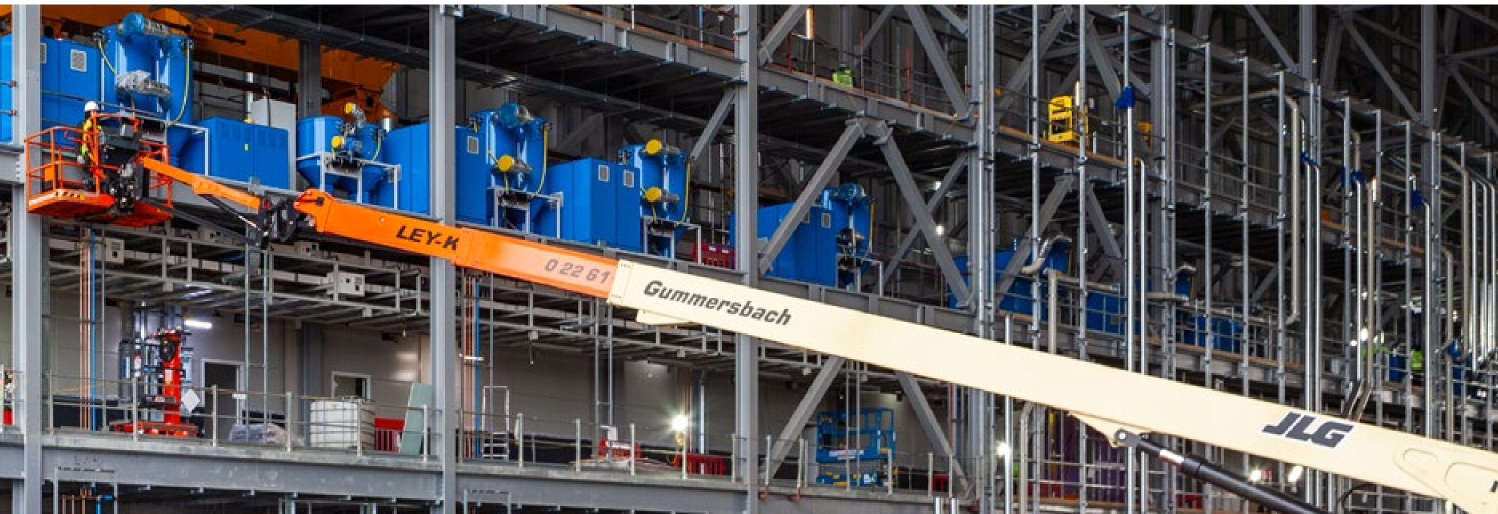
The company, a 50:50 joint venture with JSW Steel (India's largest steel producer), which is situated in the district of Bellary, Karnataka, India, is involved in the design, fabrication and construction of structural steelwork to principally service the Indian market.

Its state-of-the-art facility consists of six standard (saw and drill) fabrication lines, two plate lines, smaller welded beam lines, bit shops and five bays, which provide bespoke off-line heavy fabrication, tubular products, specialised multi-coat painting and further bogey line fabrication. Off-line facilities are available to manufacture hand railing, stairs and other ancillary products.

The facility has been designed to optimise product range, quality and productivity, and incorporates cutting-edge technology and processing equipment. The Bellary facility has a capacity of c.114,000 tonnes (c.160,000 tonnes including sub-contract work). In 2025 we acquired a new site in Gujarat, with development already underway, this will increase in-house production capacity to c.184,000 tonnes with phase one, with further expansion planned in future years to increase in-house production capacity to c.266,000 tonnes (c.366,000 tonnes including sub-contract work).

Locations

- Bellary
- Gujarat



Our investment case

Our well-established strategy is creating sustainable growth to create long-term value...

01

Exciting growth prospects

- Our business covers ten core sectors, which serve a diversified range of markets, including those with strong growth potential in the UK and Europe.
- We have manufacturing operations in the UK and in mainland Europe. Following the integration of our recent European acquisition, we are focused on strengthening our market position in Europe, giving us access to new high-growth sectors.
- We continue to look for new opportunities and take advantage of our existing capacity and expertise, and we are well positioned to win work in markets with positive long-term growth trends, including those which are driving the green energy transition.
- Significant opportunity to build value in India, capitalising on the country's strong economic growth and conversion from concrete to steel as the primary building material.

02

Resilient business through economic cycles

- We have significant sector, geographical and client diversity, limiting the impact of downturns in macroeconomic cycles.
- Our business is a key provider of core infrastructure, such as transport, energy, defence, health and education – all areas that require continual investment in a prosperous economy.
- We have a strong competitive advantage and remain well positioned to win work in markets with excellent longer-term growth opportunities
- We have recently secured a number of significant new projects, further strengthening our diversified UK and European order book. This provides us with a good volume of future work alongside visibility of a good pipeline of opportunities in the UK and Europe in our chosen market sectors.

03

Built on a platform of operational excellence

- We have an ongoing programme to drive operational improvements and efficiencies across the Group. This allows us to deliver high-quality projects for our customers, whilst optimising costs.
- Project Horizon, our digital transformation programme, is a long-term initiative to support our strategy through developing and enhancing our systems and processes and keeping us at the forefront of technology and innovation as the market leader in the industry.
- We have recently launched three new transformation programmes focused on business development, project delivery and manufacturing operations, with the objective of improving operational efficiency and order conversion rates.
- We have invested over £60m in capital expenditure in the last ten years, keeping our manufacturing facilities at the cutting edge.

[1] Underlying results are stated before non-underlying items – see note 33 for APM definitions.

...for all stakeholders.

Our investment case, supported by our strategy, highlights how we can create long-term value for all stakeholders. By maintaining a clear strategic focus and disciplined capital allocation, we aim to deliver sustainable growth, resilience through market cycles and attractive returns. This approach not only supports our customers and communities, but also reinforces confidence among our investors, employees and trading partners.

04

Delivering strong returns, cash generation and progressive dividends

- ROCE is an important metric for us and our five-year average underlying[1] ROCE is c.14 per cent.
- Our operations expect to generate strong cash flows, and we target the conversion of more than 85 per cent of our annual profit into cash.
- The Group has a well-established capital allocation policy to support and grow the Group to increase value for shareholders, whilst having a progressive dividend policy to pay sustainable core dividends in line with profit. (As a result of the ongoing challenging market conditions,the board has made the prudent decision to suspend the final dividend for the financial year ended 29 March 2025. This measure is in line with our commitment to maintaining a strong balance sheet and ensuring the Group's long term financial stability.)

05

All underpinned by a strong focus on sustainability

- Our sustainability framework guides responsible, long-term business growth and has earned industry recognition through various awards.
- We are focused on decarbonising our own operations and actively supporting customers and suppliers in meeting their climate goals.
- We have a clear roadmap to reach Net Zero emissions by 2040.
- We have achieved progress against our science-based targets, that have been formally approved by the Science Based Targets initiative (SBTi), aligning us with global climate benchmarks, and we are making good progress against them.

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Building a responsible and sustainable business

Our projects

UK and Ireland

Offices and sites

- A Dalton
- B Sherburn
- C Enniskillen
- D Bridlington
- E Bolton
- F Monmouthshire and Chepstow
- G York
- H Glasgow

Netherlands

Offices and sites

- A Breda
- B Rijssen
- C Maassluis

India

Offices and sites

- A Bellary
- B Gujarat

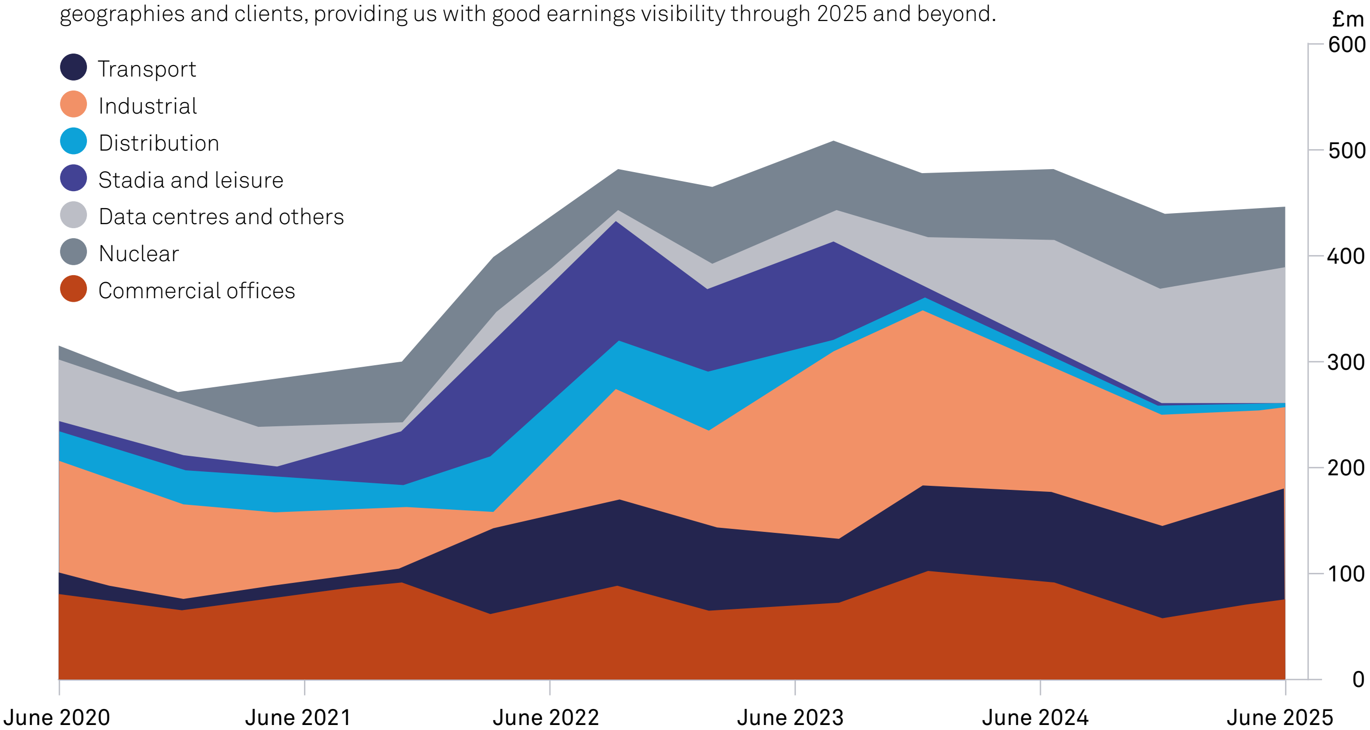
Our diverse, high-quality order book

The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors, including in Europe, with 22 per cent of the order book representing projects in continental Europe and Ireland (1 November: 29 per cent), reflecting our greater access to growing European market sectors and our stronger market position in Europe.

Division/Sector	July 2025 £444m	Nov 2024 £410m	Future trend for Severfield
Commercial and industrial:			
Industrial	**17%**	14%	→
Distribution	**1%**	2%	↑
Stadia and leisure	**<1%**	1%	↑
Commercial offices	**17%**	18%	→
Data centres and other	**13%**	13%	↑
Health and education	**<1%**	1%	↑
Retail	**–**	–	↑
TOTAL	**48%**	49%	
Nuclear and infrastructure:			
Transport infrastructure	**24%**	22%	→
Nuclear	**12%**	15%	↑
Power and energy	**10%**	12%	↑
Process industries	**5%**	–	→
TOTAL	**51%**	49%	
Modular Solutions	**1%**	2%	
UK	**78%**	71%	
Europe and Ireland	**22%**	29%	

Order book balance

The Group's growth strategy has delivered a high-quality UK and Europe order book with a broad diversity of sectors, geographies and clients, providing us with good earnings visibility through 2025 and beyond.



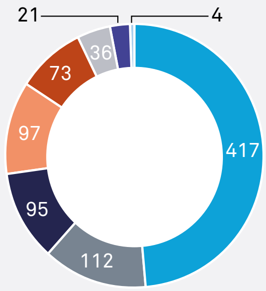
Strategic Report

Our market sectors

As the UK's market-leading structural steel Group, we serve people every day, whether for work, leisure or travel, or to provide essential services, including power and energy, health and education.

Our sectors	Tonnes	Percentage
All industrial (including distribution)	417,000	49%
Power and energy	112,000	13%
Commercial offices	95,000	11%
Transport infrastructure (including bridges)	97,000	11%
Health and education	73,000	9%
Other	36,000	4%
Leisure	21,000	2%
Retail	4,000	1%
	855,000	100%

The market sectors targeted by the Group, and their estimated size in tonnes during the 2024 calendar year (as defined by the BCSA).



Nuclear and infrastructure

Power and energy

10–20%

Group market share

Power stations, sustainable energy facilities and waste processing plants form an important part of our business. Our professionalism, extensive sector experience and ability to meet specific engineering requirements enable us to continue serving these vital sectors in the UK and other parts of the world. The acquisition of the Voortman group of companies, in particular De Haven B.V., has given us access to the energy market in continental Europe.

Successes

Essex and Milton Keynes waste treatment plants, Peterborough, Cardiff and Covanta (Dublin) Waste to Energy plants, Port of Liverpool Biomass Terminal, Ferrybridge Power Station, Sellafield long-term Programme and Project Partners ('PPP') framework, Hinkley Point secondary steelwork and TenneT projects in the Netherlands.

Transport infrastructure (including bridges)

5–10%

Group market share

Our expertise includes international airports, road and rail facilities, and bridges. Many of the structures we create become famed landmarks in their own right. Services range from design, planning and high-volume steel supply, to fabrication and construction. As a key element of the UK's infrastructure, bridge-building requires skill, precision and quality on a large scale.

Successes

Multiple contracts with Heathrow Airport, Manchester Airport, London Bridge, Manchester Victoria and Birmingham New Street stations, Ordsall Chord (link bridge between Manchester's Victoria and Piccadilly stations), and other bridges for Network Rail and Highways England.

[1] Percentages represent our estimated share of the overall market sector based on tonnage output during the year.

Commercial and industrial

Commercial offices **10–20%** Group market share	Through our work in the commercial office sector, we have made a significant impact on the cityscapes of London and other major commercial hubs around the UK and Europe. We ensure our structural steel methods, products and processes keep up with the needs and challenges of this rapidly evolving sector.	**Successes** 22 Bishopsgate, Google UK Headquarters, Kings Cross P2, The Shard, Leadenhall Tower, 5 Broadgate, Nova Victoria, New Street Square, South Bank Tower, Principal Place, One Angel Court, Southbank Place, St Giles Circus Development, Hanover Square Masterplan, One Braham, Bankside Yards, One Sherwood Street, 81 Newgate Street, 105 Victoria Street and 334 Oxford Street.
Industrial and distribution **10–20%** Group market share	The Group is a trusted partner to the industrial, warehousing and distribution industries, thanks to our strong reputation for engineering excellence and versatility. Unrivalled capacity, the ability to meet diverse and rigorous requirements and other strengths such as design capability, supply chain co-ordination and delivery speeds set us apart from our competitors.	**Successes** Envision battery plant, SeAH monopile factory, Ineos petrochemical plant. Major contracts for Amazon, BMW, Unilever, Sports Direct, Ocado, ASDA, Sainsbury's, Prologis, Gazeley, Jaguar Land Rover, Rolls-Royce, DHL and B&M.
Stadia and leisure **<5%** Group market share	Stadia and leisure complexes are important sectors for the steelwork industry. The Group has an unrivalled record in the design, engineering and building of many of the UK's best-known sporting hubs. We have also provided timely and cost-effective solutions for key leisure destinations, ranging from exhibition and conference centres to state-of-the-art concert arenas.	**Successes** Wimbledon Centre Court (roof) and No.1 Court roof, Paris Philharmonic Hall, First Direct (Leeds) Arena, Olympic Stadium, Arsenal FC (Emirates Stadium), Liverpool FC (redevelopment of Anfield Stadium), Manchester City FC (south stand redevelopment), Tottenham Hotspur F.C. (new stadium), Lord's Cricket ground (Compton and Edrich stands), Sky Studios Fulham FC, Everton FC (new stadium), Excel arena and Co-op Live arena.
Retail **<5%** Group market share	Retail developments are becoming increasingly complex and ambitious as towns and cities position themselves as attractive shopping destinations in today's competitive economy. Major redevelopment in cities and out-of-town shopping facilities are challenging projects in their own right, requiring different skills and services. Project management and supply chain linkage are vital to successful project execution.	**Successes** Bradford's Westfield Shopping Centre, Stratford's Westfield Shopping Centre, Cherry Park Development, Hereford Old Livestock Market, Birmingham John Lewis, Bracknell's The Lexicon, Coal Drops Yard and projects for ASDA, Sainsbury's, Tesco, Morrisons and Costco.
Data centres and other **40–50%** Group market share	Data centres are an ever-growing part of the business world. In recent years, they have become increasingly important to businesses of all sizes as they look for cost-effective alternatives to high in-house IT and other costs. With a large proportion of data centres being specified in steel, the Group is well-placed to meet the needs of this rapidly expanding sector, and our cost, speed and flexibility have resulted in several key contract awards.	**Successes** Data centres for Microsoft (Amsterdam), Telehouse (London), Google and other large data centres in the Republic of Ireland, Belgium, Netherlands, Finland and Sweden. Other projects include a research facility for the European Spallation Source (Sweden).
Health and education **<5%** Group market share	We have a long history of providing world-class steel solutions for hospitals and other medical facilities, which are increasingly being specified with structural steel frames. Key factors giving us an advantage in this sector include span length, enhanced flexibility, adaptability and speed of construction. We have also worked with many education clients and contractors over the years, each project bringing its own specific requirements and challenges.	**Successes** Francis Crick Institute, Nigeria Syringe Factory, Guyana Hospital, University of Strathclyde, Victoria & Albert Museum (Dundee), Kings College Hospital, Graphene Innovation Centre and Manchester University Engineering Campus.

The markets we serve

UK and Europe

As the UK's largest and most diverse specialist structural steelwork group, we are well-placed to win work in a variety of markets with excellent long-term opportunities, providing us with a strong platform to fulfil our strategic growth aspirations in the UK and Europe.

Order book
£444m

Performance in 2025

The Group possesses an annual production capacity of approximately 150,000 tonnes, comprising 130,000 tonnes in the United Kingdom and 20,000 tonnes in continental Europe. In 2025, production volumes were broadly consistent with 2024, at approximately 95,000 tonnes. The 2024 output represented a relatively low baseline, reflecting the impact of adverse market conditions, particularly within the distribution sector, as well as the removal of the Sunset Studios project from the order book. Similar market headwinds persisted in 2025, further compounded by delays to the Agratas battery gigafactory project, which had originally been scheduled to commence in Q4 of 2025 but has now commenced in 2026.

Against the backdrop of the challenging market conditions, the Group has maintained an orderbook of £444m (1 November 2024: £410m). The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors including in Europe, with 22 per cent of the order book representing projects in continental Europe and Ireland (1 November: 29 per cent), reflecting our greater access to growing European market sectors and our stronger market position in Europe.

MARKET DEVELOPMENTS

In 2025, structural steel maintained its dominance as the preferred material in the UK construction sector, and the overall market showed some resilience to uncertainties, both at home and overseas, caused by the geopolitical landscape. Total UK consumption of constructional steelwork in 2024 was 4% lower than in 2023, at 855,000 tonnes (2023 calendar year: 893,000 tonnes), reflecting reduced demand in the industrial sector, particularly for large distribution warehouses, and the commercial office market. This was partially offset by growth in the health sector and power and energy sectors, reflecting the requirement for investment in grid infrastructure. The BCSA are forecasting modest increase in structural steel consumption over the next three years, reaching 897,000 tonnes by 2028. Growth opportunities are linked to government initiatives, such as investments in green energy infrastructure and other large national infrastructure projects, reinforcing our belief that there are some significant opportunities in the Group's chosen market sectors.

Steel construction in the EU is largely influenced by the same macroeconomic factors and structural changes that impact the UK. Like the UK, demand in 2024 was impacted by some challenging market conditions, in part driven by an unstable geopolitical landscape, and high interest rates. The European Steel Association (EUROFER) estimate that European consumption of constructional steelwork contracted by 1.3 per cent in 2024, driven by the factors highlighted above, combined with rising construction material prices and labour shortages. Whilst short-term challenges persist, there are expectations that there will be similar growth levels to the UK over the next few years, driven by investments in commercial construction and infrastructure projects.

In both the UK and Europe, there continues to be high demand for steel, including investment in new and greater infrastructure to support population and economic growth. This, combined with the green energy transition, is driving demand for new energy infrastructure (including nuclear energy) and the construction of better and greener public transport infrastructure, together with private sector investment in support of a low-carbon economy. The long-term trends in the UK and EU construction market remain positive with strong underlying market drivers, providing the Group with significant opportunities in the growth markets we currently operate in.

OUTLOOK

Whilst we continue to see a good pipeline of project opportunities driven by increased private investment and governments' infrastructure spending, the current market backdrop in the UK and Europe remains challenging. The subdued demand is leading to pricing remaining at tighter levels for longer than expected in a competitive market and some projects are not being awarded or progressing within normal timescales, all of which is consistent with the current lower levels of business and economic confidence generally. Notwithstanding this, we are optimistic that the stabilisation of inflation rates and subsequent reduction in interest rates are driving more private investment, in sectors such as industrial and distribution, data centres and commercial offices.

The longer-term outlook remains positive, and our businesses are well-positioned in markets with long-term opportunities in sectors that will benefit from the areas that are expected to drive growth, including the green energy transition. Some significant growth opportunities for the Group are also highlighted below.

The demand for data centres in the UK and EU is continuing to increase, driven by the exponential growth of data, the expansion of cloud computing, and the emergence of advanced artificial intelligence, including Agentic AI. This growth has resulted in a wave of new projects entering the market, with major technology companies, such as Microsoft and AWS, committing to significant investment in UK and European data centre infrastructure. In response to this growth, we have recently secured and are currently tendering a substantial number of data centre projects across both the UK and Europe. With our manufacturing scale, speed of construction, and track record of on-time delivery, the Group is well-positioned to capitalise on these opportunities. Due to their high energy requirements for processing and cooling, the growing number of data centres is placing greater demand on national electricity production and grid infrastructure. This is driving significant investment in green energy and energy infrastructure projects, creating opportunities in markets where we are well-positioned to capitalise.

Following a year of delays in project launches, we have recently secured, and are currently tendering for, a number of major commercial office developments, in particular, in London, but also wider afield in the UK. This renewed activity is driven by a backlog resulting from postponed investment decisions amid economic uncertainty, alongside growing demand for high-quality, energy-efficient office spaces. As a result, we are seeing strong opportunities across both new-build projects and retrofit ('cut and carve') schemes aimed at upgrading existing buildings to modern standards.

We are seeing a growing scope of work at Sellafield where we are one of two 'key delivery partners' to deliver structural steelwork with an estimated value of c.£250m as part of the long-term Programme and Project Partners ('PPP') framework. We have also recently secured a large offshore wind contract with Ørsted for the Hornsea 3 project, which represents another major step into the renewables market for the Group and has resulted in further enquiries and tendering opportunities in that sector.

We also see good opportunities in the modular sector, including opportunities being driven by the market growth in the supply of modular homes, modular buildings for education, healthcare and data centres. As the modular market matures, clients are seeking greater scale, reliability and quality in the supply chain, all of which we can offer, to ensure that we continue to increase our share of a growing market.

More generally, the UK Government continues to recognise the importance of major infrastructure projects on boosting economic growth and achieving key sustainability targets and have made significant spending commitments. The Government's National Infrastructure and Construction Pipeline (NICP), published in 2024, outlines a substantial investment in infrastructure and construction projects over the next decade. The pipeline plans to allocate up to £775bn towards various projects, with £164bn earmarked for the next two years alone. Key features of the pipeline include significant funding for the energy and transport sectors, which together represent the largest portions of the planned expenditure. Specifically, £234bn is dedicated to transport, and £316bn to the energy sector. This, together with previous government commitments, provides significant contract opportunities for the Group, such as:

- **HS2 London to Birmingham** – The Government has committed to completing the HS2 line into central London's Euston station.
- **Northern Powerhouse Rail** – This initiative aims to enhance rail connectivity across Northern England, with plans for new and upgraded lines to transform services between major towns and cities.
- **Road Investment Strategy** – Including investment in new roads, repair of existing and a mass-transit system in West Yorkshire.
- **TransPennine Route Upgrades** – A comprehensive project to electrify and upgrade the rail line between Manchester and York, improving capacity and reliability.
- **New nuclear production facilities at Hinkley Point C and Sizewell C** – Sizewell C is progressing towards final approval, with the UK Government and EDF seeking additional investment. The project has already received £6.4 billion in government support.
- **Emerging Energy Technologies** – Investments are planned for carbon capture, utilisation and storage (CCUS), hydrogen production and the development of small modular reactors, aligning with the UK's Net Zero goals.

In June 2025, the UK Government also announced a £15.6 billion investment in transport projects across northern England and the Midlands. This funding will support metro system upgrades in the West Midlands, Greater Manchester, the Northeast and South Yorkshire, as well as the new mass transit system for West Yorkshire. These projects will require the extensive use of structural steel for the construction of bridges, stations and other related infrastructure.

Similar to the UK, the longer-term outlook in Europe remains positive, with the green energy transition driving public investment in new infrastructure projects such as transport infrastructure and energy, where the volume of power transmission and distribution projects being brought to market is increasing substantially. There is also significant planned government investment in many EU countries. The Netherlands, for example, has announced a substantial infrastructure investment plan totalling €29 billion. This plan aims to modernise and expand the country's infrastructure, focusing on areas such as transportation, water management and digital connectivity. The investment is part of the Netherlands' broader strategy to stimulate economic growth and enhance sustainability.

In general, we remain well-positioned to win work to meet the demand for ongoing state-backed investment given our in-house expertise and unmatched scale and capability to deliver major infrastructure projects in both the UK and Europe.

ORDER BOOK

The diversified UK and Europe order book at 1 July stands at £444m (1 November 2024: £410m), including 22 per cent of the order book now representing projects in continental Europe and Ireland (1 November 2024: 29 per cent). The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors. This provides us with a good volume of future work for the 2026 financial year and beyond.

The markets we serve

India

Creating value in India remains a key strategic priority for the Group, with record market demand and capacity expansion at Bellary and the new Gujarat site set to unlock future growth.

Order book

£240m

Positive long-term growth predictions

The Group's joint venture in India, JSW Severfield Structures Limited ('JSSL') is an important part of its overall strategy. Creating value in JSSL remains a key strategic objective of the Board. The Group holds a 50 per cent shareholding in JSSL alongside its partner JSW Steel Limited ('JSW'), India's largest steel producer. JSSL also has an interest of 67 per cent in an expanding metal decking business, JSWSMD Limited.

2025 performance

Despite continued strategic progress, which is reflected in JSSL's growing order book of £240m, 2025 was an underwhelming year for JSSL from a volume perspective. In 2025, the company recorded an output of 64,000 tonnes, including sub-contracted work, 36,000 tonnes lower than the prior year output of 100,000 tonnes. This position is evident in JSSL's revenue of £103.3m, £27.5m lower than in the prior year. The lower revenue reflected some short-term delays to existing and expected projects in the run up to, and immediately following, the Indian elections in June 2024. Notably, this led to the delay of a large project secured in FY25, which JSSL will start delivering in FY26.

JSSL reported a reduced operating profit of £4.5m (2024: £10.5m), reflecting the project delays noted above, together with a sub-optimal mix of sub-contracted work, which resulted in some production gaps at the Bellary factory. Financing expenses of £4.2m (2024: £5.5m) were £1.3m lower than the previous year, reflecting a reduction in borrowings, and resulted in JSSL's operating profit reducing to a profit before tax of £0.3m (2024: £5.0m).

JSSL's health and safety record remained excellent with no lost time incidents ('LTIs') recorded in the year. JSSL's factory operations have not recorded an LTI since 2014 and only one LTI (in 2020) has been recorded by its construction activities over the same period. This means that, since 2020, JSSL has achieved over 20m LTI-free hours and 47m hours with only one LTI in over ten years of production. The safety performance of the business has been recognised in previous years, resulting in many certificates and awards from clients and health and safety organisations in India.

Market developments

JSSL remains in a strong position to take advantage of an accelerating switch from concrete to steel. The use of fabricated steel in construction in India is c.10 per cent of the market, compared with more than 70 per cent in the UK and 50–60 per cent in the USA and Japan. In addition, over the coming years, factory-made structural steel is expected to take market share from site-fabricated steel. Several factors are contributing to the increasing use of fabricated steel in India:

- Urbanisation and infrastructure development: rapid urbanisation and large-scale infrastructure projects are driving the demand for efficient and durable construction materials.
- Government initiatives and reforms, such as the Real Estate (Regulation and Development) Act, the National Disaster Management Act and the Ease of Doing Business initiative, have further increased transparency, streamlined processes and reduced barriers to construction.
- Inherent advantages of fabricated steel: fabricated steel offers benefits such as reduced construction time and labour dependency, improved quality control and enhanced safety, making it an attractive option for modern construction projects.

India's construction industry continues to experience significant growth, driven by a combination of government initiatives, increased foreign investment, rapid urbanisation and a burgeoning population. The government's emphasis on infrastructure development, including investments in power, transport, industrial, hospitality, commercial real estate, and housing projects, is expected to further stimulate industry expansion in the coming years. Additionally, the focus on renewable energy aligns with the government's target to increase renewable energy capacity by 2030, presenting additional growth opportunities for the sector. The rapidly growing housing market, coupled with the government's infrastructure push, will drive the industry's growth over the medium term. Several new projects have been announced, including the GIFT City in Gujarat, the Surat DREAM City and the Dholera Special Investment Region. Additionally, projects like the Bengaluru-Mumbai Economic Corridor and the Delhi-Mumbai Industrial Corridor, will also lend support to the Indian construction market.

Foreign direct investment (FDI) remains a key growth driver, with the government's liberalisation policy allowing 100 per cent FDI in almost all construction sectors. The market size of India's construction industry was estimated to be around US$ 778 billion in 2023 and is projected to grow at a compound annual growth rate (CAGR) of 6 per cent from 2024 to 2033, reaching US$ 1.4 trillion by 2033.

To accelerate the rate of construction, the Indian government has implemented various reforms. The Real Estate (Regulation and Development) Act, which came into force in 2017, aimed to increase transparency, accountability and efficiency in the real estate sector. Other legislative and policy changes, including the National Disaster Management Act and the Ease of Doing Business initiative, have further streamlined processes and reduced barriers to construction. The government's simplification of the Goods and Services Tax (GST) is also intended to strengthen the real estate sector, making it more resilient and accessible. These reforms are expected to contribute to the continued growth and development of India's construction industry.

The expanding market picture in India is reflected in JSSL's growing pipeline of potential orders and in numerous identified growth opportunities in target markets, including commercial real estate, data centres, warehouses, infrastructure (including bridges) and in manufacturing sectors, such as steel, cement and speciality chemicals. As part of its growth strategy, JSSL is also targeting new sectors and geographies, including potential opportunities in the north and west of India and in near markets, such as Saudi Arabia, building on JSSL's brand and reputation for delivering high-quality steel solutions.

JSSL's client base is strong and growing, resulting in a high-quality record order book of £240m (1 November 2024: £197m). This includes two major commercial developments in Delhi for DLF India – one of our key strategic clients – and work for other notable clients, such as Webwerks, CtrlS, and Multi-Modal Transport Hub (Ahmedabad). In terms of order book mix, 86 per cent represents commercial projects and the remaining 14 per cent representing industrial projects (1 November 2024: commercial work of 77 per cent, industrial work of 23 per cent).

JSSL

JSSL is well-positioned for future market expansion. Since its inception over ten years ago, it has built up a reputation as the number one design and build structural steel company in India, providing a full design, fabrication and site construction service. This fully integrated and expert offering gives clients, developers, architects, consultants and contractors confidence that complicated and changing project requirements can be delivered on time and within budget. Through its performance and know-how, JSSL has established excellent strategic relationships with major construction players, positioning it well for the future.

JSSL has also established a network of strategic suppliers and subcontractors which it continually audits for health, safety, quality and assurance purposes, to support the further supply of certain fabricated steel products, all of which contribute to overall revenues. The business is also strengthening its sales and estimating teams, bringing people with new skills into the business and enhancing its supply chain partnerships to support future expansion and to provide the business with the springboard to deliver sustained profitable growth.

Current and future operations

The Indian JV, JSW Severfield Structures ('JSSL'), was founded in 2008. The facility is situated in the district of Bellary, Karnataka, on a 65-acre site and has an annual in-house capacity of c.114,000 tonnes (c.160,000 including sub-contracted work) serving a wide range of sectors across the growing Indian market. The state-of-the-art fabrication facility is built on the same principles as Dalton in the UK, taking the learnings from that site. The management team at JSSL are highly regarded in the industry.

The plant has been designed to optimise JSSL's product range, quality and productivity, as befitting the demands of the construction industry in India. Incorporating state-of-the-art technology and processing equipment, the plant is managed and operated by a growing workforce containing highly qualified, experienced people. Bespoke plated products are manufactured on-site, offering clients a range of benefits. The key characteristics of the plant are as follows:

- The original configuration was two fabrication lines. Four narrower fabrication lines have been added in new factory space, following completion of the expansion in 2020. These service JSSL's target commercial and industrial sectors of multi-mix commercial, healthcare, data centres, retail and the industrial and manufacturing sectors.
- A further plated beam line was added in 2020 to the existing two plated beam lines, together with a bit shop and additional painting facilities.

In response to the strong long-term growth projections for India and since the Bellary facility is expected to be operating at maximum capacity in the short-term, JSSL is in the process of developing a manufacturing facility at the new 55-acre site in Gujarat, in the west of India, to increase capacity and to expand the geographical footprint of the business. Construction work at Gujarat commenced in H2 of FY25, 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.114,000 tonnes to c.184,000 tonnes with phase 1. 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.266,000 tonnes (c.366,000 tonnes including sub-contracted work).

Outlook

Whilst the use of fabricated steel in India's construction sector was historically around 10 per cent, current trends indicate a shift towards significantly higher adoption rates. Factors such as government initiatives, urbanisation and the advantages of fabricated steel are contributing to this change. Momentum is building in JSSL and the company is benefitting from a bright market outlook as the construction sector continues to grow rapidly and the switch from concrete to steel as construction in India accelerates. The medium and longer-term growth predictions for India remain very positive. With JSSL's holistic design and build capability, its operational capacity and its established network of suppliers and contractors, and with the development of the Gujarat facility now underway, it is well set to take further advantage of both economic and sector growth. Overall, we remain very positive about the long-term development of the Indian market, and of our ability to build further value in the sustained growth of JSSL.

Engaging with our stakeholders

We maintain regular dialogue with our key stakeholders so that we can take account of their views and act in their best interests.

Our approach to engagement extends across all of our stakeholders, from those who influence what we do and benefit from the value we create, to those who just influence what we do.

We have included opinions of all key stakeholder groups in the materiality assessment carried out in 2024 (see page 47)

Our culture

We believe a healthy corporate culture is essential for creating and protecting long-term value. Our success is driven by a culture founded on our values: The Severfield Way. It provides clarity on how we work together, the behaviours we expect, and our shared purpose – to create better ways to build for a world of changing demands.

Our culture is built on respect for our people, a commitment to delivering the best outcomes for colleagues, customers and partners, and a collaborative, transparent approach. We value the positive impact we can have on local communities and the environment. Every new employee receives a formal induction to embed our core values and culture from the outset.

Through our recruitment, performance management and reward processes, we promote behaviours aligned with the Group's purpose, values, strategy and culture – principles driven by the Board and embedded across all Group companies.

Shareholders

Why we engage

We have c. six thousand shareholders, including institutional and personal investors, providing the Group with funds for investment in long-term growth. The board is committed to building and maintaining good positive relationships with all shareholders and ensuring regular, open dialogue with them throughout the year.

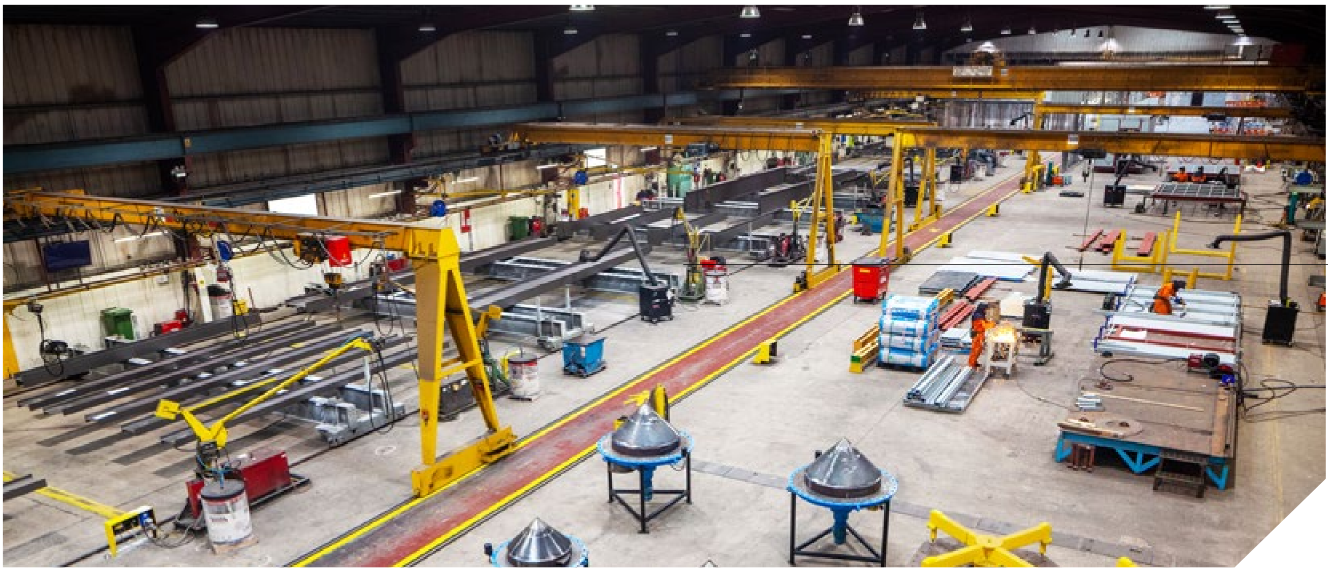
What do they want

- Share price growth and a continuing progressive dividend policy.
- Robust financial and risk management.
- Strong corporate governance.
- Regular communication of the Group's performance and strategy, including climate-related strategic objectives.

What did we do

- Our executive directors communicated regularly with institutional investors and analysts and all shareholders were invited to the Group's annual general meeting.
- Our non-executive directors were also available to meet with shareholders.
- The Group's website provided an important resource for communications to all stakeholders, with a specific section dedicated to investors.
- The Group provided regular updates on financial performance and significant events using a regulatory information service, and responded to queries received from shareholders.

We declared an interim and final dividend in each case in accordance with our capital allocation policy. As a result of the ongoing challenging market conditions, the board has made the prudent decision to suspend the final dividend for the financial year ended 29 March 2025.



Customers

Why we engage

Our proven ability to work collaboratively and innovatively with customers is fundamental to our success and is critical to securing new work and achieving our strategic goals.

What do they want

- Outstanding customer service, benefitting from our employees' technical knowledge and expertise.
- Projects to be delivered on time and on budget.
- Innovative and cost-efficient methods of working.
- Collaborative approach to lower carbon emissions and improving sustainability across all projects.
- The Group's continued good financial health and strong balance sheet.

What did we do

- We focused on early contract engagement with customers, anticipating the issues they face, providing problem-solving solutions and delivering the best results to balance time, cost and quality objectives, whilst ensuring that risk and reward are appropriately shared.
- We sought to secure work, where possible, through partnerships, framework arrangements or repeat business. We took the time to understand customers' priorities and then delivered on their project goals.
- On completion, customers were asked for feedback on their experience in face-to-face interviews using detailed questionnaires. The results were shared and analysed in order to drive further improvements.
- Customer feedback and key customer strategic initiatives were regularly reported to the board. The board also took the lead in suggesting specific customer collaborations.
- Since the bridge weld issue was first identified, we have prioritised open, transparent, and proactive engagement with our affected customers. We have worked collaboratively to address potential concerns, implementing comprehensive testing programmes and partnering closely with customers' project teams and engineers to assess the nature and extent of the issue. Together, we have sought to determine the most appropriate and effective remedial actions, ensuring that safety, quality, and project integrity remain at the forefront of our response.

Suppliers

Why we engage

Our relationships with our supply chain partners are of strategic importance and key to the Group's success.

We develop long-term relationships with our supply chain and work with them to ensure we successfully deliver our projects efficiently and to a high standard, and in line with our decarbonisation goals.

What do they want

- Repeat opportunities to work with the Group.
- To be treated fairly and with respect.
- Prompt payment.
- Sound health and safety performance.

What did we do

- Most of our suppliers signed up to Group-wide agreements. We have a structured timetable of senior contact with suppliers of strategic importance and hold regular meetings with suppliers, covering a broad range of topics, including identifying and managing any incidents of modern slavery.
- We have a comprehensive Group-wide supplier accreditation process, which involves reviewing and scoring supplier performance on criteria, such as quality and safety, and providing them with constructive feedback.
- Subcontractors who achieved preferred status benefitted from long-term relationships and repeat work.
- We paid our supply chain promptly. Our larger businesses are all signatories of the Prompt Payment Code ('PPC').
- The board received feedback on the performance of key suppliers and on our prompt payment practices and specific supplier initiatives.
- We have strengthened our sustainable procurement approach (page 51).

Engaging with our stakeholders

Colleagues

Why we engage

Our people are our biggest asset and we are committed to effectively managing all aspects of health, safety, wellbeing and performance through creating a safe and inclusive working environment where everyone can be themselves and be their best.

What do they want

- To feel heard, valued, and involved in decisions that affect them.
- A safe, respectful, and well-equipped working environment.
- Investment in their personal growth and professional development.
- Clear pathways for career progression and skills building.
- Job security and confidence in the future of the business.
- Fair, consistent, and transparent people practices across all locations and roles.
- Recognition for their contributions and efforts.
- Strong, supportive leadership and open communication from managers.

What did we do

- Our MyVoice forum continued to be the cornerstone of our listening strategy. Our colleague representatives from across the Group met with our CEO, workforce engagement director and Group HR director, three times during the year to provide a view of colleague sentiment and key topics of interest.
- We recently completed our first 'Build a Better Workplace' survey, achieving a 66 per cent response rate. Colleagues from every department, country, and location took the time to share their views, highlighting what we do well and, importantly, where we can improve. Their feedback is helping us shape a better Severfield for everyone.
- We held two Senior Leadership Conferences to engage our leadership teams on key topics, including business performance, psychological safety, colleague engagement, innovation initiatives and opportunities in new markets.
- Local management teams held regular meetings with our union representatives and works council (where applicable) and our MyVoice forum members met regularly with management teams to discuss local issues outside of the formal MyVoice forum meetings. Pay negotiations and changes to hours of work are some examples of the topics of discussion.
- We have kept our colleagues informed of our financial performance, business goals, market conditions and performance through our intranet and through in-person business updates. During these updates, our colleagues had the opportunity to ask questions of our senior leadership teams.
- Through our intranet (Connect), our colleagues had the opportunity to comment, like or raise questions. Articles ranged from project wins, to benefits updates, to wellbeing guidance and advice, to surveys around specific topics. More recently content has focused on regular business updates keeping all colleagues abreast of the changes the business has been implementing. Our executive committee reviewed engagement levels with the platform on a monthly basis.
- Skyline, our Company magazine (produced three times a year) continues to provide a broad range of company updates and is now available in Dutch for our colleagues in the Netherlands.

Local communities

Why we engage

Engagement with the wide range of communities in which the Group operates is an important part of our purpose.

What do they want

- Improvements to, and investment in, the local environment and quality of life of those that live and work in the surrounding areas of our sites.
- Sustainable buildings and infrastructure, which consider whole life impact.
- Continuing commitment from the board to reduce carbon emissions to achieve the Group's sustainability target of Net Zero by 2050 across all scopes.

What did we do

- Through social and charitable committees within each business and through The Severfield Foundation, we got involved with, and raised money for, local events, such as school or college talks or careers fairs, or supporting local charities. More details of the work of The Severfield Foundation can be found on page 76.
- Our directors have taken up opportunities to learn more about engagement with community stakeholders on specific projects through our programme of site visits.
- We have continued to develop our approach to social value in line with the TOMs framework and Social Value Model.
- We have encouraged the uptake of our volunteering policy to support local charitable causes.
- We have launched new third-party partnerships to support the delivery of social value in our communities.
- The board receives regular ESG and climate-related reports and updates from the Group SHE director. Further detail of the governance of climate-related matters can be found in our Task force on Climate-related Financial Disclosures ('TCFD') on page 56.

How we create value

Severfield is the UK's market-leading structural steel Group, providing unrivalled design, fabrication and construction solutions for a diverse range of market sectors.

Our key inputs and resources

Our people

Our market-leading position is only possible with the right people. We know our people are what makes us stand out from the competition and allow us to successfully execute our strategy. They are the ones with the knowledge and expertise in design, innovation and engineering that makes us industry leaders.

Our partners

Severfield are a vital part of the supply chain and we recognise the importance of building key partnerships with suppliers and subcontractors who meet our commitment to quality, sustainability and client service.

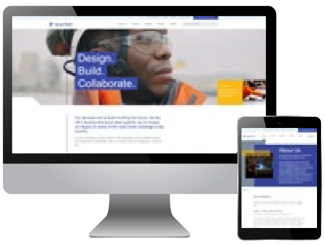
Our sustainable mindset

Operating in a sustainable manner is crucial to both the current and future success of the Group. To achieve this, we are committed to motivating and enabling our people and our supply chain to deliver high-quality, innovative buildings in a sustainable and efficient way.

Our commitment to health and safety

Health and safety is at the heart of what we do and there is never room for compromise. Our reputation relies on high standards of health and safety for our employees, our supply chain partners, our customers and the wider public.

Read more about our services online @
www.severfield.com



We create value across the entire project lifecycle

Design

Our engineers provide clients with innovative concepts and solutions to realise and improve designs, create efficiencies and focus on sustainability.

Fabricate

The Group's fabrication facilities include expansive stockyard areas and in-line cutting, fabrication, welding and painting, and some of the largest finished goods and subassembly areas in the industry.

Construction

Our dedicated and highly experienced in-house construction teams ensure an efficient and safe build. They work closely with our engineers to plan temporary works to avoid any potential site issues – an essential component for high-rise and complex builds.

Our competitive advantages/what makes us unique

Our commitment to excellent customer service

From initial engagement and design, to construction and finalisation of the project, our teams are committed to delivering excellent customer service.

Our commitment to improving the environment

Our aim is to deliver more sustainable solutions for all our stakeholders, and we have some great initiatives underway to reduce our own carbon emissions and help the supply chain reduce theirs, including our commitment to SteelZero.

Our innovative approach

We like a challenge. Our teams have dealt with some complicated designs and builds over the years and our teams thrive on finding innovative solutions to deliver what our customers want.

Delivery

Our large scale allows us to fabricate and deliver on time. Detailed logistics planning allows for the optimisation of space, efficiencies in construction and where possible, reducing our carbon footprint from the number of loads.

Project Management

The Group has a large and highly experienced contract management team. Each contract manager is the single point of contact for the client and is supported by the Group's resources

Our growth strategy

The Group remains firmly focused on delivering sustainable growth and maximising long-term value for our shareholders. We aim to deliver organic growth by expanding into new sectors, markets and geographies, whilst also exploring selective, strategic acquisitions in the longer term that complement our capabilities and enhance our market position.

Reinvestment into the business

We continue to prioritise training and development for our workforce to build skills and support long-term career progression. Alongside this, we are driving operational excellence across the business, advancing Project Horizon as a key strategic initiative. Our focus on targeted capital expenditure and ongoing investment in research and development ensures we remain competitive, innovative and well-positioned for future growth.

The value we create

Employees

We provide stable and secure employment within a growing business, offering opportunities for development and career progression. All our employees are paid at, or above, the National Living Wage, reflecting our commitment to fair and responsible employment.

Suppliers

We build long-term, collaborative relationships with our suppliers, recognising the essential role they play in delivering projects safely, efficiently and to the highest standards.

Customers

Our customers are central to our success. We are committed to consistently delivering high-quality projects, on time and to specification, to ensure customer satisfaction and long-term trust.

Local communities

We actively contribute to the communities in which we operate through local recruitment, community engagement initiatives, charitable giving via the Severfield Foundation, and volunteering. We are proud to play a positive role in creating social value.

Shareholders

The Group is cash-generative, reinvesting in the business to support long-term growth and profitability. Our well-established strategy and progressive dividend policy, under our capital allocation policy, are designed to deliver sustainable shareholder value and ensure returns grow in line with earnings.

Our strategy

Our strategy sets out our clear priorities to drive long-term growth and deliver sustainable value for our shareholders.

Our strategy remains unchanged and is built on our core strengths of engineering and construction in the UK, Republic of Ireland and continental Europe. It is focused on growth, both organic and through selective acquisitions, operational improvements and building value in JSSL. To deliver the three key areas of the strategy, there are strategic priorities that evolve over time as new opportunities and challenges arise.

Operational excellence

1 2 3 5 6a

A B D E F G H I

Drive growth

1 2 3 4 5 6a

A B C D E F G H

Grow Indian Presence

2 6b

Our strategic priorities are underpinned by our focus on ESG.

Each of our sustainability pillars correspond with **Environmental** (Planet), **Social** (People) and **Governance** (Prosperity and Principle of Governance) framework. Please refer to page 46 for further details.

Planet

People

Prosperity and Principles of Governance

Key performance indicator reference number

- 1 Underlying operating profit and margin
- 2 Underlying basic earnings per share ('EPS')
- 3 Revenue
- 4 Operating cash conversion
- 5 Underlying return on capital employed ('ROCE')
- 6a UK and Europe order book
- 6b India order book
- 7 Injury frequency rate ('IFR')

Key to principal risks

- A Health and safety
- B Supply chain
- C People
- D Commercial and market environment
- E Mispricing a contract (at tender)
- F Cyber security
- G Failure to mitigate onerous contract terms
- H Industrial relations
- I Product risk

Drive growth

Our aim is to capitalise on growth opportunities, both in the UK and Europe, and to maximise our market share.

Strategic priorities

Expand UK market share

Strengthen our presence in existing UK sectors by focusing on profitable growth opportunities where we already operate successfully.

Enter new UK market sectors

Identify and pursue growth in new UK market segments or areas where we don't currently operate within a segment, leveraging our current capacity, expertise and infrastructure to establish a competitive foothold.

Accelerate growth in Europe

Drive sustainable growth across European markets by fostering long-term partnerships with both new and existing clients.

Achievements in 2025

In FY25, despite the absence of large 'anchor' projects coming to market, we continued to secure a significant value of new work and we are pleased with the overall volume of work secured in the UK and Europe order book, which stands at £444m at 1 July (1 November: £410m), of which £324m is for delivery over the next 12 months. The performance in FY25 has reaffirmed the importance of our diversified portfolio – across clients, geographies and sectors – which has enabled the Group to broadly maintain revenues despite a challenging external environment.

We continued to make progress against our strategic objectives in FY25. The Group secured new work across both established and emerging markets, including those aligned with the green energy transition. A key highlight was the success of our Nuclear and Infrastructure division, which commenced work on a significant offshore wind project with Ørsted for the Hornsea 3 development. This contract marks a major milestone in the Group's entry into the renewables sector and we are seeing a good pipeline of opportunities for future work in this space.

Within our Nuclear division, we achieved ISO 19443:2018 certification – becoming only the 12th company in the UK to secure this accreditation. This internationally recognised standard sets rigorous requirements for quality management systems in the nuclear sector, ensuring compliance with demanding statutory and regulatory frameworks. This achievement significantly enhances the Group's credentials as a Tier-1 supplier in the UK and European nuclear markets and will assist us in realising our growth aspirations.

In FY24, we combined our existing European operations with those acquired in early 2024 under the leadership of a new Managing Director, who is part of the Group Executive Committee. This streamlined structure is now fully embedded, creating both operational and strategic alignment. It has already delivered growth in European revenues and provides a strong platform for continued, sustainable expansion across the region.

Our Severfield Modular Solutions (SMS) business has continued to grow its client base and order book for both Severstor products and steel framing solutions for modular building manufacturers. We are seeing growing demand across a number of high-potential sectors, including renewables and data centres, as well as in core areas, such as power, rail and oil and gas – supported by the visibility of several large projects currently in development, positioning well for future growth.

Objectives for 2026

Grow revenues in the UK and Europe by driving profitable growth and further strengthening the Severfield brand and client base in targeted growth markets.

Increase our market share in sectors where the Group has established specialist expertise, focusing on opportunities that offer attractive margins and manageable risks. Key areas of opportunity include non-cyclical sectors such as nuclear (new build and decommissioning), transport infrastructure, as well as the recovering distribution sector and the expanding data centre market, underpinned by the acceleration of AI technologies.

Continue to target projects in support of a low-carbon economy including battery plants, manufacturing facilities for renewables, offshore wind, new nuclear, rail electrification, HS2 and other energy-efficient buildings, helping to drive economic recovery.

We also remain focused on realising the potential of our Modular Solutions division, seeking to convert the significant pipeline of opportunities developed over recent years into tangible project wins.

1 See note 33 for APM definitions

Our strategy

Grow Indian presence

Our aim is to continue building value in the business whilst the market continues its conversion from concrete to steel and to take advantage of an economy (and a construction sector) that is expected to grow significantly in the coming years.

Strategic priorities

Drive profitable growth through market expansion

Capitalise on strong demand by expanding the order book with a focus on higher-margin commercial projects. Pursue organic growth in core domestic and expand into new regions.

Enhance operational capacity and efficiency

Continue the development of the Gujarat site to scale total in-house production capacity to c.250,000 tonnes, combined with improving operation efficiencies to drive output and growth.

Position for long-term growth

Invest in growing project delivery teams, enhance supply chain partnerships and bring in new skills to improve customer delivery and support long-term profitable expansion, positioning us to capitalise on expected macro trends in India's construction industry.

Achievements in 2025

JSSL reported a high-quality order book of £240m at 1 July 2025 (1 November 2024: £197m), which is a record for the company. The order book contains a good mix of higher-margin commercial projects, reflecting the growing underlying demand for structural steel in India.

Further progress was made in increasing JSSL production capacity and expanding the geographical footprint of the business. The factory capacity at the Bellary site was increased from c.100,000 tonnes to c.114,000 tonnes during the year. The development of the new site at Gujarat in the west of India commenced in H2, 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.114,000 tonnes to c.184,000 tonnes. This will allow JSSL to meet the growing demand for steel in India and in selected near markets.

JSSL continued to develop strong existing relationships with several key developers and clients for large commercial projects and developed formal strategic alliances with certain key clients. This is reflected in the large commercial project awards from DLF India, which are currently in the order book.

The company reaffirmed significant growth opportunities, including those in new and existing market sectors, and the significant value creation potential of JSSL.

Objectives for 2026

Capitalise on the strong underlying demand in India for structural steel by continuing to grow the order book and optimise the mix of higher margin commercial work, to benefit operating margins. Leverage the increased production capacity and maximise operational efficiencies as JSSL to support the expected growth in India's construction industry, driven by a combination of government initiatives, increased foreign investment, rapid urbanisation, and a burgeoning population.

Identify further opportunities for organic growth including in domestic sectors, including commercial real estate, data centres, warehouses, infrastructure and in manufacturing sectors such as steel, cement and speciality chemicals.

Target new sectors and geographies including potential opportunities in the north and west of India and in near markets such as Saudi Arabia, building on JSSL's brand and reputation for delivering high-quality steel solutions.

Continue to develop the Gujarat site and update plans for further expansion work in future years which, once complete, will result in JSSL's combined factory capacity (Bellary and Gujarat) increasing to c.266,000 tonnes (c.366,000 tonnes including sub-contracted work).

Continue to strengthen the sales and estimating teams, bringing people with new skills into the business and enhancing supply chain partnerships to support the expansion and to provide the business with the springboard to deliver future profitable growth.

Operational excellence

Our emphasis is on delivering high-quality projects and reducing costs by driving excellence through our core business processes.

Strategic priorities

Enhance operational delivery
Focus on optimising project execution across all phases – from design and manufacture to transport and erection – ensuring cost efficiency and a seamless client experience from pre-tender to project completion.

Quality and efficiency
Advance automation and digitisation through Project Horizon, whilst strengthening risk assessment, operational controls and contract management via the Group's ongoing improvement programme.

Investment in technology
We will make this investment in the short and medium term to support the Group's ongoing requirements and growth.

Achievements in 2025

During the year, the Project Horizon team, with the support of the business, has progressed and launched a number of key projects. The rollout of barcoding technology for steel across our factories is well underway and is already delivering improvements in stock control and traceability. This technology is being extended to our paint processes to improve reporting and reduce waste levels, saving time, cost and having a positive environmental impact. Electronic timesheets have also been rolled out, which, together with the barcoding technology, will allow us to fully track and analyse the efficiency of the production process to drive continuous improvement.

We continue to make good progress with drawing and design automation which includes automated connection design and planning tools and have continued our work on the development and use of 'digital twins' – to integrate production and site information into 3D design models to provide real-time insights into project performance and facilitate more informed decision making.

We recently launched Auto-Lot, our advanced digital tool that automates the complex process of lotting – efficiently grouping structural steel components into deliverable packages. Using sophisticated rules, it accounts for vehicle load capacities, project sequencing, and site priorities to ensure every component arrives on site at the right time and location. Auto-Lot enhances planning, improves safety, reduces transport loads and carbon emissions, and streamlines logistics for smarter, faster and more reliable project delivery.

In response to growing customer demand for project-specific carbon data, we have made significant progress in developing a tool that automates the capture of carbon emissions linked to the steel we procure. The tool scans QA test certificates to extract mill origin data, enabling the automated assignment of specific EPD values, transport distances and other key metrics. Now becoming a standard customer requirement, this functionality also supports CBAM reporting (a requirement for the import of steel into Europe), delivering critical efficiency and compliance benefits.

We have progressed plans for a new, purpose-built leased facility to support the continued growth of our Severfield Modular Solutions ('SMS') business. The facility will be specifically designed to meet the unique requirements of our modular offering, enabling greater capacity, improved workflows and enhanced operational efficiency. Our objective is to ensure a seamless transition from the current site, whilst establishing a modern, scalable production environment that supports long-term growth and innovation in this fast-developing sector.

Objectives for 2026

In FY25, we launched a review of our business development, project delivery and manufacturing operations, with the objective of improving operational efficiency and order conversion rates. These initiatives, which will be a key focus for FY26, underpin our commitment to continuous improvement and aim to position us well to deliver sustainable growth in the years ahead.

We will continue the rollout of Project Horizon initiatives, targeting both cost savings and increased workforce capacity. This includes optimising workflows, reducing manual processes through enhanced software integration, and leveraging real-time data for improved operational insight across our production sites.

In addition, we will further the potential of AI to drive innovation in production planning and execution. Our Project Horizon team will focus on embedding these advancements to create smarter, more efficient ways of working – supporting our ongoing drive for operational excellence.

A priority will be the smooth transition of SMS to its new, purpose-built facility – enabling the division to scale efficiently and meet its strategic growth objectives.

Key performance indicators

1. Underlying operating profit and margin[1]

Why this is important

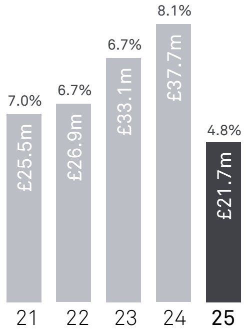
This is the principal measure used to assess the success of the Group's strategy. We are focused on driving growth in underlying operating profit in order to drive higher and sustainable returns for our investors.

How we calculate

Underlying operating profit is defined as operating profit before non-underlying items and the results of JVs and associates. Underlying operating margin is calculated as underlying operating profit expressed as a percentage of revenue.

Progress during the year

Underlying operating profit has reduced by £16.0m (42 per cent) to £21.7m, reflecting tougher market conditions – including tighter pricing and project delays.



Stakeholder linkage

2 3

Strategic pillar

A C

2. Underlying basic earnings per share (EPS)[1]

Why this is important

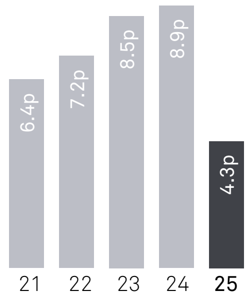
Underlying EPS is one of the key metrics in measuring shareholder value. The measure reflects all aspects of the income statement, including the performance of India and the management of the Group's tax rate.

How we calculate

Underlying EPS is calculated as underlying profit after tax divided by the weighted average number of shares in issue during the period.

Progress during the year

Underlying EPS has reduced by 52 per cent to 4.3p, reflecting the reduction in underlying operating profit.



Stakeholder linkage

2 3

Strategic pillar

A B C

3. Revenue growth[2]

Why this is important

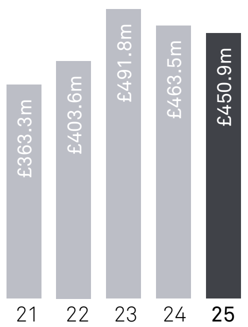
This is a key measure for the business to track our overall success in specific contract activity, our progress in increasing our market share and our ability to maintain appropriate pricing levels.

How we calculate

This represents the year-on-year percentage change in revenue from continuing operations.

Progress during the year

Revenue has decreased by £12.6m (3 per cent) compared to last year, mainly reflecting lower production output as a result of the current market conditions and the delay in the commencement of a significant project planned to start in Q4.



Stakeholder linkage

1 2 3 4 5

Strategic pillar

A C

4. Operating cash conversion

Why this is important

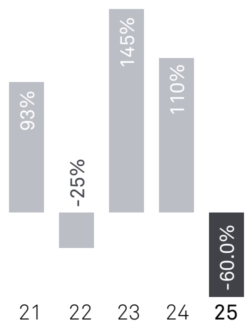
Cash is critical for providing the financial resources to develop the Group's business and to provide adequate working capital to operate smoothly. This measures how successful we are in converting profit to cash through management of working capital and capital expenditure.

How we calculate

Operating cash conversion is defined as cash generated from operations after net capital expenditure (before interest and tax) expressed as a percentage of underlying operating profit (before JVs and associates).

Progress during the year

Operating cash conversion was negative in 2025, mainly due to £22.3m of cash outflows relating to non-underlying items. Excluding non-underlying items, operating cash conversion was 43 per cent.



Stakeholder linkage

2 3 4

Strategic pillar

A B

1 See note 33 for APM definitions and reconciliation to IFRS measures

2 Revenue includes Voortman, which was acquired in April 2023

Stakeholder linkage

1 Clients
2 Employees
3 Shareholders
4 Communities
5 Suppliers

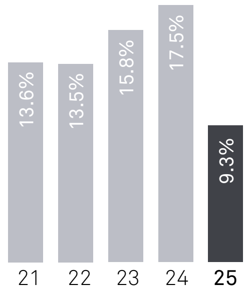
Strategic Pillar

A Drive growth
B Grow Indian presence
C Operational excellence

5. Underlying return on capital employed (ROCE)

Why this is important

ROCE measures the return generated on the capital we have invested in the business and reflects our ability to add shareholder value over the long term. We have an asset-intensive business model and ROCE reflects how productively we deploy those capital resources.



How we calculate

Underlying ROCE is calculated as underlying operating profit divided by the average of opening and closing capital employed. Capital employed is defined as shareholders' equity, excluding retirement benefit obligations (net of tax), acquired intangible assets and net funds.

Progress during the year

ROCE fell to 9.3%, reflecting the reduction in underlying operating profit.

Stakeholder linkage

3

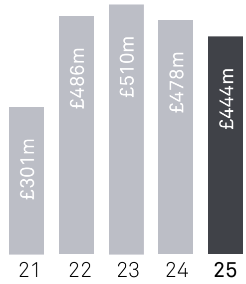
Strategic pillar

A B C

6a. UK and Europe Order book

Why this is important

The order book is a key part of our focus on building long-term recurring revenue. It is an important measure of our success in winning new work. Whilst the revenue within the order book is reported externally, the margin inherent within the order book is monitored internally to provide visibility of future earnings.



How we calculate

Our UK and Europe order book shows the total value of future revenue secured by contractual agreements.

Progress during the year

Our diversified orderbook for UK and Europe, which stands at £444m, provides us with a good volume of future work, of which £324m is for delivery over the next 12 months.

Stakeholder linkage

3

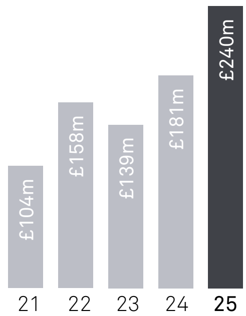
Strategic pillar

A C

6b. India Order Book

Why this is important

The order book is a key part of our focus on building long-term value in JSSL. It is an important measure of our success in winning new work. Whilst the value in the order book is reported externally, the margin inherent within the order book is also monitored internally to provide visibility of future earnings.



How we calculate

Our India order book shows the total value of future revenue secured by contractual agreements. Note, this revenue isn't consolidated into the Group revenue.

Progress during the year

The record order book at 1 July of £240m, contains a strong mix of higher-margin commercial work of 86 per cent and provides good earnings visibility for 2026.

Stakeholder linkage

3

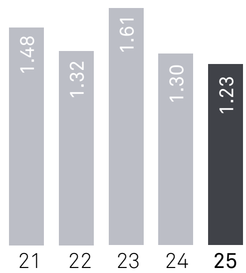
Strategic pillar

A B

7. Injury frequency rate (IFR)

Why this is important

IFR is an industry-standard measure of the safe operation of our business and is one of a number of health and safety measures the Group uses to monitor its activities. IFR focuses on a variety of incidents, ranging from minor to potentially more serious.



How we calculate

IFR is the number of reportable injuries per 100,000 hours worked.

Progress during the year

Our IFR has decreased from 1.30 to 1.23 showing our commitment to continually improve safety standards at Severfield and focus on leading indicators in our pursuit of 'no harm' and industry leading metrics.

Stakeholder linkage

1 2 3 4 5

Our operational performance


CHARLIE CORNISH
NON-EXECUTIVE CHAIR

Introduction

After many years of strong profit growth, FY25 was a difficult year for the Group. Whilst we performed well operationally, delivering a diverse range of projects for clients across many of our key market sectors, tough market conditions in the UK and Europe, particularly in H2, combined with the ongoing bridge remedial works programme, contributed to weaker financial results. Despite this market backdrop, we have recently secured some significant new projects, which are reflected in our diversified UK and Europe order book of £444m, providing us with a good volume of future work, of which £324m is for delivery over the next 12 months.

In the UK and Europe, we continue to experience challenging market conditions, with project opportunities being delayed and pricing remaining at tighter than expected levels in a competitive market. In FY25, whilst the Group sought to mitigate the effects of these prevailing market conditions through new project awards, our normal contract execution improvements and cost reductions, it was not possible to secure sufficient work to fully offset the non-recovery of factory overheads, particularly in Q4 when the expected award of the Agratas battery gigafactory was delayed at short notice until early FY26. These factors resulted in a lower underlying profit before tax for the year of £18.1m (2024: £36.5m).

In light of the trading pressures that the Group is currently facing, we continue to take appropriate cost reduction actions. In March, we completed a headcount review which has resulted in a reduction in Group headcount of c.6 per cent through a combination of redundancies and the non-recruitment of approved vacancies. In addition, there is an enhanced focus on cash generation and conservation. This includes careful working capital management, the acceleration of certain tax refunds from HMRC, a reduction in planned capital expenditure, taking into account the significant investment in the asset base over recent years, the disposal of certain non-core assets, and other ongoing cost reduction actions in support of a stronger balance sheet and our objective of improving ROCE. Net debt (pre-IFRS-16 basis[2]) at the year-end was £43.1m, which represented RCF drawings of £29.3m and amortising term loans of £13.8m, providing facility headroom of c.£30m.

In July 2025, the Group successfully negotiated an amendment and extension to its existing £60m Revolving Credit Facility (‘RCF’) with its lenders, HSBC Bank and Virgin Money. The facility's maturity has been extended to December 2027, providing the Group with enhanced liquidity and financial flexibility, during this current period of challenging trading conditions. The Group remains committed to maintaining a strong financial position and, following this extension, confirms it has sufficient liquidity to meet its current and anticipated funding requirements.

Furthermore, on 18 July 2025, the Group entered into a share purchase option agreement with JSW Steel, its partner in the Indian joint venture, JSSL (in which the Group and JSW each currently hold a 50 per cent interest), granting it the right, but not the obligation, to dispose of an interest of up to 24.9 per cent in JSSL for up to £20m, exercisable, at its sole discretion, at any time on or before 31 March 2026. The option reflects the Board’s prudent approach to strategic planning and provides the Group with additional financial flexibility. The Board confirms there is no current intention to exercise the option and any decision to do so, and to dispose of any of its shareholding in JSSL, would only be made following a rigorous business case assessment. JSSL remains a strategically important venture for the Group and the Board continues to believe in its long-term value creation potential within the Indian market and remains committed to its successful partnership with JSW.

As a result of the ongoing challenging market conditions, the board has made the prudent decision to suspend the final dividend for the financial year ended 29 March 2025. This measure is in line with our commitment to maintaining a strong balance sheet and ensuring the Group's long-term financial stability. The board remains confident in the Group's strategic direction and financial resilience. The board recognises the importance of the dividend to many shareholders and is committed to resuming dividend payments promptly, as soon as it is prudent to do so.

Bridge remedial works programme

As reported in the half year results announcement, the Group identified some bridge structures which 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. The programme of testing and remedial work to resolve the issue is progressing as expected. In FY25, a net non-underlying charge of £23.4m was recognised, representing estimated testing and remedial costs of £43.4m for all the affected bridge projects noted above, offset by insurance recoveries of £20.0m, which have been agreed with the Group's professional indemnity ('PI') insurers. The Group has incurred testing and remedial cash costs of £19.0m in FY25 and the remaining cash costs are expected to be incurred in FY26 and FY27. The insurance recoveries are expected to be received in H1 FY26.

These welding issues have not affected the safety of any operational bridges. We are pleased to confirm that we have recently secured several new bridge projects and we are continuing our work on ongoing road and rail bridges for a variety of clients in accordance with the required specification.

Outlook

Whilst the market backdrop in the UK and Europe remains challenging, given the Group's strong competitive position, we are continuing to see a good pipeline of project opportunities, particularly for FY27, and we are encouraged by a recent increase in tendering activity. However, the overall reduction in industry demand is contributing to pricing remaining at tighter than expected levels in a competitive market and some projects, including some 'anchor' projects, not being awarded or progressing within normal timescales, all of which is consistent with the current lower level of business confidence in the UK economy as a whole. As noted above, the Group continues to seek to mitigate the ongoing impact of these market conditions through ongoing cost reduction and cash conservation actions in support of a strong balance sheet position. Our expectations for FY26 are unchanged from those communicated at the time of the trading update on 3 March, and we anticipate that the results for FY26 will be significantly more second-half weighted, reflecting the profit phasing of ongoing contracts already secured in the order book.

The Group does not anticipate any material direct impact from the recently imposed US tariffs on steel, owing to the contractual mechanisms in place, which provide protection against input cost volatility. As steel remains largely a pass-through cost for the Group, any associated price increases are expected to be absorbed within client contracts without affecting margins.

Looking further ahead, we have already secured some attractive large projects for FY27, and we are also seeing significant future opportunities in sectors such as manufacturing (industrial), commercial offices, including the emergence of several planned large developments in London, and data centres, driven by AI applications which are driving even greater dependence on data centre infrastructure. Many of our chosen markets continue to have a favourable long-term outlook – we have a prominent position in market sectors with strong growth potential and are well-positioned to win projects in support of a low-carbon economy and to deliver energy security. Supported by the commitments in the recent spending review and 10 Year Infrastructure Strategy, we welcome the UK Government's focus on stimulating economic growth through maintaining, improving and expanding UK infrastructure and its commitment to invest in energy, transport and critical national infrastructure projects to achieve this goal. Our prospects across these markets provide the board with confidence that the Group will deliver attractive shareholder returns in the future and our strategic growth targets remain unchanged.

Our operational performance

Strategy

Our strategic focus is on growth and diversification (both organic and through selective acquisitions), driving operational improvements and building further value in JSSL which, in combination, will deliver strong EPS growth. Whilst we believe our strategic direction is the right one, we also recognise the need to adapt to the conditions we face, hence our current focus on cash generation and conservation, and cost reduction actions. We have also recently launched a review of our business development, project delivery, and manufacturing operations, with the objective of improving operational efficiency and order conversion rates. Whilst still at an early stage, these initiatives underpin our commitment to continuous improvement and aim to position us well to deliver sustainable growth in the years ahead.

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) in the UK and Europe, 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.

2025 (£m)	Revenue	UOP*	UPBT*
Core Construction Operations	435.4	21.3	21.3
Modular Solutions	24.2	0.4	0.4
India	–	–	0.1
Central items / eliminations	(8.7)	–	(3.7)
Group	**450.9**	**21.7**	**18.1**
Underlying operating margin	–	*4.8%*	–

2024 (£m)	Revenue	UOP*	UPBT*
Core Construction Operations	449.2	37.4	37.4
Modular Solutions	21.5	0.3	0.3
India	–	–	1.9
Central items / eliminations	(7.2)	–	(3.1)
Group	**463.5**	**37.7**	**36.5**
Underlying operating margin	–	*8.1%*	–

* The references to underlying operating profit (before JVs and associates) and underlying profit before tax are set out on page 164. A reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures ('APMs') section (see note 33)

Revenue of £450.9m (2024: £463.5m) represents a decrease of £12.6m (3 per cent) compared to the prior year. This reflects a decrease in revenue from our Core Construction Operations, mainly representing lower production activity in the year.

Underlying operating profit (before JVs and associates) of £21.7m (2024: £37.7m) represents a decrease of £16.0m (42 per cent) over the prior year. This is due to lower profit from our Core Construction Operations of £16.1m, reflecting the impact of the current challenging market conditions, which particularly affected the Group in the second half of the year. The statutory operating loss, which includes the non-underlying costs associated with the bridge remedial works and other non-underlying items, was £13.7m (2024: profit of £26.4m).

The share of profit from the Indian joint venture in the year was £0.1m (2024: £1.9m), reflecting delays to existing and expected projects that have resulted in lower output in the year. This was also a function of an order book which, whilst at record levels during the year, contained a small number of large projects, meaning that the impact of this slippage was more pronounced.

The Group's underlying profit before tax was £18.1m (2024: £36.5m) and the statutory loss before tax was £17.5m (2024: profit of £23.0m).

Non-underlying items

Non-underlying items for the year of £35.6m (2024: £13.5m) consisted of the following:

£m	2025	2024
Bridge testing and remedial costs (net of insurance recoveries)	23.4	–
Other bridge-related costs	9.1	–
Amortisation of acquired intangible assets	2.6	5.4
Other non-underlying costs	2.9	–
Legacy employment tax (credit)/charge	(1.4)	4.4
Acquisition-related credit	(1.0)	(0.8)
Asset impairment charge	–	4.5
Total non-underlying items	**35.6**	**13.5**

The costs of £23.4m represent estimated bridge testing and remedial costs of £43.4m, offset by agreed insurance recoveries of £20.0m.

Other bridge-related costs of £9.1m include the reversal of revenue associated with certain variation orders, following delays in payment and increased uncertainty over their recoverability, together with provisions for third-party consequential costs and claims. Whilst the Group continues to actively pursue full recovery of the outstanding receivables and is contesting elements of the claims, it has conservatively made a provision for these items. Both the receivables and the third-party items remain subject to ongoing dialogue and legal process and the Group will provide further updates as appropriate. In the absence of notification of any further consequential claims and noting that, in certain cases, such claims may be limited by contractual liability caps, the Group's current assumption is that any further costs will remain with the respective parties. In addition to the PI insurance recoveries already agreed, the Group will also be pursuing all other potential avenues of recovery, including further possible insurance recoveries and contributions to our costs by third parties. However, no amounts have been recognised in respect of these further potential recoveries at this stage as these are not yet certain.

The amortisation of acquired intangible assets of £2.6m represents the non-cash amortisation of customer relationships and order books which are being amortised over a period of 12 months to five years. Other non-underlying costs of £2.9m include redundancy and severance costs which consisted of costs incurred as part of a headcount reduction programme in March aimed at improving operational efficiency and the severance costs for the outgoing CEO, Alan Dunsmore.

In the prior year, the Group recorded a charge of £4.4m for a legacy employment tax issue, which related to an assessment from HMRC for historical income tax and national insurance liabilities. The Group disputed this assessment but, after HMRC issued official determinations, the charge was recorded in the FY24 results. In FY25, the Group reached a final settlement with HMRC reducing the liability to £3.0m and recorded a credit of £1.4m related to this settlement. Acquisition-related credits of £1.0m include the unwinding of the discount on and movements in the contingent consideration for DAM Structures which is payable over a five-year period.

OPERATIONAL REVIEW

UK AND EUROPE

Maintaining contract selectivity and bidding discipline to ensure there remains an appropriate balance of risk 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 £444m at 1 July (1 November: £410m), of which £324m 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 22 per cent of the order book representing projects in continental Europe and Ireland (1 November: 29 per cent), reflecting our established access to growing market sectors and our prominent market position in Europe.

In the second half of the year, despite the absence of large 'anchor' projects coming to market, we continued to secure a significant value of new work (c.£260m) in both the UK and Europe, albeit some of these projects were secured at lower margins than we have historically seen, reflecting a competitive pricing environment and an overall market for structural steelwork which remains subdued.

Looking further ahead, we welcome the UK Government's focus on stimulating economic growth through maintaining, improving and expanding UK infrastructure and its commitment to invest in energy, transport and critical national infrastructure projects to achieve this goal. This commitment was reaffirmed in the government's multi-year spending review and 10 Year Infrastructure Strategy which were announced in June. 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.

Our operational performance

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. In addition, we are working on the use of 'digital twins' to integrate production and site information into 3D design models to provide real-time insights into project performance and facilitate more informed decision-making. The rollout of barcoding technology for steel across our factories is progressing well and is already delivering improvements in stock control and traceability. This technology is being extended to our paint processes to improve reporting and reduce waste. Other projects either being worked on or completed recently include a digital time recording system to facilitate improved monitoring of factory processes, together with ongoing work on AI to improve administrative processing times.

To date, based on the original plan, we have successfully completed 29 projects, and a further 21 of the 59 projects, that we have classified as short to medium term, are currently on-going. 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	2025	2024	Change
Revenue	**435.4**	449.2	-3%
Underlying operating profit (before JVs and associates)	**21.3**	37.4	-43%
Underlying profit before tax	**21.3**	37.4	-43%
Revenue:			
Commercial and Industrial	**349.6**	361.8	-3%
Nuclear and Infrastructure	**85.9**	87.4	-2%

Revenue of £435.4m (2024: £449.2m) has decreased by £13.8m (3 per cent) year-on-year, due to slightly lower levels of production activity. Underlying operating profit of £21.3m was down 43 per cent on the prior year (2024: £37.4m), reflecting the impact of the current challenging market conditions, including a prolonged period of tighter pricing and delays to project opportunities, which particularly affected the second half of the year. Whilst the Group sought to mitigate the effects of this through new project awards, our normal contract execution improvements and cost reductions, it was not possible to secure sufficient work to fully offset the non-recovery of factory overheads, particularly in Q4 when the expected award of the Agratas battery gigafactory was delayed at short notice until early FY26.

Commercial and Industrial

Revenue has decreased by 3 per cent to £349.6m (2024: £361.8m), reflecting the impact of the lower levels of demand in the industry as a whole and the client-driven delay to the Agratas gigafactory highlighted above, for which production was expected to commence in January – the prior year was also adversely impacted by a pause in construction at the Sunset Studios project in July 2023, for which the Group received a contractual payment in the prior year to compensate for an element of the lost profitability.

During the year, work progressed on the SeAH Wind monopile manufacturing facility in Teesside and the AESC UK (Envision) battery plant in Sunderland, both of which are nearly complete, together with a manufacturing facility for BAE in Scotland, an Energy from Waste facility in London and a petrochemical project for Ineos in Belgium. We have also worked on a 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 July was £214m (1 November: £202m). This includes projects secured in recent months such as new industrial facilities, commercial offices, data centres and distribution centres. We have now secured the full order for the new state-of-the-art battery gigafactory for Agratas in Somerset, which will initially supply batteries for Jaguar Land Rover and Tata Motors. This facility, for which production commenced in early FY26, 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 have already secured some attractive large projects for FY27 and we continue to see opportunities in markets which 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. Demand for data centres in the UK and Europe remains strong and we are also seeing the emergence of several large commercial office opportunities in London. We are currently supporting clients on some of these office projects with cost planning and buildability advice.

Strategic targets are unchanged: to grow revenues 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 £85.9m (2024: £87.4m). During the year, 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. In FY25, our nuclear operations were 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 July was £224m (1 November: £201m) of which 48 per cent (1 November: 44 per cent) represents transport infrastructure, 42 per cent (1 November: 56 per cent) represents power and energy (including nuclear) and 10 per cent (1 November: nil) represents process industries projects. Recent orders include a large energy project in the Netherlands, a process industries project in Hull, and a growing scope of nuclear work at Hinkley Point. We have also recently secured a large offshore wind contract with Ørsted for the Hornsea 3 project, which represents another major step into the renewables market for the Group. As part of the UK government's strategy to meet climate and clean energy targets, Hornsea 3 is expected to deliver 2.9 GW of green energy and will have an important role in enhancing the UK's energy security. When completed, the project will feature up to 231 offshore wind turbines, contributing to the world's largest offshore wind farm.

The outlook for the markets in which we operate remains positive through the medium term. In the UK, multi year investment in infrastructure is both a priority and a necessity for the government and will be crucial in achieving the country's growth aspirations and clean and domestically generated energy goals. As part of its broad investment plans, the government has addressed this requirement for additional investment in Severfield's growth areas of energy and transport infrastructure, both key components of the green energy transition. The government has also committed to the leveraging of private investment, delivering planning reforms, especially for renewable energy projects, and upskilling the UK's workforce as key components of their plans. These commitments were reaffirmed in June in the Government's multi-year spending review and 10 Year Infrastructure Strategy, which committed to at least £750 billion in infrastructure funding over the next decade.

In the UK energy sector, the essential long-term upgrade to the UK's energy infrastructure is well underway, driving improvements in energy security and facilitating the green energy transition, with significant and timely investment in both generation and network infrastructure. We are also seeing an increased volume of opportunities in areas such as new nuclear, including Sizewell C, small nuclear reactors and fusion energy, to which the government has allocated funding of c.£20 billion, together with onshore and offshore wind, solar, carbon capture and hydrogen production. In the UK defence sector, government plans to strengthen national security and modernise defence infrastructure are bringing new opportunities to market, including investment in munitions factories, the majority of which are likely to be designed in steel. Investment in UK transport is also an important part of the government's growth plans and is essential to address ageing infrastructure, Net Zero targets and domestic and international connectivity. Government funding of c.£47 billion has been allocated to update rail networks, including projects such as HS2 (Birmingham to Euston), the East-West Rail Link, the TransPennine Route Upgrade and the Midlands Rail Hub. We continue to make good progress with HS2 station opportunities in the pipeline including at Birmingham Interchange and, given our end-to-end capabilities and complex infrastructure project experience, together with our previous experience in delivering major airport and rail projects, we remain well-positioned to capitalise on these opportunities when they arise.

Similar to the UK, the outlook in Europe remains positive, with the green energy transition also driving public investment in new infrastructure projects such as transport infrastructure and energy, where the volume of power transmission and distribution projects being brought to market is increasing substantially.

Strategic targets are unchanged: to grow revenues to over £125m, with margins of 8–10 per cent.

Modular Solutions

£m	2025	2024	Change
Revenue	**24.2**	21.5	+13%
Underlying operating profit (before JVs and associates)	**0.4**	0.3	+0.1
Share of results of CMF*	**–**	0.1	-0.1
Underlying profit before tax	**0.4**	0.3	+0.1

* In 2025, CMF reported revenue of £26.8m (2024: £29.1m) and a break-even profit position (2024: profit of £0.2m).

Our operational performance

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 to 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).

Revenue of £24.2m (2024: £21.5m) represents an increase of £2.7m compared to the prior year and underlying operating profit has grown by £0.1m over the same period. Divisional underlying PBT of £0.4m (2024: £0.3m) also includes the post-tax share of profit of CMF of £nil (2024: £0.1m). The lower profitability at CMF reflected lower volumes in the year, particularly in Q4, as a result of the delay to the Agratas gigafactory which adversely impacted the Group's Core Construction Operations, as this project also contained a significant metal decking package, which will now be delivered in FY26.

Despite the modest profit growth, 2025 was another year of progress for the division. The SMS business has seen further growth in its client base for Severstor and for steel framing solutions for modular building manufacturers, which is evident in its 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), several of which we are aiming to convert to orders in FY26. For steel framing solutions, we have recently secured some high-quality orders and we are seeing opportunities for future growth, supported by our expanding customer base, and by CMF's significant cold rolled manufacturing capacity.

Strategic targets are unchanged: to grow combined SMS and CMF revenues to between £75m and £100m, with margins of greater than 10 per cent. In FY25, the Modular Solutions division delivered revenue of £51.0m (SMS: £24.2m and CMF: £26.8m).

India

£m	2025	2024	Change
Revenue	**103.3**	130.8	-21%
EBITDA	**7.1**	13.2	-46%
Operating profit	**4.5**	10.5	-57%
Operating margin	**4.3%**	8.0%	-370 bps
Finance expense	**(4.2)**	(5.5)	+24%
Profit before tax	**0.3**	5.0	-94%
Tax	**(0.1)**	(1.2)	+£1.1m
Profit after tax	**0.2**	3.8	-95%
Group share of profit after tax (50%)	**0.1**	1.9	-95%

In 2025, JSSL recorded an output of 64,000 tonnes, including sub-contracted work, 36,000 tonnes lower than the prior year output of 100,000 tonnes. This position is evident in JSSL's revenue of £103.3m, £27.5m lower than in the prior year. The lower revenue reflected some short-term delays to existing and expected projects in the run up to, and immediately following, the Indian elections in June 2024. Notably, this led to the delay of a large project secured in FY25 which JSSL will start delivering in FY26. Despite the lower-than-expected activity levels in FY25, output in FY26 is expected to increase significantly, reflecting the volume of work in JSSL's record order book.

JSSL has reported a reduced operating profit of £4.5m (2024: £10.5m), reflecting the project delays noted above, together with a sub-optimal mix of sub-contracted work, which resulted in some production gaps at the Bellary factory. Financing expenses of £4.2m (2024: £5.5m) are £1.3m lower than the previous year, reflecting a reduction in borrowings, and result in a profit before tax of £0.3m (2024: £5.0m).

Despite the underwhelming results in FY25, 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 July of £240m (1 November: £197m), which contains a strong mix of higher margin commercial work of 86 per cent (1 November: 77 per cent). This includes two major commercial developments in Delhi for DLF India, one of JSSL's key strategic clients, and work for other significant clients such as Webwerks, CtrlS and the Multi-Modal Transport Hub in Ahmedabad. 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 H2, we increased the factory capacity at the Bellary site from c.100,000 to c.114,000 tonnes (c.164,000 tonnes including sub-contracted work). The development of the new 55-acre site at Gujarat also commenced in H2, 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.114,000 tonnes to c.184,000 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.266,000 tonnes (c.366,000 tonnes including sub-contracted work). The majority of this investment will be financed by debt, provided directly to JSSL by Indian lenders.

Value continues to build in JSSL and the business is well positioned to take advantage of an 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

At Severfield, the safety of our people is fundamental to operational excellence and long-term success. Our safety statistics continue to be industry-leading and this year we have seen a further reduction in our injury rates, resulting in an injury frequency rate ('IFR') of 1.23, compared to 1.30 in 2024, and an accident frequency rate ('AFR'), which is based solely on the level of RIDDORS (reportable accidents), of 0.08, compared to 0.11 in 2024. Notwithstanding this, we continue to evaluate new safety solutions and, during the year, we have implemented a new process to improve the management and control of critical safety risks. This approach focuses on three pillars – Leading with Care, Effective Controls, and Engaging with Employees – to better manage safety critical risks, strengthen engagement with colleagues, and support long-term value creation. To bring this strategy to life, we have refreshed our approach to critical control management on key projects and invested in learning teams across our manufacturing operations. We have also continued to adopt positive leading indicators to drive preventative behaviours in our workforce, moving beyond a reliance on accident and incident data as measures of safety performance.

Sustainability

In 2025, the Group maintained its ESG rating of 'AAA' from MSCI for a fourth consecutive year and achieved an 'A' score for leadership on climate change mitigation from CDP for the second year running. We were also included in the Financial Times (FT) listing of Europe's climate leaders for the fifth year in a row, ranking fourth in the UK construction and building materials category. Other highlights in 2025 include:

- Maintaining our third-party verification and accreditation as carbon neutral for Scopes 1, 2 and operational Scope 3 GHG emissions for our manufacturing, office and construction operations.
- Continuing to procure 100 per cent of our energy from renewable sources at all our owned facilities in the UK and, the first time in FY25, our owned facilities in Europe.
- Maintaining our BES 6001 responsible sourcing accreditation.
- Making further progress against our verified SBTi (Science Based Targets initiative) Net Zero targets, including the use of new hybrid machinery to reduce emissions, trialling electric forklift trucks and the continued transition to LED lighting in our factories to improve energy efficiency.

We have continued to explore partnerships to help support delivery of our social value commitments. During the year, social value was delivered by a wide range of activities, including supporting local supply chain partners, fundraising and volunteering schemes. We developed new partnerships around literacy and digital inclusion, for the benefit of our local communities. We have also maintained our gold membership of 'The 5% Club', including increasing our intake of annual apprentices and graduates in 2025, demonstrating our commitment to 'earning and learning'.

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

Our financial performance

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

£m	2025	2024	Change
Revenue	**450.9**	463.5	-3%
Underlying* operating profit (before JVs and associates)	**21.7**	37.7	-42%
Underlying* operating margin (before JVs and associates)	**4.8%**	8.1%	-330 bps
Underlying* profit before tax	**18.1**	36.5	-50%
Underlying* basic earnings per share	**4.3p**	8.9p	-52%
Operating (loss)/profit	**(13.7)**	26.4	-152%
Operating margin	**(3.0)%**	5.7%	-870 bps
(Loss)/profit before tax	**(17.5)**	23.0	-176%
Basic (loss)/earnings per share	**(4.7)p**	5.2p	-190%
Underlying return on capital employed ('ROCE')	**9.3%**	17.5%	-820 bps

* The basis for stating results on an underlying basis is set out on page 164. A reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures ('APMs') section (see note 33).

Financial review

Revenue of £450.9m (2024: £463.5m) was c.3 per cent lower than the prior year, due to a decrease in revenue from our Core Construction Operations, mainly representing slightly lower production activity in the year. This reflects lower levels of demand in the industry as a whole and the delay, at short notice, to the Agratas gigafactory. This compared to a prior year which was also adversely impacted by a pause in construction at the Sunset Studios project in July 2023.

Underlying operating profit (before JVs and associates) of £21.7m was 42 per cent lower than the prior year, mainly due to the impact of the current challenging market conditions, including a prolonged period of tighter pricing and delays to project opportunities, which particularly affected the second half of the year. The statutory operating loss, which includes non-underlying items, was £13.7m (2024: profit of £26.4m). Non-underlying items are discussed in detail on page 39 of the operational review.

Underlying profit before tax, which is management's primary measure of Group profitability, was £18.1m (2024: £36.5m), 50 per cent lower than the prior year. The statutory loss before tax was £17.5m (2024: profit of £23.0m). The underlying tax charge for the year was £5.2m (2024: £9.1m), which represents an effective tax rate of 28.8 per cent (2024: 26.2 per cent). This rate is approximately 3 percentage points higher than the statutory rates in the UK and the Netherlands, mainly due to differences in the timing and amount of tax relief on certain remuneration-related expenses. The total tax credit of £3.4m (2024: charge of £7.1m) includes a non-underlying tax credit of £8.6m (2024: £2.0m).

Underlying basic earnings per share decreased by 52 per cent to 4.3p (2024: 8.9p) based on the weighted average number of shares in issue of 302.5m (2024: 307.1m). Basic loss per share was 4.7p (2024: earnings per share of 5.2p), reflecting the lower underlying profit after tax and an increase in non-underlying items. Diluted loss per share, which includes the effect of the performance share plan, was 4.7p (2024: earnings per share of 5.1p).

£m	2025	2024
Cash (used in)/generated from operations	**(6.1)**	52.4
Capital expenditure (net of disposal proceeds)	**(6.9)**	(10.9)
Operating cash conversion	**(60)%**	110%
Net debt (pre-IFRS-16 basis)**	**(43.1)**	(9.4)
Net debt	**(63.6)**	(28.4)

** The Group excludes IFRS 16 lease liabilities from its measure of net funds/(debt) as they are excluded from the definition of net debt as set out in the Group's borrowing facilities. A reconciliation of the Group's underlying results to its statutory results is provided in the APMs section (see note 33).

Net debt (pre-IFRS-16 basis**) at the year-end was £43.1m, which represented RCF drawings of £29.3m and amortising term loans of £13.8m, providing facility headroom of c.£30m. Year-end leverage (pre-IFRS-16 basis) was 1.2x. In light of the trading pressures that the Group is currently facing, there is an enhanced focus on cash generation and conservation. This includes careful working capital management, the acceleration of certain tax refunds from HMRC, a reduction in planned capital expenditure, taking into account the significant investment in the asset base over recent years, the disposal of certain non-core assets, and other ongoing cost reduction actions in support of a stronger balance sheet and our objective of improving ROCE.

Cash used in operations was £6.1m (2024: generated from operations of £52.4m). The reduction in cash generation over the prior year mainly reflected the decrease in underlying operating profit (before JVs and associates) of £16.0m, bridge testing and remedial cash costs of £19.0m and a working capital outflow of £15.6m. The increase in net working capital during the year mainly reflected the unwinding of advance payments held on the balance sheet at 30 March 2024. Excluding advance payments, period-end net working capital represented approximately six per cent of revenue, within our normal range of four to six per cent. Net capital expenditure of £6.9m (2024: £10.9m) represents the continuation of the Group's capital investment programme, which has been scaled back given our focus on cash conservation. This compares to annual depreciation of £9.9m (2024: £9.2m), of which £2.7m (2024: £2.7m) relates to right-of-use assets under IFRS 16.

In April 2024, before the emergence of the bridge weld issues, the Group announced a share buyback programme to repurchase up to £10m of ordinary shares. This buyback programme ended on 3 March 2025, with a total of 13.4m shares purchased and cancelled at a cost of £9.3m.

Post year-end, the Group successfully negotiated an amendment and extension to its existing £60m Revolving Credit Facility ('RCF') with its lenders, HSBC Bank and Virgin Money. The facility's maturity has been extended to December 2027, providing the Group with enhanced liquidity and financial flexibility, during this current period of challenging trading conditions.

Pensions

The Group's net defined benefit pension liability at 29 March 2025 was £6.9m (scheme liabilities of £29.6m offset by scheme assets of £22.7m), a decrease of £4.6m from the 2024 liability of £11.5m. The deficit has reduced as a result of a higher discount rate, reflecting an increase in bond yields, and employer deficit contributions during the year. All other pension arrangements in the Group are of a defined contribution nature.

Dividends and capital allocation

Funding flexibility is maintained to ensure there are sufficient cash resources to fund the Group's requirements. In this context, the board has established the following disciplined capital allocation policy:

- To support the Group's ongoing operational requirements, and to fund profitable organic growth opportunities where these meet the Group's investment criteria,
- To support steady growth in the core dividend as the Group's profits increase,
- To finance strategic opportunities that meet the Group's investment criteria, and
- To return excess cash to shareholders in the most appropriate way, whilst maintaining a strong balance sheet position.

As a result of the ongoing challenging market conditions, the board has made the prudent decision to suspend the final dividend for the financial year ended 29 March 2025. This measure is in line with our commitment to maintaining a strong balance sheet and ensuring the Group's long-term financial stability. The board remains confident in the Group's strategic direction and financial resilience. The board recognises the importance of the dividend to many shareholders and is committed to resuming dividend payments promptly, as soon as it is prudent to do so.

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

Building a responsible and sustainable business

KEVIN FURNISS
GROUP SHEQ DIRECTOR

"Sustainability is central to how we create better ways to build for a world of changing demands. This year, we've strengthened our focus on what matters most, refining our ESG approach and advancing our sustainability pillars to support long-term, responsible growth."

Our Group's purpose is to create better ways to build, for a world of changing demands.

To achieve this, we are committed to motivating and enabling our people and our supply chain to deliver high-quality, innovative buildings in a sustainable and efficient way.

During the year, we have continued to progress our sustainability strategy. As part of continuous improvements, we've undertaken an in-depth analysis of our ESG approach to ensure that the frameworks, reporting mechanisms and targets remains relevant to the four foundational sustainability pillars we've established. In line with the Global Reporting Initiative ('GRI') Standards, our sustainability framework and reporting are structured around our most material sustainability issues.

Our focus on 'Planet', 'People', 'Prosperity', and 'Principles of Governance', shaped by the input of our employees, customers, suppliers, and stakeholders,has driven meaningful progress and achievements in recent years. Progressing against our targets is fundamental to achieving our long-term strategic objective to support the delivery of sustainable growth whilst aligning with the relevant United Nations Sustainable Development Goals (UN SDGs). In this year's report we have simplified our disclosures to better communicate our sustainability strategy and achievements and we have reported against our targets on pages 50 and 70.

In the coming years, we will be further focusing our efforts on the 'Planet' and 'People' pillars to ensure we can help drive material and implementable change.

Our approach to sustainability

Planet (Environmental)
Growing our business whilst reducing our impact.

People (Social)
Increasing positive impact on our people and communities.

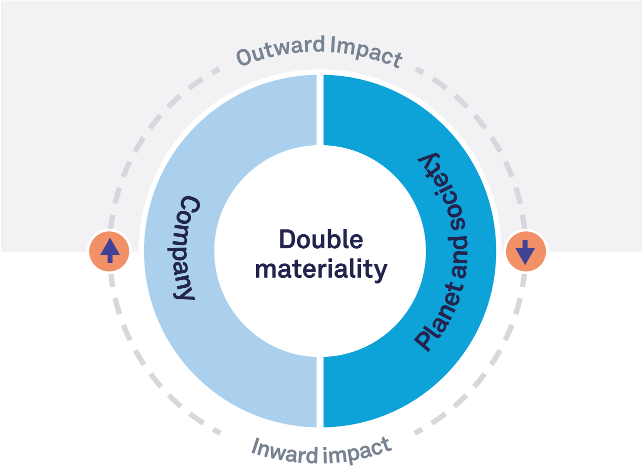
Prosperity & Principles of Governance (Governance)
Deliver sustainable profitable growth, whilst meeting our ethical, legal and contractual obligations.

Our approach to materiality

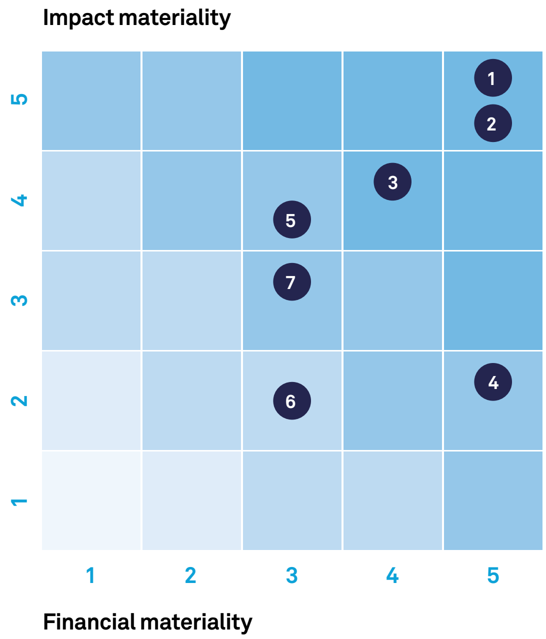
Materiality assessment

We conduct regular assessments to ensure that our sustainability priorities reflect the expectations and concerns of our key stakeholders. The seven priority areas identified in our 2024 double materiality assessment remain unchanged. Notably, five of these areas directly relate to our People and Planet pillars, reinforcing our commitment to increasing focus in these areas in the years ahead, whilst continuing to uphold strong governance and regulatory compliance.

The Group continues to ensure material issues that are important to our stakeholders are fully integrated into our Business Plan and risk management framework.



The concept of 'double materiality' refers to how ESG information can be material both in terms of its implications on the Company, and also the impact of the Company on the environment and society.



Materiality index

1. Health and safety (People)
2. Product life cycle (Planet)
3. Climate change and carbon emissions (Planet)
4. Attracting, developing and retaining talent (People)
5. Sustainability governance and management (Principle of Governance)
6. Waste, resource use and circular economy (Planet)
7. Sustainability regulation (Principle of Governance)

2025 ESG company highlights

Environment

Progress against
SBTi TARGETS
for Scopes 1, 2 & 3

CDP 'A LIST'
for climate leadership achieved 2nd year running

100% RENEWABLE ENERGY
procured for all UK owned facilities

CARBON NEUTRAL CO_2
since 2021

RENEWABLE ENERGY EU
for our EU operations

Maintained
ISO 14001
certification 100% Group-wide

BES 6001
certified since 2011

7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Social

GOLD Member of
THE 5% CLUB
since 2022

Over 3,900 weeks of
TRAINING OPPORTUNITIES
provided via NVQ in 2024

Nearly 4,000 weeks of
APPRENTICESHIPS
provided in 2024

The Severfield Foundation
DONATED OVER £20,000

Over 300 hours
VOLUNTEERED
through our volunteering policy

8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

Governance

Carbon emissions externally

VERIFIED BY 3RD PARTY

100% OF SUPPLIERS

subject to annual supply chain contractor due diligence reviews

Steel Construction Sustainability Charter

GOLD

RESPONSIBLE PROCUREMENT

committed to EPDs, FSC, PEFC

88

director safety visits undertaken

Maintained

ISO 45001 & ISO 9001

Group-wide 100% accreditation

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Building a responsible and sustainable business

Planet

Our roadmap to Net Zero 2050

We are committed to our long-term target to achieve Net Zero emissions, in line with the SBTi, across all our value chain by 2050. These targets are based on the Paris Agreement, which seeks to limit global warming to below 1.5 degrees Celsius, compared to pre-industrial levels, and as verified by SBTi.

- Near term, we commit to reduce absolute Scope 1 and 2 GHG emissions 50.4 per cent and to reduce absolute Scope 3 GHG emissions 50.4 per cent by 2033.
- Long term, we commit to reduce absolute Scope 1 and 2 GHG emissions by 90 per cent by 2040 and to reduce absolute Scope 3 GHG emissions by 90 per cent by 2050.
- Overall, our Net Zero target is to reach Net Zero GHG emissions across the value chain by 2050.

All targets are set from an FY2023 base year. The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Our Net Zero roadmap is accompanied by a Group Net Zero Transition Plan. This plan identifies the main initiatives and technologies to be explored or implemented in order to achieve our near-term and long-term targets for Net Zero. We acknowledge that sustainability criteria and reporting are constantly evolving and consequently, the Group's plan will also continuously develop over the forthcoming years. Our current plan is made up of a combination of actions to reduce our emissions, temporary offsetting activities and key steps we will take in supporting the low-carbon transition in the sector.

Group decarbonisation plan

Steel continues to play a significant role in the low-carbon future, as one of the world's most widely used materials with 100% recyclability. Our operational improvement initiatives focus on our environmental impact through innovative design, lean manufacturing techniques and cost and waste reduction programmes, ensuring steel continues to be a key input in the buildings of the future with increasingly reduced impact.

To accelerate progress towards our decarbonisation targets, the Group has realigned operational responsibility for this priority to the relevant business functions, whilst maintaining support from the Group ESG team. With the majority of Scope 1 emissions linked to fuel and gas usage in our manufacturing operations, this shift enables a more focused and effective approach to emissions reduction. It also allows the Group ESG team to concentrate on other high-impact initiatives such as factory electrification and the adoption of lower-carbon fuels to drive progress against our SBTi-aligned targets and support long-term value creation.

Our achievements to date

2020 2021 2022 2023 2024

- In August 2021, we were externally accredited as carbon neutral, showcasing our commitment to minimising our impact. We've maintained neutrality since.
- The first HVO-fueled plant and equipment were trialled at our factories. Replacing diesel with HVO has continued since.
- All our energy for UK owned offices and factories comes from fully renewable sources.
- Year on year, we increased the number of hybrid and electric equipment on our construction sites.
- Our SBTi Net Zero 2050 targets were fully validated.

Net Zero goals

2030 2040 2050

- We commit to reduce absolute Scope 1 and 2 GHG emissions 50.4% and to reduce absolute Scope 3 emissions 50.4% by FY2033.
- We commit to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2040.
- We commit to reduce absolute Scope 3 GHG emissions by 90% by FY2050.
- We aim to procure 100% low carbon steel by 2050 in accordance with the pathways set by SteelZero Network.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Severfield ZERO

Delivered last year:	Plans going forward
Maintained green electricity contracts (REGOs[1]) on all wholly owned facilities in the UK.	Continue to upskill our colleagues on our Net Zero strategy, including focus on behavioural change.
Transitioned to green electricity contracts (GoOs[2]) for our European operations.	As part of all future investment decisions, priorities will be given to alternative fuel sources where practical.
Implemented recommended projects around compressed air, lighting, and machinery as part of ESOS audit results.	Further investigate the use for on-site renewable generation at selected sites.
Continued to implement our roll out of HVO fuel across all applicable plant and equipment at all facilities and construction sites.	Continue to reuse temporary works from sites to reduce steel waste.
Rolled out specialist training on embodied carbon to colleagues.	Continue to engage and collaborate with our suppliers on their decarbonisation strategies and Net Zero targets.

1 UK renewable Energy Guarantee of Origin (REGOs)
2 EU Guarantees of Origin (GoOs)

Carbon in procured steel and the projects we deliver

As part of our own Net Zero journey, we are undertaking a range of activities to support the reduction in the carbon impact of the projects that we deliver.

Our key focus areas are as follows:

i. **Supporting our customers:** We engage with all of our customers on their Net Zero project targets. Examples of how we do this include the following:

- We look for emission reduction opportunities at early stage design first, before utilising low carbon products and materials.
- We utilise embodied carbon calculators, both supporting the RICS and iStructE methodology that helps customers decide on material specification and understand the impact to their carbon targets.
- We reduce waste through efficient design and manufacturing processes, whilst also exploring methods to maximise circularity of our materials and the re-use of steel.
- To reduce emissions associated with transport, the use of HVO for on site delivery is now available to clients.

ii. **Working with our supply chains:** Our network of relationship positions us well to connect with key stakeholders and encourage decarbonisation activities, as underpinned by our SBTi Scope 3 reduction target. Examples include the following:

- Working with steel suppliers aligned with our climate and sustainability ambition as part of our internal supplier engagement programme.
- Working with our transport hauliers to ensure we have full availability of HVO fuel for our steel deliveries.
- Collaborating with governments and industry-wide partners to drive the decarbonisation of the sector, such as the BCSA or SteelZero Network and attending industry wide events and conferences.

The decarbonisation process will not happen overnight and will require changes to infrastructure and capital expenditure to support the transition. We recognise that within the hard to abate industries, such as steel, a significant proportion of our emissions are generated within our supply chain as a result of the steel that we use. We are dependent on the steel sector decarbonising to fully address the carbon in our value chain, and a core part of our work around climate-related scenario analysis focused on the risks within our value chain, and our commentary around actions within this area is set out on page 69.

Building a responsible and sustainable business

Other sustainability focus areas

Whilst carbon emissions plays an important role in our sector, we've also made progress against other areas of environmental sustainability.

Sustainable Procurement	The Group continues to align sustainability objectives with suppliers to ensure a more sustainable supply chain and ensure collaboration across our supply chain for our Net Zero targets, in line with ISO 20400 Sustainable Procurement guidance principles and BES 6001. In FY25, we finalised and issued our Suppliers Code of Conduct to highlight our expectations around sustainable practices for our network. Going forward, we intend to build on the practices of our engagement plan, including our Sustainability alignment survey and Code of Conduct to support the advancement of our sustainability goals. Benefits of these collaboration will continue to be realised over the medium and long term.
Waste	We have achieved a17 per cent absolute reduction against our waste target (against an FY22 baseline) from UK facilities. We will review and rebase this target in line with our expansion in Europe and include our Europe operations in the revised baseline. We will also progress from an absolute emissions reduction target to an intensity-based target to better align our climate goals with our business and operational growth targets. Intensity targets will allow us to continue growing whilst still reducing our environmental impact relative to scale. For further information on our targets, see page 70.
Water	Whilst currently perceived as non-material by stakeholders as part of our latest double materiality assessment, we place significant value on water as a critical resource. In 2024, we undertook the first CDP Water Security disclosure and received a 'B' score, reflecting our strong performance in managing this critical resource. We also include water consumption intensity metrics as part of our internal reporting.
Biodiversity	Biodiversity was deemed an emerging issue in our double materiality assessment. Last year, we issued a Group-wide biodiversity policy and established biodiversity risk rating for our factories and offices. In FY25, we rolled out biodiversity training to specific job roles and we plan to further raise awareness on the subject in the coming years.

Case study

Severfield makes CDP's 'A List' for climate change for the second year running

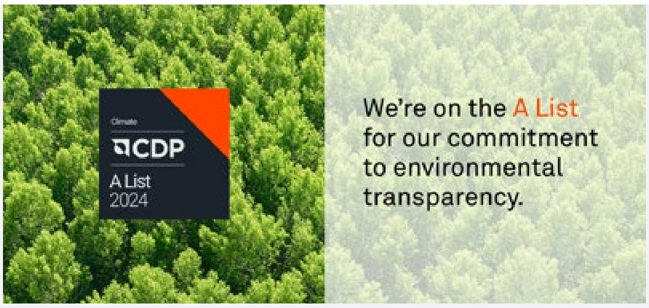
Following the submission of our annual environmental disclosure to CDP's 2024 Climate Change questionnaire, Severfield is one of 2 per cent of companies that achieved an 'A' out of over 22,400 companies scored.

What is CDP?

CDP is a global non-profit that runs the world's environmental disclosure system and holds the largest environmental database in the world, and it scores organisations from 'D' to 'A', with 'A' representing 'Leadership' in the field. In order to be awarded an 'A' for climate change by the CDP, and secure the associated 'leadership' status, organisations need to have shown that they are behaving like industry leaders when it comes to their practices.

What does this mean?

Severfield's place on the CDP's 'A List' for the second year running demonstrates our thorough understanding of risks and opportunities related to climate change, and that we have continued to implement strategies to mitigate the effects of our operations on the environment.



Looking forward

The need for transformational, urgent and collaborative change remains more important than ever. Severfield looks forward to continuing its work on improving our ways of working and making even more progress in relation to the environment in the years to come.

"Earning a place on the CDP A List for the second year in a row is a testament to our commitment to sustainability and climate leadership. This recognition reinforces our dedication to driving meaningful change and setting a high standard for corporate responsibility. We remain committed in our journey towards a more sustainable future for all that is ever-evolving." Michaela Lindridge, Head of ESG at Severfield.

Streamlined Energy and Carbon Report

This inventory table has been prepared in accordance with the requirements of the measure-step of the Toitū carbon marks, which is based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and ISO 14064-1:2018 Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals. Where relevant, the inventory is aligned with industry or sector best practice for emissions measurement and reporting.

GHG emissions and energy use for period 1 April 2024 to 31 March 2025:

	1 April 2024 to 31 March 2025		**1 April 2023 to 31 March 2024**	
Energy usage from:	UK and offshore	Global (excluding UK and offshore)	**UK and offshore**	**Global (excluding UK and offshore)**
Emissions from activities for which the company own or control including combustion of fuel & operation of facilities tCO_2e (Scope 1)	**5,677**	**319**	5,843	258.20
Emissions from purchase of electricity, heat, steam and cooling purchased for own use tCO_2e (Scope 2, location-based)	**3,422**	**257**	3,268	209.79
Total gross Scope 1 & Scope 2 emissions tCO_2e	**9,099**	**576**	9,111	467.99
Total gross Scope 1 & Scope 2 emissions tCO_2e (all)	**9,675**		9,579	
Energy consumption used to calculate emissions (kWh)	**31,673,439**	**1,974,752**	31,228,282	1,570,674
Gas (kWh)	**6,226,151**	**769,608**	5,743,131	351,329
Electricity (kWh)	**16,528,107**	**1,060,784**	15,782,873	1,084,870
Transport fuels (kWh)	**8,919,181**	**144,360**	9,702,278	134,475
Methodology	**ISO14064 Part 1 2018 and Carbon Reduce**		ISO14064 Part 1 2018 and Carbon Reduce	
Third-party verification	**Verified to ISO14064 Part 1 2018 and Carbon Reduce**		Verified to ISO14064 Part 1 2018 and Carbon Reduce	

1 Toitū carbon marks refers to the Toitū carbonreduce and Toitū carbonzero programmes

2 Throughout this document 'GHG Protocol' means the GHG Protocol Corporate Accounting and Reporting Standard and 'ISO 14064-1:2018' means the international standard Specification with Guidance at the Organizational Level for Quantification and Reporting of Greenhouse Gas Emissions and Removal

Building a responsible and sustainable business

Reporting our GHG emissions

In line with the requirements of the Streamlined Energy and Carbon Reporting ('SECR'), we report on our CO_2e emissions in accordance with the internationally recognised Greenhouse Gas ('GHG') Protocol and our metrics include Scope 1 and 2 emissions.

For the year ended 29 March 2025, the Group's global GHG emissions, using a location-based approach, and energy usage, were as follows:

	Tonnes of CO_2e	
GHG emissions from:	**2025**	2024
Scope 1 – combustion of fuel and operation of facilities	**5,997**	6,101
Scope 2 – electricity, heat, steam and cooling purchased for own use	**3,678**	3,478
Total CO_2e emissions (location-based)	**9,675**	9,579

Intensity measurement (location-based):	**2025**	2024
Absolute tonnes CO_2 equivalent per £m of revenue	**21.5**	20.6

For the year ended 29 March 2025, the Group's global GHG emissions, using a market-based approach, and energy usage were as follows:

	Tonnes of CO_2e	
GHG emissions from:	**2025**	2024
Scope 1 – combustion of fuel and operation of facilities	**5,997**	6,101
Scope 2 – electricity, heat, steam and cooling purchased for own use	**107**	157
Total CO_2e emissions (market-based)	**6,104**	6,258

Intensity measurement (market-based):	**2025**	2024
Absolute tonnes CO_2 equivalent per £m of revenue	**13.5**	13.5

All data reported are for our UK and European operations (including VSCH) as described in our certification boundary.

Scope 1 emissions are direct GHG emissions that occur from sources under our ownership or operational control. This includes fuel consumed in our factories for fabrication, in our offices for heating and in company vehicles. There are no material exclusions from Scope 1.

Scope 2 emissions are indirect GHG emissions from purchased energy. This includes electricity used for all our offices and factories across the Group. There are no exclusions from Scope 2.

Carbon offset credits are excluded from our GHG emissions reporting.

All Scope 1 and 2 GHG emissions data is independently verified by Achilles, in accordance with the international standard ISO 14064-1.

In 2025, using a market-based approach, our intensity measured Scope 1 and Scope 2 GHG emissions have remained the same year on year. Our Scope 1 and 2 reductions are attributed to switching to green energy in our European operations and the use of alternative fuels on site, however this reduction has been offset by the 2 per cent reduction in revenue.

Scope 3 emissions

GHG emissions from:	Tonnes of CO_2e 2025	2024
Waste	**84**	254
Business travel	**969**	1,204
Colleague commuting	**4,676**	4,008
Transport and distribution – Downstream	**1,650**	1,523
Transport and distribution – Upstream	**5,056**	5,456
Total verified Scope 3 CO_2e emissions	**12,435**	12,445

All data reported is for our UK and European operations (including VSCH) as described in our certificate boundary). Our verified Scope 3 GHG emissions in relation to any transport also include 'Well To Tank' (WTT) emission factors, as part of further data alignment with SBTi methodology. WTT emissions, also known as upstream or indirect emissions, is an average of all the GHG emissions released into the atmosphere from the production, processing and delivery of a fuel or energy vector.

Scope 3 emissions account for all of the other emissions an organisation produces when fossil fuels are burnt within its value chain and are a significant proportion of our total GHG emissions. In the context of the 2050 Net Zero target, this is the most challenging category to address. We are, however, committed to driving decarbonisation throughout our value chain, which is underpinned by our SBTi Scope 3 reduction target.

Our Scope 3 GHG data above is independently verified by Achilles, in accordance with the international standard ISO 14064-1. Last years' Scope 3 GHG emissions have largely remained the same.

Most notably we had a reduction in waste emissions due to the change in emission factor associated with this category, and we had a decrease in business travel. We have also reported on 'downstream' and 'upstream' transport emissions separately, for better alignment and transparency. Upstream relates to the transport of products purchased from our suppliers to our factory/offices (facilities) and downstream relates to transport of products from our factory to project sites.

Within Scope 3 emissions categories, we report on a total of 9 of the 15 categories relevant to our business. Consistent with most businesses in the construction sector, the majority of our GHG emissions are indirect (Scope 3), accounting for 97 per cent of total emissions, on a market-based approach. Within Scope 3 emissions, purchased goods and services represent 91 per cent of emissions, largely due to the embodied carbon in steel. We continue to be committed to addressing our Scope 3 emissions, in particular those from purchased goods and services, in order to achieve our strategic objective of Net Zero across all emissions by 2050 (as approved by the SBTi). For progress against our GHG targets, please refer to pages 50 to 51.

Additional Scope 3 categories

GHG emissions from:	Tonnes of CO_2e 2025	2024
Purchased goods and services	**162,145**	184,090
Fuel and energy related	**2,721**	2,504
End of life treatment	**85**	104
Investments	**1,439**	1,377
Total additional Scope 3 CO_2e emissions (unverified)	**166,390**	188,075

Achilles
Carbon Zero Certified
Powered by Toitū Envirocare

Achilles
Carbon Reduce Certified
Powered by Toitū Envirocare

Since 2021, the Group has been accredited as an operationally carbon neutral organisation to the Achilles 'carbon zero' standard in accordance with ISO 14064-1. We use carbon offsetting to eliminate the combined Scope 1, Scope 2 and operational Scope 3 GHG emissions generated from our manufacturing facilities and construction sites. In line with the SBTi methodology, carbon offsetting can only be used against the last 10 per cent of residual emissions so we will rely on them less over time. However, at present, they are needed to offset our residual emissions and are an important step in our sustainability journey towards Net Zero.

Building a responsible and sustainable business

Task Force on Climate-Related Financial Disclosures ('TCFD')

We report in accordance with the UK's regulatory requirements for climate-related disclosures, which are currently based on the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD). Internationally, the TCFD's recommendations have been integrated into the International Sustainability Standards Board (ISSB) climate disclosure standard (IFRS S2), which the UK Government has signalled support for, but has not yet adopted. Our continued alignment with TCFD enables us to provide stakeholders with clear, transparent and decision-useful information on the Group's climate-related risks and opportunities, whilst supporting communication of our sustainability strategy, governance framework, targets and progress.

The Board recognises the systemic risk posed by climate change and the need for urgent mitigating action. We are committed to addressing climate-related risks and reducing the Group's environmental impact and carbon emissions. In line with evolving international standards, we continue to report in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This ensures our stakeholders receive transparent, decision-useful information on material climate-related risks and opportunities relevant to our business.

The information set out on pages 58 to 70 of our annual report and accounts provides key climate-related information that is aligned with the 11 recommendations, covering four thematic areas, as originally set out by the TCFD. We are compliant with the TCFD recommendations, including the relevant material elements of the 'Guidance for all sectors'.

In 2024, we updated the modelling for our detailed climate scenarios, selected from the risks identified in the Group's climate risk register as described on pages 62 and 63, and have provided the detailed quantitative disclosures required by TCFD. The detailed modelling was assisted by our external consultants, IMS, who have the necessary expertise of the detailed economic and climate change models required to perform the analysis.

In 2025, we reviewed and reassessed the climate scenario modelling undertaken in 2024 to ensure it remains appropriate in light of the Group's current climate-related risk profile. This reassessment considered any changes in the Group's operations, strategy, and external climate risk landscape. Based on this review, we concluded that the existing modelling continues to provide a relevant and robust basis for our climate-related financial disclosures.

Further to this, we have assessed the impact of climate risk on the Group's balance sheet, including the impact on the measurement of financial instruments, the Group's owned land and buildings, goodwill and the Group's going concern and long-term viability, and have concluded that there is no material impact on the financial statements for the year ended 29 March 2025.

Some elements of our TCFD reporting are addressed elsewhere in our annual report and accounts. The table below outlines where this information can be found.

Thematic area	TCFD recommendation	Section name	Page ref	Next steps
Governance	Board oversight	Corporate governance report	104 to 107	Continue to review and assess governance around climate-related risks and opportunities.
		Governance at a glance	96 to 97	
	Management role	Building a responsible and sustainable business	58 to 59	
Strategy	Risks and opportunities	Effective risk management	82 to 88	We will use the outputs of the scenario analysis to monitor any potential risks to the business and to continue to evolve our understanding of how climate-related risks and opportunities could impact on our business and strategy.
	Impact on organisation	Building a responsible and sustainable business	46 to 52	
	Resilience of strategy			
Risk management	Risk identification and assessment process	Effective risk management	78 to 81	Continue to enhance and improve our risk management approach for climate-related and wider sustainability risks and opportunities.
	Risk management process			
	Integration into overall risk management			
Metrics and targets	Climate-related metrics	Building a responsible and sustainable business	53 to 70	We disclose the metrics and targets that are most relevant to our stakeholders in assessing our ESG progress. These are continuously reviewed.
	Scope 1, 2 and 3 GHG emissions			
	Climate-related targets			

Building a responsible and sustainable business

Governance

Board oversight on climate-related risks and opportunities

Our CEO (or Adam Semple during the CEO recruitment process), is responsible for the Group's strategic direction and progress on climate-related issues. They assume overall board-level responsibility for climate-related matters and they also chair Severfield's sustainability and risk committees, thereby ensuring continuity throughout the business, particularly from a governance perspective.

As summarised on the board skills matrix on page 97, the Board possesses expertise in climate-related and sustainability matters, and has a sound basis from which to consider the risks and opportunities facing the business as a result of climate change. We use our board skills matrix for succession planning purposes to ensure there are no skills gaps.

All board reporting at Severfield is underscored by a focus on climate change, sustainability and ESG. The board is updated on climate-related matters on a quarterly basis and is briefed on any other key changes throughout the year. Where relevant, we also arrange in-depth briefings from industry subject experts so as to draw attention to material ESG matters throughout the year. We are currently reviewing the frequency of reporting in line with business improvements taking place.

The work of the sustainability committee, which mainly consists of selected members of the executive committee, has responsibility to consider the impact of climate change on the business on behalf of the board. The committee (via the executive directors) regularly updates the board on the Group's sustainability strategy and progress against our targets.

A monthly sustainability board report is prepared by the Group SHEQ director, which includes a dashboard on greenhouse gas emissions to ensure ongoing monitoring.

Below are some examples of strategic decisions, where we demonstrated how the board gives full and close consideration to ESG factors and sustainability when assessing the impact of the decisions it makes.

- Taking steps to ensure we offer recycled steel as an option for our clients reinforcing the sustainability benefits of steel. This is also linked to the identified risk of steel having a high embedded carbon.
- Investing in carbon offsets to maintain our carbon neutral certification. This links to the identified risk of failing to meet emissions targets or failing to comply with legislation or stakeholder expectations.
- Setting SBTi targets, completing our TCFD climate scenario analysis modelling and the further disclosure of our metrics and targets.
- Investing in climate-related research and development to identify and maintain the most efficient engineering techniques, supported by our ongoing operational improvement programme and Project Horizon.
- Embedding sustainability considerations into our capital expenditure approval process.
- Research into an internal carbon pricing system.

Management's role in assessing and managing climate-related risks and opportunities

Board of Directors
Responsible for the Group sustainability strategy.

Executive Committee and Risk Committee
Reports to the board on the progress and success of the sustainability committee.

Sustainability Committee
Oversees strategy implementation and reviews progress against our strategic objectives and reports to the executive committee and the board.

Sustainability Risk Review Committee
Exercises oversight over climate-related risks and the Group's approach to mitigating our impact on the environment.

Supported by Senior Management
Including Group head of ESG and Group head of procurement.

Wider Employee Groups
Implement the Group's strategy and report on performance within their sites.

The Group board, through the executive committee and risk committee (both chaired by the CEO) has delegated oversight of the management of climate-related risks and opportunities to the sustainability committee and sustainability risk review committee. The board has overall responsibility for the Group's risk management and systems of internal control and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives, which includes specific consideration of climate-related risks.

The Group's sustainability committee members include the following: Chief Executive Officer, Chief Financial Officer, Group legal director and company secretary, Group SHE director, Group HR director, Group head of ESG and Group head of procurement. This ensures that key management is represented across all business areas and that they share an aligned approach to climate-related matters. Effectively, this ensures that the Group's overall sustainability strategy is delivered successfully.

Our Group legal director and company secretary, Mark Sanderson, is a member of the executive committee and also chairs the sustainability risk review meetings. He is responsible for helping to ensure that an appropriate strategy is in place to understand, identify, monitor and control risks from climate change in line with the Group's risk appetite parameters.

Beyond the committees themselves, business unit management teams are responsible for managing climate-related risks and opportunities on a day-to-day basis – they are also driven to deliver on the Group's Net Zero roadmap and sustainability strategy.

The sustainability committee meets every two months and engages with a wide range of senior managers and colleagues from across the Group to oversee the day-to-day implementation of our sustainability strategy and report on the progress of the Group to the executive committee, who ultimately report to the board.

The Chief Executive Officer and Chief Financial Officer are both members of the sustainability committee and, therefore, provide the board with regular written and verbal updates on climate-related matters.

At the time of signing the Annual Report, the Group was in the process of recruiting a new CEO, therefore the aforementioned responsibilities of that role are delegated to the Adam Semple as CFO.

Building a responsible and sustainable business

Strategy

Climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

As part of our business processes, we identify climate-related risks and opportunities, assessing their likelihood and quantifying their potential financial and non-financial impacts and potential time horizons. Those risks with a higher impact are prioritised for action by the board.

We consider climate-related issues within the time horizons used in our risk management process (see table). Risks and opportunities feed into our financial planning to the extent we expect them to impact our forecasts and/or three-year strategic plan. Beyond that, we consider medium to long-term risks and opportunities when formulating the Group's overall strategy.

In line with our risk management process and assessment of the Group's principal risks, only high and medium risks are considered sufficiently significant for disclosure in the annual report. The ranking of each is determined based on the scoring of the risk within the Group's risk register. This scoring considers the potential impact (both financial and reputational damage) and likelihood associated with the crystallisation of each risk.

Short term	< 5 years	Aligns to how we assess the Group's principal risks and viability statement.
Medium term	5–10 years	Aligns to longer-term projects with risks driven by government policy, infrastructure needs and market conditions.
Long term	> 10 years	Factors that could impact the Group's ability to achieve its strategic goals.

Climate-related transition and physical risks have been assessed as an overall low risk to the Group, which aligns with the Group's principal risk assessment on pages 78 to 88.

Our approach to ESG risk

The Group's process of identifying and assessing climate-related risks and opportunities is embedded in the Group's existing risk management process and is fully aligned with our three lines of defence model (see pages 78 to 81 for more details).

We monitor and identify climate and other sustainability-related risks in our sustainability risk register by assessing their likelihood and quantifying their potential financial, non-financial impacts and the time horizons over which they may occur. New and emerging risks are included within the risk assessment process, these are reviewed quarterly to ensure that material risks are identified, escalated appropriately and managed effectively.

Both transition and physical risks can be impacted as a result of climate change and associated trends. The sustainability risk committee considers transition risks that may stem from the Group's transition to a Net Zero steel industry, such as through regulatory, legislative or technological changes, and thereafter, mitigates them accordingly. Physical risks could arise from an increased frequency of severe weather events, such as flooding or heat waves.

The table on pages 62 to 65 summarise key climate-related risks (transition and physical), as well as opportunities that have been identified during our sustainability risk review process; these risks are considered to have the greatest impact on the business in the short, medium, and long term.

The table on the subsequent pages summarises the key climate-related risks (transition and physical) and opportunities identified as part of our sustainability risk review process that are considered to have the greatest impact on the business in the short, medium and long term.

Building a responsible and sustainable business

Climate-related risks

Climate risk	Classification	Risk description	Potential impacts to the business	Time horizon
Transition	**Risk 1** Policy and legal	Failure to comply with climate-related legislation by not meeting targets or reporting requirements.	• Loss of position as market leader and reputational damage. • Loss of opportunities within our market sectors. • Possible fines and penalties imposed.	Short term (<5 years)
	Risk 2 Reputation	Failure to comply with climate-related stakeholder expectations leading to loss of position as market leader and lost opportunities.	• Loss of position as market leader and reputational damage. • Loss of opportunities within our market sectors. • Negative share price impact.	Short term (<5 years)
	Risk 3 Policy and legal	Failure to meet operational emissions reduction targets or increased costs due to offset costs.	• Possible fines and penalties imposed, including carbon taxes. • Carbon offsetting costs could increase if the Group needs to purchase additional offsets where we fail to reduce our GHG emissions. • Offsetting prices will increase as demand for these initiatives will increase.	Medium term (5–10 years)
	Risk 4 Market	Steel becomes unsustainable due to high carbon content, or an over demand for low-carbon steel making it unaffordable and projects being cancelled.	• Shortage of material availability resulting in project delays or cancellations. • Significant fluctuations in steel prices linked to procured carbon. • Pressure from customers to reduce emissions of materials as well as emissions associated with distribution and construction activities. • More stringent regulation for construction materials and products. • Increased R&D, design, IT and training costs associated with developing new technology to create innovative projects.	Medium term (5–10 years)
Physical	**Risk 5** Acute	Operational disruption/ reduced capacity due to extreme weather event, e.g. flooding or wind damage.	• Project delays incurred due to unsafe working conditions on site and disruption to deliveries of materials to our factories. • Damage to construction sites and equipment. • Design and procurement challenges to deliver a project to withstand extreme weather effects. • Increasing difficulty in obtaining insurance in locations of extreme weather conditions.	Long term (>10 years)
	Risk 6 Chronic	Operational disruption/ reduced capacity due to increased frequency of extreme weather, e.g. drought.	• Project delays incurred due to unsafe working conditions on site and disruption to deliveries of materials to our factories. • Damage to construction sites and equipment. • Design and procurement challenges to deliver a project to withstand extreme weather effects. • Increasing difficulty in obtaining insurance in locations of extreme weather conditions.	Long term (>10 years)

Assessment of likelihood	Assessment of financial impact	Current/future mitigation
Unlikely	Low	• Strong controls and governance on climate-related reporting to the board. • Regular training and education on climate change matters to stay ahead of any legislative changes. • Engage external specialists, where appropriate, to provide advice on current sustainability risk management processes and upcoming or potential changes to climate-related legislation.
Unlikely	Moderate	• Regular engagement with all stakeholders, promoting open and transparent communication. • Strong controls and governance on climate-related reporting to the board. • Demonstrating our commitment to reducing our environmental impact through obtaining industry recognition (such as CDP 'A' and MSCI 'AAA' ESG ratings) and SBTi validation. • This risk has been modelled as part of our scenario analysis – see pages 65 to 69 for further detail.
Possible	Low	• Our Group's Net Zero roadmap and sustainability framework continue be embedded in our businesses processes and procedures to ensure our ambition is achieved. • Regular monitoring and reporting of GHG to the board. • Regular monitoring of offsetting prices and close monitoring of new development for permanent carbon removals.
Unlikely	Significant	• We maintain strong relationships with our supply chain. • We have engaged with key suppliers to understand their own strategies to achieve Net Zero and undertaken research into low-carbon alternatives. • Contributing to the SteelZero network demonstrates our commitment to procure 100 per cent Net Zero steel by 2050, with specific interim targets set for 2030. • Provision of training for low-carbon design and new technologies. Engaging technologies. Engaging in discussions on climate-related matters early on in the project life cycle so we can ensure our customers' expectations are fully understood and achieved. • Performing regular material price sensitivity assessments and considering contingency plans for procurement. • This risk has been modelled as part of our scenario analysis – see pages 65 to 69 for further detail.
Unlikely	Low	• Monitoring of weather forecasts to ensure employee safety and early steps taken to mitigate potential disruption to site activities and deliveries. • Detailed risk reviews of project sites in areas of extreme weather or located close to waterways. It is commonplace to agree allowances in our construction programmes to accommodate potential adverse weather conditions, for example the impact of wind on being able to lift significant steel structures. • The Group has appropriate insurance policies and arrangements, which we continually monitor. • This risk has been modelled as part of our scenario analysis – see pages 65 to 69 for further detail.
Possible	Negligible	• Monitoring of weather forecasts to ensure employee safety and early steps taken to mitigate potential disruption to deliveries. • Detailed risk reviews of project sites in areas of extreme weather or located close to waterways. • The Group has appropriate insurance policies and arrangements, which we continually monitor. • This risk has been modelled as part of our scenario analysis – see pages 65 to 69 for further detail.

Building a responsible and sustainable business

Climate-related opportunities

Opportunity	Classification	Description	Strategy to realise opportunity	Time horizon
Green revenue streams	**Opportunity 1** Market	Identify new and increase existing revenue streams from green infrastructure and low-carbon projects that support the green energy transition. The Group is well-placed to meet the demand for infrastructure that can mitigate the impacts of climate change and deliver energy security. These requirements dictate a significant investment in national energy infrastructure, including renewable electricity generation and storage, nuclear power (new build and decommissioning) and several other new energy supply initiatives. We also expect to see further projects aimed at carbon reduction in transport, such as the electrification of the UK rail network. Other projects in support of a low-carbon economy include battery plants (to facilitate the switch to electric cars), energy efficient buildings and manufacturing facilities for renewable energy.	The Group has a strong reputation in existing market sectors that are key to delivering the green energy transition. We continue to seek out opportunities in growing markets through market research and collaboration with our customers, ensuring we are well placed to take advantage of significant investment in the green energy transition. In 2025, 27 per cent of Group revenues (2024: 44 per cent) were derived from green revenue streams. Whilst this metric is not reported against a target due to its reliance on external market factors beyond our control, it remains a key area of strategic growth opportunity. See page 51 for further details.	Long-term (>10 years)
Renewable energy	**Opportunity 2** Energy source	Continuing the transition from using gas oil and natural gas to renewable low-carbon energy sources could give rise to operational and supply chain efficiencies and cost reductions.	In 2025, 100 per cent of our total purchased and consumed energy was from green tariffs (REGOs) in the UK (for wholly owned facilities) and the EU (GoOs). We continue to assess the availability of other renewable energy sources for heating and power as part of our decarbonisation strategy.	Short-term (<5 years)
Research and development	**Opportunity 3** Products and services	With the increasing focus on climate-related matters as the UK, and the world, accelerates their efforts to decarbonise in line with the Paris Agreement, we expect to see a change in the requirements of our customers to build projects that reduce their carbon emissions. Research and development into products and processes will help us to provide innovative solutions that meet the complex and changing needs of our customers.	One of our objectives is to invest in climate-related research and development to identify new engineering techniques and innovative technologies. We aim to re-use steel and minimise scrap to allow our customers to minimise the lifecycle carbon emissions of their projects. In 2025, we have successfully completed a collaborative project with North Yorkshire Council and Innovate UK funding. The project looked at local industrial decarbonisation opportunities (LIDP) within Dalton Industrial Estate in conjunction with other business partners on the site.	Short-term (<5 years)

Climate scenario analysis ('CSA')

We conducted CSA using a standard methodology in accordance TCFD recommendations and guidance.

Our assessment prioritised risks considered to have the greatest impact on the business in the short, medium and long term (as defined in the table on page 61). Our analysis will continue to evolve over time as our understanding of the impacts of climate-related risks grow and as external data on the potential impacts of climate change develops.

The areas assessed relate to the following primary risks:

Risk	Rationale for selection
Impact of physical climate risk on assets, projects and supply chains	Climate change increases the risk of severe weather events such as floods, sea level rise, cyclone, heatwave, wildfire, and water stress. Physical risks could potentially affect Severfield in a range of ways: • Direct damage to assets • Impacts on supply chains (delays to shipments, delays in the production activities of suppliers) • Delays to projects arising from the supply chain disruption Severfield has manufacturing facilities in the UK and Netherlands (excluding our joint venture, JSSL, in India) and key suppliers in the UK and Europe, however, the ultimate supply chains are more geographically spread. The focus of the modelling is on Severfield's manufacturing sites and considers the impact of the severe weather events referenced above.
Stakeholder expectations and the delivery of low-carbon projects	The steel sector as a whole is on a trajectory to decarbonise by 2050, but stakeholder expectations and demand may outpace the availability of low-carbon steel and, therefore, our ability to meet customer demand to deliver low-carbon projects and stakeholder expectations to meet our emission targets may not be possible. Whilst our long-term transition plan focuses on a range of measures to achieve decarbonisation (see our Net Zero plan on pages 50 and 51), in the shorter term, there will be the need for carbon offsets to offset residual emissions. The price of carbon offsets could significantly increase in a scenario where the carbon offset supply is limited to removal offsets that store or sequester carbon, rather than avoiding emissions that would otherwise occur. The impact on Severfield depends significantly on levels of customer demand, decarbonisation of the sector as a whole, and our procurement strategy, and will be explored further in future periods as we seek to reduce dependence on the use of offsets and drive clear progress towards decarbonisation.
The steel market within the low carbon transition	This was assessed as the risk of insufficient low-carbon steel in the market, or its price being so high as to make steel an unsustainable construction product. Various ways of producing steel exists, some of which can be very energy intensive. The most widely used method is through the combustion of fossil fuels in a blast furnace, which creates significant CO_2 emissions. This production method will be the focus of increased scrutiny and a drive to reduce emissions in the future, especially when more greener alternatives become more widely available. Electric Arc Furnaces ('EAF') are a greener alternative, and whilst not a new technology, they are less commercially used due to the significant investment required by producers to replace existing, fossil fuel reliant, blast furnaces. EAF relies on recycled or scrap steel and melts it using an 'electric arc'. Additional use of green electricity in this process can further provide reductions in the embodied carbon of steel. We are already seeing an increase in customer demand for low-carbon steel, as customers work towards their own Net Zero targets. Additional technologies will be required to achieve full decarbonisation of the sector, including processes which replace natural gas with green hydrogen, incorporate an element of carbon capture, and replace pulverised coal with high-carbon biomass sources. Given the significant investment required, and time taken to build new manufacturing facilities, there may be supply side limitations that amplify the increased demand for greener steel.

Building a responsible and sustainable business

The parameters, assumptions and data used to support our CSA are taken from various accredited sources that are summarised below. The CSA models incorporate a range of different temperature outcomes to 2100, including a scenario of less than 2°C.

Severfield PLC climate scenario	Low emissions	Medium emissions	High emissions
1. Physical risk assessment			
Relative Concentration Pathway (RCP)[1]	RCP2.6	RCP4.5	RCP8.5
Estimated 2100 warming projection	1.8°C	2.4°C	4.3°C
2. Stakeholder expectations and the delivery of low-carbon projects[7]			
Carbon offset market scenario (Bloomberg NEF)[2]	Regulated (carbon offset market is regulated, which limits supply)	Hybrid (combination of regulated and voluntary scenarios)	Voluntary (no regulation over carbon market)
3. The steel market within the low-carbon transition			
Mission Possible Partnership ('MPP') scenario[3]	Carbon cost (1.5°C aligned)[4]	Technology moratorium[5]	Baseline[6]
Carbon pricing	\$0/tCO_2 in 2023 rising linearly to \$200/tCO_2 in 2050	None	None
Technology constraints	None	Only near-zero emissions technologies permitted from 2030 onward	None

1 RCP uses economic, social and physical assumptions within a set of scenarios to model possible future climate evolution. They are published by the MET Office and adopted by the Intergovernmental Panel on Climate Change ('IPCC'). The RCPs can be represented by the levels of temperature change that can be used in conjunction with flood projection models

2 Bloomberg NEF is a strategic research provider covering global commodity markets and the technologies driving the transition to a low-carbon economy

3 The Mission Possible Partnership ('MPP') is an alliance of climate leaders focused on decarbonising specific industries, including steel. They have sector transition strategies that set out illustrative scenarios to achieve Net Zero by 2050

4 The Carbon Cost scenario illustrates how the steel sector might decarbonise if coordinated action to support low-CO_2 steel making takes hold this decade. This scenario assumes that, at each major investment decision, the steel asset switches to whichever technology offers the lowest total cost of ownership ('TCO')

5 The Technology Moratorium scenario takes an alternative approach by confining investments to near-zero emissions technologies from 2030 onwards to reach Net Zero. As with the Carbon Cost scenario, the steel asset switches to whichever technology offers the lowest TCO at each major investment decision

6 Baseline scenario: to highlight the consequences of inaction, a reference case is modelled in which a steel asset switches to the technology with the lowest TCO at each major investment decision, without a Net Zero constraint

7 As discussed later in more detail, whilst this data set was considered as part of the CSA, our disclosures are made on a simplified basis

The assessment considers three time points – 2030, 2040, 2050 – which encompass the short, medium and long-term time horizons set out on page 61.

Impact of physical climate risk on assets, projects and supply chains

Methodology	Financial impact	Strategic resilience and planned mitigations
Long-term flood risk modelling (within an RCP8.5 scenario – see previous page) was undertaken to identify our operations with the highest flood risks. A sample of assets was further assessed to consider the most extreme risks arising from flood, sea level rise, cyclone, heatwave, wildfire, and water stress (in an RCP8.5 / SSP5[8] scenario – see previous page). This included specific manufacturing site locations and also localised flooding, which could impact access roads. The modelling uses General Circulation Models based on the latest international modelling efforts (CMIP6), high-resolution historical observations from satellites and a range of other techniques to provide the greatest degree of accuracy. 'Value at risk' calculations were undertaken to assess asset exposure to a given hazard under different scenarios, simulating multiple events at different intensities. The value at risk calculations consider both structural damage and business interruption and are expressed as a single annual value of expected loss. Business interruption was assessed based on the fixed cost base of the respective sites.	**Mean loss: <£0.3m per year** The combined financial impact of both physical damage and business interruption is less than £0.3m per annum based on the worst-case scenario extending out to 2050. The climate risk relating to the assets assessed, and the associated financial risk is low based on our current modelling approach.	Whilst no sites are currently considered at risk of flooding, work has already been carried out to mitigate the risk and reduce the impact of localised flooding at both the Dalton and Enniskillen manufacturing sites. Access roads to the Dalton site in particular has seen significant investment from the North Yorkshire Council following flooding in the past. Such is the economic importance of the site, climate risks are likely to be further mitigated by future infrastructure investment. Our current and near-term insurance policies and arrangements mitigate against the risk of asset damage and business interruption. Regular discussion with insurers enables us to identify near-term localised risk and to implement measures to minimise risk impacts. Historical flood events and localised flood mitigation works are monitored to assess the changing risk profile for our operations and to understand risk tolerance for potential financial impacts. Project risk mitigations are discussed in the risks and opportunities table on pages 62 and 64. We will continue to monitor physical climate impacts within our wider risk management approach.

8 Shared Socioeconomic Pathways' ('SSPs') look at five (population, economic growth, education, urbanisation and the rate of technological development) different ways in which the world might evolve in the absence of climate policy and how different levels of climate change mitigation could be achieved when the mitigation targets of RCPs are combined with the SSPs.

Building a responsible and sustainable business

Stakeholder expectations and the delivery of low-carbon projects

Methodology	Financial Impact	Strategic Resilience and Planned Mitigations
We have considered the carbon offset market scenario based on Bloomberg NEF data, however, we consider there is too much uncertainty to reliably model and quantify the financial risk on a basis that would provide the Company with a valid range of potential outcomes. This is due to there being a wide range of possible outcomes for the price of carbon offsets. This is an emerging risk for Severfield as there is currently no significant demand from customers for the use of carbon offsets on projects. Furthermore, our SBTi targets only allow for a residual amount of offset, therefore, our expected use of carbon offsets in the short to medium term will reduce. Factoring in the above, we have simplified the analysis to disclose the financial impact of continuing to offset our residual carbon emissions from operations, based on a 2024 cost baseline.	**£0.2m for every 100 per cent increase in the price of carbon offset.** We are currently accredited as carbon neutral, and it is our current intention to continue to offset our residual emissions from operations to maintain this. As such, the financial impact is quoted in the context of an increase based on our current spend on carbon credits.	Our ongoing conversations with customers and our supply chain provide meaningful insight into customer-side demands for low-carbon projects, and supply side trajectories toward increased availability of low-carbon steel. Any requirement for the delivery of lower-carbon projects, to the extent they are not our own controllable emissions, would currently be implicitly priced into a tender, as all market participants would incur the same costs to deliver a project. Our involvement with SteelZero and wider industry and government collaborations provide increased awareness of the challenges of the steel sector as a whole and how these could be overcome. This deeper understanding will feed into our Net Zero plans. We are investing in new machinery and more efficient processes. We are exploring methods to maximise the circularity of steel through its reuse, to reduce the carbon content of delivered projects. We are also focusing on our own operational emissions within our Net Zero roadmap.

The steel market within the low-carbon transition

Methodology	Financial Impact	Strategic Resilience and Planned Mitigations
The Mission Possible Partnership ('MPP') has conducted extensive scenario analysis to assess possible trajectories for the steel sector to reach Net Zero by 2050. Our modelling considers the three potential pathways to 2050: **Baseline –** Steel assets switch to the technology with the lowest total cost of ownership at each major investment decision, without a Net Zero constraint. **Carbon cost –** This scenario models how the introduction of a carbon price policy might impact the technologies adopted by the market. Carbon taxes create higher prices for the higher CO_2 emission technologies and, therefore, causing higher prices, leading to a demand side change to lower emission technologies. **Technology moratorium –** Similar to the Baseline scenario, but confining investments to (near-) zero emissions technologies, through the use of regulation, from 2030 onwards to reach Net Zero. The modelling aligns our assumed steel procurement under each scenario to the market supply, aligned with our SteelZero commitments. We would aim to procure based on the lowest cost for the lowest embodied carbon steel, however, we assume constraints in supply as every market participant cannot do the same. The model assumed that there will be novel and nascent technologies that will disrupt incumbent technologies, as the cost of zero carbon electricity and hydrogen declines over the coming decade. We assume that we will adopt a procurement strategy that evolves with the best available technologies.	The results of the modelling show that the increase in the overall cost of steel to Severfield, compared to our current baseline, does not exceed 10 per cent for the periods modelled (2030, 2040 and 2050).	The price of steel is largely a pass-through cost to our customers, therefore, any increase in the cost of steel over time would be borne by the customer. A potential 10 per cent increase is not considered unsustainable in light of the market response to a more than doubling of steel prices in recent years following macroeconomic events, including the impact of the conflict in Ukraine. This highlighted our resilience as a Company and also the importance of steel as a building product. We regularly assess how our strategic partners are working toward meeting these aims and are in the process of developing an engagement plan, to enhance oversight of our progress towards achieving Net Zero.

Resilience of our strategy

The outputs from the qualitative assessment and the quantitative scenario analysis detailed above, along with the planned mitigations and existing strategic resilience, highlights the resilience of our business strategy to climate related risks. Furthermore, our growth strategy means we are well positioned to take advantage of the opportunities associated with the green energy transition.

Metrics and targets

We disclose metrics and targets that we consider to be significant for the business and relevant for our stakeholders. See page 70. We internally measure a range of metrics to ensure our sustainability goals are on track and externally disclose measures that allow our stakeholders to assess our progress and benchmark us against our peers. We are currently working towards reporting relevant metrics and targets in line with the future requirements of IFRS S1 and S2.

Metrics used by the Group to assess climate-related risks and opportunities are in line with its strategy and risk management process.

Building a responsible and sustainable business

Our goals demonstrate our ambition, create accountability and drive alignment with our business strategy. They are influenced by our stakeholders and frameworks, such as the United Nations Sustainable Development Goals ('UN SDGs'). The table below illustrates our key achievements in the year against the UN SDGs goals where the Group can have the biggest impact. In 2024, we undertook a UN SDGs alignment to ensure that our impact remains relevant and the outcomes of that exercise are visible in the table below:

SDG	Goal	Status	2025 Progress	Climate-related risk/opportunity
13 Climate Action	**GHG Emissions.** Achieve near term target of 50.4% reduction by FY33 from our FY23 baseline. This goal is aligned with the Science-Based Target initiative (SBTi).	On track	12% reduction in our Scope 1 and 2 GHG emissions from our SBTi base year of FY23 (using a market-based approach).	Risk 1 & 2
13 Climate Action	**Carbon Neutral Organisation.** Achieve 100% carbon neutral across our operations.	Achieved	We have offset Scope 1 and 2 and operation-related Scope 3 greenhouse gas emissions.	Risk 3
7 Affordable and Clean Energy	**Renewable electricity sourcing.** Procure 100% renewable electricity for all UK-owned facilities.	Achieved	We have REGOs and GoOs renewable electricity across UK and Europe.	Opportunity 2
7 Affordable and Clean Energy	**Renewable energy.** Install additional on-site solar renewables and storage.	Started	Investigate which factory is the most suitable to enhance our renewable capacity.	Opportunity 3
9 Industry, Innovation and Infrastructure	**Increase percentage of electric, hybrid or bi-fuel** plant and machinery in factories and construction sites.	Ongoing	We have increased the amount of plant and machinery by 11% from previous year (FY25 37%, FY24 26%).	Risk 2
12 Responsible Consumption and Production	**Waste reduction.** Achieved an absolute waste reduction (excluding steel) of 10% against 2021 baseline.	On track	We have achieved a 17% reduction in 2025. Going forward, we will report on our revised waste intensity target.	Opportunity 3
10 Reduced Inequalities	**Workforce inclusion.** Retain normalised hourly rate within fair and balanced range.	Ongoing	We have achieved 1.08 male/female normalised hourly rate ratio.	n/a
11 Sustainable Cities and Communities	**Community engagement.** Achieve a total of 1,500 cumulative hours of volunteering time (from 2024 baseline) by 2030.	On track	This year we have achieved 330.5 hours volunteering to contribute towards this target.	n/a
8 Decent Work and Economic Growth	**Workforce training.** Increase the number of annual training hours per employee from FY25 baseline.	Started	We established a baseline per employee this year, which we will continue to report going forward.	n/a
16 Peace, Justice and Strong Institutions	**Key training for senior managers.** All relevant senior management have been provided with training such as criminal corporate offences ('CCO'), anti-bribery and corruption and tax evasion.	On track	To date c. 90% have completed this.	n/a

People

Why is it important?

Our people are our biggest asset and we are committed to effectively managing all aspects of health and safety and creating a safe, inclusive, and diverse working environment where everyone can thrive.

We have over 1,800 colleagues across our manufacturing facilities, construction sites and offices. Our mix of designers, project managers, quantity surveyors, estimators, engineers, fabricators, steel erectors and support function experts work together with a clear, shared purpose, to create better ways to build, for a world of changing demands.

We continue to build sustained business performance through our rigorous approach to ESG and through embedding our values, The Severfield Way. The Severfield Way gives our colleagues clarity on our collective ways of working and expected behaviours so that we can continue to deliver effectively and efficiently for our clients.

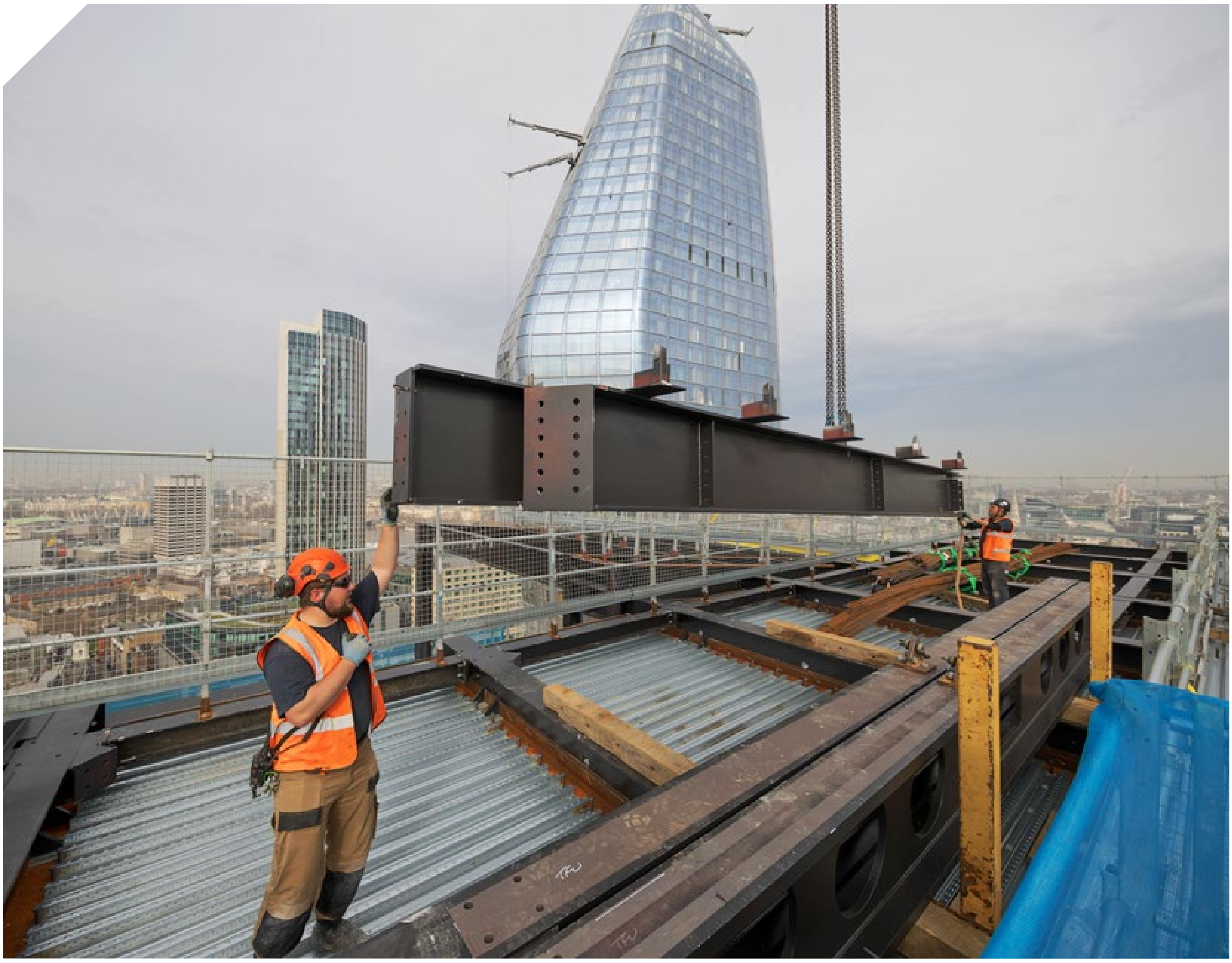
Ensuring our colleagues can be their best every day is critical to us achieving our business goals and ambitions. To enable this our focus remains on:

1. Making work safer @ Severfield

2. Developing and maintaining a robust, diverse talent pipeline

3. Creating a culture of inclusivity

4. Delivering social value



Building a responsible and sustainable business

Making work safer @ Severfield

At Severfield, we place the utmost importance on the safety, health and wellbeing of everyone connected to our work – from our employees and supply chain partners to individuals and communities impacted by our activities. We acknowledge the inherently high-risk nature of our sector, both within our manufacturing facilities and on construction sites, and have implemented industry-leading measures to safeguard the health and safety of everyone impacted by our operations.

Our leadership commitment

Safety, health and the environment remains the first item on the agenda for both our executive committee agenda and divisional leadership teams.

The executive committee scrutinises 'high potential near miss' reports (HiPo) and RIDDOR (specified injury or over seven-day incidents, three days in Northern Ireland) reports to ensure lessons learnt and appropriate corrective actions are in place to prevent reoccurrence.

Our progress

During the year, we further enhanced our employee engagement on safety with the completion of our Safer@ Severfield 2 programme. We recognise how important employee engagement is in safety, and so we have supplemented these sessions by adopting the learning team's philosophy in the second half of the year. By involving and empowering our employees in this approach, we delivered improvements at both the worker and organisational level for safety. It is our intention to extend learning teams to include 'learning from normal work' and not solely accidents and incidents in 2026.

- We have implemented a new process to improve the management and control of critical safety risks.
- To bring this strategy to life, we have refreshed our approach to critical control management on key projects and invested in learning teams across our manufacturing operations.
- We have continued to adopt positive leading indicators to drive preventative behaviours in our workforce, moving beyond a reliance on accident and incident data as measures of safety performance.

2025 has seen a significant reduction in the number of high-potential incidents (HIPOs) that occurred across our operations. The number of HIPOs reported by our teams was 37 compared to 91 in 2024. Our accident frequency rate showed a slight improvement from 0.11 to 0.08 and the incident frequency rate (IFR) fell to 1.23 from the 2024 figure of 1.30.

Our Group systems remain accredited to the highest standards and we remain certified to International Management systems ISO45001 (Occupational Safety and Health) and ISO14001 (Environmental Management). We are accredited to industry-leading compliance standards, such as CHAS, Constructionline and Achilles.

Accident frequency rate	27% improvement in 2025 to 0.08 (2024: 0.11).
Incident frequency rate	5% improvement in 2025 to 1.23 (2024: 1.30).
Director safety visits undertaken	We have conducted 88 visits in 2025 (2024: 99).

Evolving our approach

Historically, our safety strategy has followed a Safety-I model, which emphasises compliance with regulations and minimisation of risks through established protocols and procedures.

We are now transitioning to a more proactive Safety-II approach, which builds on the foundations of Safety-I but places greater emphasis on care, collaboration, learning and continuous improvement.

Building a culture of trust, open communication and collaborative learning is essential, where employees are actively involved in safety decision-making at all levels. Our safety leadership is focused on understanding the realities of frontline work and adapting safety practices to reflect actual working conditions. This is particularly critical in managing high-consequence risks, where the presence of effective, resilient controls is essential.

Our approach to safety is based on three core principles:

Leading with care: Safety leadership means taking accountability for understanding and supporting what our people need to work safely, informed by real-world experiences and continuous learning.

Effective controls: Safety is defined by the presence of controls that reliably manage risk under varying conditions, to ensure safe operations.

Engaging with employees: Our culture embraces learning and continual improvement through worker engagement and support.

By embedding these principles across our operations, we are improving safety outcomes by better understanding the conditions that influence work, empowering employees as partners in safety, and integrating safety into the fabric of everyday activity.

This not only enhances the reliability of our operations but also strengthens a culture of care, resilience and continuous improvement, ensuring safer and more productive environments across the Group.

Developing and maintaining a strong and diverse talent pipeline

The future of the business depends on our ability to attract, recruit, develop and retain individuals with the right mix of expertise, technical skills and personal qualities. Our industry continues to face significant skills shortages in relation to fabrication and welding and broader diversity remains a challenge.

Our Leadership Commitment

Our executive committee dedicates significant time to reviewing our strategic workforce plan, alongside insights from performance and potential reviews. Reviews take place quarterly within each of our business units. We believe that being able to promote from within is critical to retain specialist skills and experience, especially given the capabilities and expertise that we provide to our clients. The board receives regular updates on all aspects of our approach to managing performance, developing skills and progressing careers.

Our progress

During the year, we assessed the performance and potential of around 400 colleagues, providing the Board with a clear view of talent across the Group and ensuring strategies are in place to develop and retain the leaders and specialists we need for the future. This work also enabled a review of our succession plans for the Executive Committee and business unit management teams.

Following the assessment, we identified colleagues from across the Group to participate in a range of personal and leadership development activities. Our Strategic Leaders Programme targeted those one level below the Executive Committee, our two-day Development Centre challenged senior leaders, and we launched the second and third cohorts of LEAD (Leadership Discovery and Exploration Programme). Together, these programmes strengthen our culture of development at all levels.

We maintained a strong focus on early careers to address future skills needs, welcoming 46 graduates and apprentices onto our 'Development on a Different Scale' programmes. In 2025, we plan to recruit around 20 apprentices across fabrication and maintenance. Our continued commitment to providing opportunities for earning whilst learning enabled us to retain Gold Member status of 'The 5% Club', which recognises the UK's leading employers of apprentices, graduates, and degree placement students. In addition, we achieved, we achieved external recognition including mentor of the year (Northern Ireland), apprentice of the year in the metal industry awards, as well as the apprentice of the year and future talent award in manufacturing at the Made in Yorkshire awards. Across the Group, more than 100 colleagues are currently undertaking nationally recognised qualification, including apprenticeships, NVQs, HNCs and other accredited programmes.

To support our UK manufacturing operations, we have strengthened our welding and fabrication capabilities by recruiting skilled colleagues from overseas. During the year, we successfully onboarded 49 new team members from Zimbabwe and South Africa and plan for colleagues to join us from the Philippines in FY26. These intakes have stabilised our workforce and ensure our factories can operate at optimal capacity.

We continued to build engagement with **MyLearning**, our learning management system, with over 1,500 colleagues completing at least one course and a combined total of 12,805 courses were completed during the year.

Our online performance review system, **MyPerformance**, continues to support open, honest conversations between managers and colleagues about performance, goals, development and career aspirations.

2026 areas of focus

We will continue to deliver a wide range of internally and externally provided training courses, both face-to-face and through eLearning. Throughout FY26, we will further strengthen our approach to succession planning and the assessment of performance and potential. The introduction of a departmental health score will consolidate multiple data points, allowing us to better target our recruitment, engagement, development, and retention efforts where they are needed most.

Gender Pay Equality	1.08 male/female normalised hourly rate ratio.
Diversity and Inclusion	10% of our workforce are female (reflecting a one percentage point increase from 2024). Of our three grade levels below board, female representation is 17%, 19% and 25% respectively. Female % representation across our manufacturing departments is 2%, 9% (2024: 8%) within project delivery departments and 42% (2024: 39%) in core services.

Building a responsible and sustainable business

Creating a culture of inclusivity

We are committed to building a supportive, diverse, and inclusive working environment where all colleagues feel they belong.

Creating multiple avenues for meaningful dialogue is key to achieving this. The launch of our inaugural 'Build a Better Workplace' survey gave all colleagues the opportunity to share their views on what we do well and, importantly, where we can improve. Our intranet, Connect, keeps colleagues informed about our strategy, performance, company news, and health and wellbeing initiatives. It also provides a platform for colleagues to comment on articles, participate in surveys, and share their views.

Toolbox talks, manager briefings, emails, and Skyline (our Company magazine) all play their part in keep our colleagues informed and connected.

Employment policies

Our leadership teams are committed to fair and transparent recruitment, selection, development and promotion processes, which are underpinned by our Equal Opportunities and Diversity Policy. In recruitment, through interviews, aptitude testing, styles profiling and assessment centres, we can ensure a candidate's aptitude and abilities adequately meet the requirements of the role, regardless of gender, ethnicity, disability or sexual orientation. Training, development and promotion opportunities are open to all and reasonable adjustments are made to accommodate the needs of those who require them. If a colleague becomes disabled during their employment with us, then appropriate training, development, adjustments and support are made available to enable them to remain in employment for as long as practicable.

Our leadership commitment

Through working closely with the Group's workforce engagement director our MyVoice Forum has enabled many colleagues' concerns to be raised and tackled. Improvements to benefits, enhanced facilities for our manufacturing colleagues and access to information are just a few of the topics that have been raised and improved throughout the year. Minutes of each meeting are shared with the executive committee and board and detailed communication is shared with all colleagues through our intranet. Each executive committee member takes personal responsibility for ensuring actions in their areas are progressed and closed out.

Our progress

We are committed to building diversity, equality and inclusion into everything we do and continue to implement the right conditions for all colleagues to achieve their full potential and bring their whole, authentic self to work. With only 10 per cent of our workforce being female, greater focus is being placed on our hiring practices, candidate attraction and retention.

During the year, our second female mentoring programme took place with eight females from a range of departments across the business. Seventy of our leaders took part in Psychological Safety training to help create a workplace where colleagues feel safe to speak up, share ideas, take risks, and challenge respectfully without fear of blame or retribution. Encouragingly, 77 per cent of colleagues who participated in our **'Build a Better Workplace'** survey said they feel comfortable approaching their manager when they encounter a problem, and 71 per cent said they could be themselves at work without fear of judgement.

Our Diversity and Inclusion measures were also recognised as Excellent by our survey provider, with no difference in the average survey scores between majority and minority groups. We continue to track diversity data and this is shared with management teams on a quarterly basis.

Our median gender pay gap for the Group stands at 14.3 per cent, which is a small decrease on previous years. Throughout FY25, all of our colleagues were paid at, or above, the real living wage.

	Male #	Female #
Main board	5	2
Executive committee	9	1
Senior leadership*	42	11
All colleagues	1,720	180

* Senior leadership is defined as the two career levels below the executive committee.

The board has two female directors (29 per cent). Female representation on our executive committee is one (10 per cent). The Company have a 'career level structure' (underpinned by AON's Joblink methodology) with the executive committee (excluding executive directors) being the most senior level. For the two levels below this, our female representation is 21 per cent and 25 per cent, respectively.

Our pension offering to all colleagues (including executive directors) is 7 per cent employee contribution matched by a 7 per cent employer contribution. In November 2024, consistent with previous years, we paid all employees that are not part of the annual bonus scheme, a 'festive gift' of £750.

2026 areas of focus

This year, we will work closely with colleagues across the Group to identify the key areas for action arising from our Build a Better Workplace survey. Together, we will prioritise and implement meaningful initiatives designed to enhance our culture, strengthen inclusion and create an even better working environment for all. Progress against these actions will be carefully tracked and reviewed to ensure we deliver positive, lasting change and continue to build a workplace where everyone feels valued, supported and able to thrive.

Building a responsible and sustainable business

Delivering social value

Social value has shaped the way we understand the impact on the world around us and our communities, and helps inform better decisions about where we invest our resources to help create value beyond steel.

Our leadership commitment

We regularly review and address all elements of our ESG agenda through our Sustainability Steering Committee, including the 'S' for Social, which covers social value and wider community impact.

Our progress

During the year, we continued to refine our approach to social value. We report on a number of key indicators with the nationally recognised 'Themes, Outcomes and Measures' ('TOMs') Framework. The framework enables us to measure our social value contribution and is based on the Social Value Act's themes of social, economic and environmental wellbeing and it is aligned to the UN 17 Sustainable Development goals.

Through The Severfield Foundation (the 'Foundation'), incorporated back in 2016, we have continued to support local charities and organisations, with strong connections to our colleagues, through charitable contributions and by encouraging our people to donate their time to local communities and charitable initiatives.

Our employees coordinate the Foundation's activities, contributing to and taking part in events. With their help and commitment, we continue to support disadvantaged people and local communities and raise vital funds for local charities.

During the year, we supported many different charities, from air ambulances, to hospices and to local community groups. Our colleagues across the business have raised over £20,000 for these causes, which is then match funded by the Group.

Following feedback from our MyVoice Forum, we launched a one-day paid Colleague Volunteering Programme policy across the Group in 2024. Volunteering opportunities, which are available to all employees, are limited to three key areas. These are areas we have identified as being of significant importance to the business and our communities: Assisting the local charities that we support through The Severfield Foundation, supporting education and development of young people (including STEM activities) and undertaking activities aligned to the projects we are delivering in the communities where they have an impact.

In addition to this, collaborating with valued partners such as Construction Youth Trust, Chapter One, Centre for Leadership Performance, and Inspira has played a key role in delivering meaningful social impact. These partnerships have strengthened our ability to meet our commitments and create lasting value in the communities we support.

During the year, we have successfully reported on our social value delivery through our volunteering activities using our internal social value reporting system. This system helps to track and measure the value we create through all activities, which will ensure we continue to focus on areas that have the biggest impact on the communities in which we operate.

In late 2025, we reviewed how the revised Procurement Policy Note 002 and the Social Value Model that accompanies this update will impact our future working. We are currently revising our strategy in line with those updates and improving on data capture around some of the indicators.

As part of our ongoing commitment to social value, this year's LEAD Programme cohort focused on developing a strategy to enhance Severfield's engagement with schools through STEM activities. The aim was to develop an approach for Severfield to proactively engage with young people and inspire them to consider careers in STEM to help address long-term skills shortages in the construction and manufacturing sector. The LEAD Program supports future leadership development through cross-functional business improvement projects, with outcomes presented to the leadership team. Selected initiatives from this year's programme will be integrated into our ongoing efforts to strengthen school outreach and STEM engagement.

2026 areas of focus

Continue to encourage employees volunteering policy uptake.

Achieve a year-on-year increase in our social value delivery.

Build further successful third-party partnerships to support the delivery of social value.

Case study

Supporting Literacy through Chapter One Volunteering

Chapter One

In 2024, a Department for Education report revealed that 38% of 11 year olds facing disadvantage in England leave primary school without reaching the expected standard in reading. Recognising the importance of early intervention, Severfield partnered with Chapter One, a literacy charity providing one-to-one reading support to children aged 5–8 who need help building their reading skills.

Through this partnership, a number of Severfield colleagues volunteered to support pupils across the Cumbria region and beyond, delivering consistent weekly reading sessions online via Chapter One's secure portal.

Our impact

This initiative was made possible thanks to Severfield's Group Volunteering policy, which encourages and supports our colleagues to take time during the working day to contribute to meaningful causes.

Over the course of the year:

- 240+ reading sessions were delivered
- More than 6,000 reading minutes were volunteered
- Children reported increased confidence and engagement in reading
- Teachers shared overwhelmingly positive feedback about the programme's impact

Severfield plans to continue the partnership into next year, further embedding our commitment to social value and education.

Severfield's partnership with Chapter One highlights our belief in the power of education and the role businesses can play in supporting their communities. By volunteering time and energy, our colleagues have helped spark a love of reading in young learners, opening up opportunities that will benefit them for years to come.

Feedback from the volunteers

"I volunteered through work for Chapter One as I wanted to make a difference to a young person's learning. I was partnered with a young girl who brings joy to my week with our weekly reading sessions. The Chapter One portal is well-structured and easy to navigate, which helps us make the most of each session. Every week there's laughter, imagination, and real progress in her reading ability."

KAY BROWN
SENIOR DESIGN ENGINEER

"I joined the Chapter One scheme as a new starter and thought it was a great way to get involved. Over time, it became one of the most rewarding things I've done. Watching my pupil's confidence grow and seeing their reading ability improve has been a real achievement, for them and for me."

BEN LEWIS
ESTIMATOR

"Reading is so important to a child's education and future, and I saw this as a manageable but meaningful way to give back. A standout moment was when we moved my pupil up a reading level, it really drove home the difference this programme makes. The sessions are something I genuinely look forward to."

ABEL NEISH
EARLY CAREERS ADVISER

Effective risk management

Strong and effective risk management is at the heart of how the directors run the business and supports the achievement of the Group's strategic objectives. This year, we asked EY to review our enterprise risk management framework leading to some refinements in our approach and to a new enterprise risk management policy.

Our key focus areas in 2025

- Continued focus on mitigating people risk, our ability to identify, attract, develop and retain talent, in particular in our factories.
- Continued focus on mitigating cyber security risk.

Our priorities for 2026

Some of our main priorities (and emerging risks) this year will be:

- Health and safety – implementing a revised strategy for preventing and mitigating safety-related incidents including the use of positive leading indicators to drive preventative workforce behaviours
- Product risk – ensuring we continue to implement and review the improvement plan implemented after detecting the bridge welding quality issues in July 2024.

Changes to principal risks

The following changes have been made to the Group's principal risks in 2025:

- Added new Product risk as "medium risk"

Other principal risks remain largely unchanged from last year. Changes have also been made to the detailed descriptions of mitigation to reflect ongoing activity in the year.

Risk appetite

The level of risk it is considered appropriate to accept in achieving the Group's strategic objectives is reviewed and validated by the board. The appropriateness of the mitigating actions is determined in accordance with the board-approved risk appetite for the relevant risk.

Risk management process

The board (with the help of the audit committee) has overall responsibility for the Group's risk management and systems of internal control and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives.

The key elements of the Group's risk management process include the following:

- Senior management from all key disciplines and businesses within the Group are involved in the process of risk assessment and monitoring in order to identify and assess Group objectives, key issues, emerging issues and controls. Further reviews are performed to identify and monitor those risks relevant to the Group as a whole. This process feeds into our assessment of long-term viability and encompasses all aspects of risk, including operational, compliance, financial, strategic, and sustainability issues.
- Identified risks and emerging risk events, their causes and possible consequences are recorded in risk registers. Their likelihood and potential business impact and the control systems that are in place to manage them are analysed and, if required, additional actions are developed and put in place to mitigate or eliminate unwanted exposures. Individuals are allocated responsibility for evaluating and managing these risks within an agreed timetable. Risk registers are maintained by each division of the Group, each key function of the Group (IT, ESG, Manufacturing and People) and on an enterprise-wide basis in the Group risk register.
- Ongoing risk management and assurance is provided through various monitoring reviews and reporting mechanisms, including the executive risk committee (chaired by the CEO) whose primary responsibility is to identify, monitor and control significant risks to an acceptable level throughout the Group. The committee receives information on relevant risk matters from a variety of sources on a regular basis.
- Subsidiary company boards consider and report on risk monthly as part of the monthly business review process. In doing so they identify emerging risks. This process is followed to ensure that, as far as possible, controls and safeguards are being operated in line with established procedures and standards.
- On a quarterly basis, each divisional and key function management team review their risk registers and report to the executive committee. These reviews are facilitated by the Company Secretary and their deputy who maintain the Group risk register.
- Following these quarterly reviews, the relevant risk registers are updated and, reviewed by the executive committee. Management report to the audit committee twice yearly, to ensure that adequate information in relation to risk management matters is available to the board and to allow board members the opportunity to challenge and review the risks identified and to consider in detail the various impacts of the risks and the mitigations in place.
- A Group assurance map is used to co-ordinate the various assurance providers within the Group and a compliance framework provides the board with a ready reference tool for monitoring compliance across the Group.

GROUP BOARD

RISK APPETITE

FIRST LINE OF DEFENCE

Management activity

Divisional boards

Internal controls:

- Project management procedures
- Health and safety
- Financial control
- Cash and working capital management

SECOND LINE OF DEFENCE

Group oversight

Group policies

- Group authorisation policy
- Group finance manual
- Contract sign-off process
- Purchase guidelines
- Quality manual
- SHE policies
- Information security management policy

Committees

- Executive committee, risk committee, sustainability committee and information security management committee
- Audit committee
- Nominations committee
- Remuneration committee

THIRD LINE OF DEFENCE

Independent review

Divisional boards

Internal controls:

- External audit
- Internal audit
- Other third-party assurance

Independent review

Independent assurance is provided mainly by the internal auditors and various external consultants and advisers. External consultants and advisers support management and the board through ad hoc consulting activities, as required, including the Group's insurance brokers Lockton and Marsh. While not a formal part of the 'Three lines of defence' model, external auditors contribute supplementary assurance to the overall assurance framework by independently reviewing financial controls and governance arrangements.

Internal auditor

The audit committee annually reviews and approves the internal audit programme for the year. The committee reviews progress against the plan at each of its meetings, considering the adequacy of audit resource, the results of audit findings and any changes in business circumstances which may require additional audits.

The results of internal audits are reported to the executive team and senior management and, where required, corrective actions are agreed. The results of all audits are summarised for the audit committee along with progress against agreed actions.

Annual review of effectiveness

The risk management and internal control systems have been in place for the year under review and up to the date of approval of the annual report and are regularly reviewed by the board. The board monitors executive management's action plans to implement improvements in internal controls that have been identified following the processes described.

During the financial year, any control weaknesses identified through the operation of our risk management and internal control processes, including the bridge weld quality issues, were remediated and subsequently monitored in line with normal business operations. Otherwise, the board confirms that it has not identified any significant failings or weaknesses in the Group's systems of risk management or internal control as a result of the information provided to the board and resulting discussions.

Effective risk management

Our materials controls

Management activity

The first line of defence involves senior management implementing and maintaining effective internal controls and risk management procedures. These internal controls cover all areas of the Group's operations. There are inherent limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance against material misstatement or loss. The system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives. The Group's policies and procedures are continuously under review and are improved to ensure they are adequate for our current circumstances. On acquisition, as part of integration, new businesses adopt these policies and procedures on a phased basis.

The key features of the Group's framework of internal controls are as follows:

1. Project management procedures

Project risk is managed throughout the life of a contract from the tender stage to completion. Individual tenders for projects are subject to detailed review with approvals required at relevant levels and at various stages from commencement of the tender process through to contract award. Tenders above a certain value and those involving an unusually high degree of technical or commercial risk must be approved at a senior level within the Group. Robust procedures exist to manage the ongoing risks associated with contracts. Regular monthly contract reviews to assess contract performance, covering both financial and operational issues, form an integral part of contract forecasting procedures.

2. Health and safety

Health and safety issues and risks are continually monitored at all sites and are reviewed on a monthly basis by senior management and the board. The Group has a well-developed health and safety management system for the internal and external control of health and safety risks, which is managed by the Group SHEQ director. This includes the use of risk management systems for the identification, mitigation and reporting of health and safety management information.

3. Financial control

The Group maintains a strong system of accounting and financial management controls. Standard financial control procedures operate throughout the Group to ensure the integrity of the Group's financial statements.

The Group operates a comprehensive budgeting and forecasting system. Risks are identified and appraised throughout the annual process of preparing budgets. The annual budget and quarterly forecasts are approved by the board.

A formal quarterly review of each business's year-end forecast, business performance, risk and internal control matters is carried out by the directors of each business unit with the Chief Executive Officer and Chief Financial Officer in attendance.

4. Cash and working capital management

Cash flow forecasts are regularly prepared to ensure that the Group has adequate funds and resources for the foreseeable future and is in compliance with banking covenants. Each business reports its cash position daily. Actual cash performance is compared to forecast on a weekly basis.

5. Group oversight

The first line of defence is supported by certain Group policies, functions and committees which, in combination, form the second line of defence.

6. Group policies

Internal controls across financial, operational and compliance systems are provided principally through the requirement to adhere to the Group finance manual, divisional procedures and a number of Group-wide policies (such as the Group authorisation policy, the contract sign-off process, the purchase guidelines, the anti-bribery and corruption policy, the competition law compliance policy, the quality manual, the health and safety policy and the environmental policy). During the year, we were audited successfully on our ISO 27001 accreditation for our information security management system and a separate committee reviews any information security issues impacting the Group. This continues to give further assurance as to the Group's resilience to cyber risk, which is a subject that is also discussed regularly at main board level.

These policies are supported by statements of compliance from all directors and letters of assurance ('LoA') from the Group's managing directors. LoAs are required twice yearly in line with external reporting dates at the half year and full year, supported by an internal control questionnaire ('ICQ'), which is completed by each business unit and which provides a detailed basis for management to satisfy themselves that they are complying with all key control requirements. The responses in these ICQs are subject to ongoing independent review by EY, the Group's internal auditor, who replaced the incumbents PwC at the end of FY24.

The following main committees provide oversight of management activities:

- **The executive committee, risk committee, sustainability committee and the information security management committee**

  These committees are responsible for the identification, reporting and ongoing management of risks and for the stewardship of the Group's risk management approach.

- **The audit committee**

  The board has delegated responsibility to this committee for overseeing the effectiveness of the Group's internal control function and risk management systems.

- **The nominations committee**

  This committee ensures that the board has the appropriate balance of skills and knowledge required to assess and address risk, and that appropriate succession plans are in place.

- **The remuneration committee**

  This committee ensures that the board complies with regulations and best practice regarding remuneration and that the remuneration policy remains appropriate for attracting and retaining management of the right calibre.

Principal and emerging risks

The board has carried out a robust assessment of the principal and emerging risks and uncertainties, which have the potential to impact the Group's profitability and ability to achieve its strategic objectives. These are set out in the following table. In reviewing our risk registers, we consider our principal and emerging risks, and in assessing those risks, we take into account the correlation between different risks and ensure they are weighted appropriately. This exercise informs our scenario analysis used in the viability statement. This list is not intended to be exhaustive. Additional risks and uncertainties not presently known to management, or deemed to be less significant at the date of this report, may also have the potential to have an adverse effect on the Group.

Effective risk management

Principal risk	Strategic pillars	Link to KPIs	Movement	Scoring
1 Health and safety	Growth, Operational excellence	1 2 3 5 6 7	No change	H
2 Supply chain	Growth, Operational excellence	1 2 3 4 5 6	No change	M
3 People	Growth	1 2 3 6	No change	M
4 Commercial and market environment	Growth, Operational excellence	1 2 3 4 5 6	No change	H
5 Mispricing a contract (at tender)	Growth, Operational excellence	1 2 3 4 5	No change	M
6 Cyber security	Growth, Operational excellence	1 2 4 5	No change	H
7 Failure to mitigate onerous contract terms	Growth, Operational excellence	1 2 4 5	No change	M
8 Industrial relations	Growth, Operational excellence	1 2 3 5	No change	M
9 Product risk	Growth, Operational excellence	1 2 3 4 5 6	NEW	M

Scoring

The scoring of each risk as high or medium is determined based on the scoring of the risk within the Group's risk register. This scoring takes into account the potential impact and likelihood associated with the crystallisation of each risk (the assessment of impact takes into account both financial and reputational issues). Only high and medium risks are considered sufficiently significant for disclosure in the annual report.

Strategic pillar key

- Growth
- Operational excellence
- India

Movement

- Upward trend
- Downward trend
- No change
- NEW

Scoring

- H High
- M Medium

Key performance indicator reference number

1. Underlying operating profit and margin
2. Underlying basic earnings per share ('EPS')
3. Revenue
4. Operating cash conversion
5. Underlying return on capital employed ('ROCE')

6a UK and Europe order book

6b India order book

7. Injury frequency rate ('IFR')

1 HEALTH AND SAFETY

Description	Impact	Mitigation	
The Group works on significant, complex and potentially hazardous projects, which require continuous monitoring and management of health and safety risks so as to avoid serious injury, death and damage to property or equipment.	A serious health and safety incident could lead to the potential for legal proceedings, regulatory intervention, project delays, potential loss of reputation and ultimately exclusion from future business.	• Embedded protocols covering safety systems, site visits, safety audits, training, monitoring and reporting, and detailed health and safety policies and procedures. • Director-led safety leadership teams are established to bring innovative solutions and to engage with all stakeholders. • Regular reporting of, and investigation and root cause analysis of accidents and near misses with lessons learned analysis with a focus on preventative measures. • Ongoing bespoke behavioural safety cultural change programme. • Occupational health and wellbeing programme including mental health alongside health surveillance, safety critical medicals and night worker assessments. • Achievement of challenging leading and lagging health and safety performance targets is a key element of management remuneration. • Scheduled Director leadership tours. • Supply chain engagement with safety performance embedding Severfield working practice and procedures. • Externally verified and audited management systems and processes.	**Trend** **Link to strategy** **Link to KPIs** 1 2 3 5 6 7 **Scoring** H

2 SUPPLY CHAIN

Description	Impact	Mitigation	
The Group is reliant on certain key supply chain partners for the successful operational delivery of contracts to meet client expectations. The failure of a key supplier, a breakdown in relationships with a key supplier or the failure of a key supplier to meet its contractual obligations could potentially result in some short to medium-term price increases and other short-term delays and disruption to the Group's projects and operations.	Interruption of supply or poor performance by a supply chain partner could impact the Group's execution of existing contracts (including the costs of finding replacement supply), its ability to bid for future contracts and its reputation, thereby adversely impacting financial performance.	• Process in place to select supply chain partners that match our expectations in terms of quality, sustainability and commitment to client service – new sources of supply are quality controlled. • Ongoing reassessment of the strategic value of supply relationships and the potential to utilise alternative arrangements, including for steel supply. • Contingency plans developed to address supplier and subcontractor issues (including the failure of a supplier or subcontractor). • Strong relationships maintained with key suppliers, including a programme of regular meetings and reviews. • Implementation of best practice improvement initiatives, including automated supplier accreditation processes. • Key supplier audits are performed within projects to ensure they can deliver consistently against requirements.	**Trend** **Link to strategy** **Link to KPIs** 1 2 3 4 5 6 **Scoring** M

Effective risk management

3 PEOPLE

Description	Impact	Mitigation	
The ability to identify, attract, develop and retain talent is crucial to satisfy the current and future needs of the business. Skills shortages in the construction industry are likely to remain an issue for the foreseeable future. This has been exacerbated in recent years due to macroeconomic factors such as the impact of inflation and shortages of labour.	Loss of key people could adversely impact the Group's existing market position and reputation. Insufficient growth and development of its people and skill sets could adversely affect its ability to deliver its strategic objectives. A high level of staff turnover or low employee engagement could result in a decrease of confidence in the business within the market, customer relationships being lost and an inability to focus on business improvements.	• Training and development schemes to build skills and experience, such as our successful graduate, trainee and apprenticeship programmes. • Detailed talent identification and succession planning for future leaders across the business. • Attractive working environments, remuneration packages, technology tools and wellbeing initiatives to help improve employees' working lives. • Annual appraisal process providing two-way feedback on performance. • Robust people strategy focused on culture, and continually enhancing all aspects of our approach to performance, development, careers, recruitment and reward. • Maintained our approach to flexible working practices and hybrid working. • Widening the geographical outreach of our recruitment programme.	**Trend** No change **Link to strategy** Growth **Link to KPIs** 1 2 3 6 **Scoring** M

Strategic pillar key

- Growth
- Operational excellence
- India

Movement

- Upward trend
- Downward trend
- No change

NEW

Scoring

- H High
- M Medium

Key performance indicator reference number

- 1 Underlying operating profit and margin
- 2 Underlying basic earnings per share ('EPS')
- 3 Revenue
- 4 Operating cash conversion
- 5 Underlying return on capital employed ('ROCE')
- 6a UK and Europe order book
- 6b India order book
- 7 Injury frequency rate ('IFR')

4 COMMERCIAL AND MARKET ENVIRONMENT

Description	Impact	Mitigation	
Changes in government and client spending or other external factors could lead to programme and contract delays or cancellations, or changes in market growth. External factors include national or market trends, political or regulatory changes and the impact of geopolitical events.	A significant fall in construction activity and higher costs could adversely impact revenues, profits, ability to recover overheads and cash generation.	• Regular reviews of market trends performed (as part of the Group's annual strategic planning and market review process) to ensure actual and anticipated impacts from macroeconomic risks are minimised and managed effectively. • Regular monitoring and reporting of financial performance, orders secured, prospects and the conversion rate of the pipeline of opportunities and marshalling of market opportunities is undertaken on a co-ordinated Group-wide basis. • Selection of opportunities that will provide sustainable margins and repeat business. • Strategic planning is undertaken to identify and focus on the addressable market (including new overseas and domestic opportunities). • Monitoring our pipeline of opportunities in continental Europe and in the Republic of Ireland, supported by our European operations. • Maintenance and establishment of supply chain in mainland Europe. • Continuing use of credit insurance to minimise impact of customer failure. • Recent acquisitions have broadened our reach and cross-selling opportunities, resulting in improved market resilience.	**Trend** **Link to strategy** **Link to KPIs** 1 2 3 4 5 6 **Scoring** H

5 MISPRICING A CONTRACT (AT TENDER)

Description	Impact	Mitigation	
Failure to accurately estimate and evaluate the contract risks, costs to complete, contract duration and the impact of price increases could result in a contract being mispriced. Execution failure on a high-profile contract could result in reputational damage.	If a contract is incorrectly priced, particularly on complex contracts, this could lead to loss of profitability, adverse business performance and missed performance targets. This could also damage relationships with clients and the supply chain.	• Estimating processes are in place with approvals by appropriate levels of management. • Tender settlement processes are in place to give senior management regular visibility of major tenders. Use of the tender review process to mitigate the impact of rising supply chain costs. • Work performed under minimum standard terms (to mitigate onerous contract terms) where possible. • Use of Group authorisation policy to ensure appropriate contract tendering and acceptance. • Adoption of Group-wide project risk management framework ('PRMF') brings greater consistency and embeds good practice in identifying and managing contract risk.	**Trend** **Link to strategy** **Link to KPIs** 1 2 3 4 5 **Scoring** M

Effective risk management

6 CYBER SECURITY

Description	Impact	Mitigation	
A cyber attack could lead to IT disruption with resultant loss of data, loss of system functionality and business interruption. The Group's core IT systems must be managed effectively, to keep pace with new technologies and respond to threats to data and security.	Prolonged or major failure of IT systems could result in business interruption, financial losses, loss of confidential data, negative reputational impact and breaches of regulations.	• IT is the responsibility of a central function, which manages the majority of the systems across the Group. Other IT systems are managed locally by experienced IT personnel. • Significant investments in IT systems, which are subject to board approval, including anti-virus software, off-site and on-site backups, storage area networks, software maintenance agreements and virtualisation of the IT environment. • Specific software has been acquired to combat the risk of ransomware attacks. • Robust business continuity plans are in place and disaster recovery and penetration testing are undertaken on a systematic basis. A Group-wide cyber attack simulation exercise was undertaken in 2024 by the executive committee and IT DR plans are regularly tested. • Data protection and information security policies are in place across the Group. • ISO 27001 and Cyber Essentials accreditation achieved for the Group's information security environment and regular employee engagement undertaken to reinforce key messages. • Insurance covers certain losses and is reviewed annually to establish further opportunities for affordable risk transfer to reduce the financial impact of this risk.	**Trend** **Link to strategy** **Link to KPIs** 1 2 4 5 **Scoring** H

7 FAILURE TO MITIGATE ONEROUS CONTRACT TERMS

Description	Impact	Mitigation	
Given the highly competitive environment in which we operate, contract terms need to reflect the risks arising from the nature or the work to be performed. Failure to appropriately assess those contractual terms or the acceptance of a contract with unfavourable terms could, unless properly mitigated, result in poor contract delivery, poor understanding of contract risks and legal disputes.	Loss of profitability on contracts as costs incurred may not be recovered, and potential reputational damage for the Group.	• The Group has identified minimum standard terms, which mitigate contract risk. • Robust tendering process with detailed legal and commercial review and approval of proposed contractual terms at a senior level (including the risk committee) are required before contract acceptance so that onerous terms are challenged, removed or mitigated as appropriate. • Regular contract audits are performed to ensure contract acceptance and approval procedures have been adhered to. • Through regular project reviews and lessons learned reviews, we capture early those occasions where onerous terms could have an adverse impact and are able to implement appropriate mitigating action at the earliest stage.	**Trend** **Link to strategy** **Link to KPIs** 1 2 4 5 **Scoring** M

8 INDUSTRIAL RELATIONS

Description	Impact	Mitigation	
The Group (and the industry in general) has a significant number of employees who are members of trade unions. Industrial action taken by employees could impact on the ability of the Group to maintain effective levels of production.	Interruption to production by industrial action could impact both the Group's performance on existing contracts, its ability to bid for future contracts and its reputation, thereby adversely impacting its financial performance.	• Employee and union engagement takes place on a regular basis. • The Group has seven main production facilities so interruption at one facility could, to some extent, be absorbed by increasing capacity at a sister facility. • Processes are in place to mitigate disruptions as a result of industrial action.	**Trend** No change **Link to strategy** Growth **Link to KPIs** 1 2 3 5 **Scoring** M

9 PRODUCT RISK

Description	Impact	Mitigation	
The Group operates in infrastructure markets where it is critical that its products meet customer and legislative requirements and where the consequences of failure in manufactured steel parts are potentially significant.	Defects or warranty issues may require remediation including replacement or repair, resulting in direct financial costs to the Group and/or wider reputational risk.	• Each manufacturing facility has a robust quality management system with regular audits undertaken by quality staff, industry bodies and clients. • There are strict terms and conditions associated with the supply of services to clients and potential liabilities are carefully managed. • Improvement plans implemented in response to the bridge welding issue. • Group Quality Director appointed to oversee and implement systemic change. • Independent quality assurance testers are deployed in each facility and independent experts are appointed to advise on best practice improvements in quality control and assurance. • Quality control procedures are adopted for suppliers and subcontractors, including visits to third party facilities, audits and performance management. • Certain potential damages resulting from this risk are fully or partially covered through the Group's various insurance policies.	**Trend** NEW **Link to strategy** Growth, Operational excellence **Link to KPIs** 1 2 3 4 5 6 **Scoring** M

Strategic pillar key

Growth

Operational excellence

India

Movement

Upward trend

Downward trend

No change

NEW

Scoring

H High

M Medium

Key performance indicator reference number

1 Underlying operating profit and margin
2 Underlying basic earnings per share ('EPS')
3 Revenue
4 Operating cash conversion
5 Underlying return on capital employed ('ROCE')
6a UK and Europe order book
6b India order book
7 Injury frequency rate ('IFR')

Viability Statement

In accordance with the UK Corporate Governance Code (the 'Code'), the directors have assessed the viability of the Group over an appropriate time period, taking into account the current position, future prospects and a robust assessment of the potential impact of the principal risks and uncertainties on our business model.

Based on this assessment, the directors have concluded that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 29 March 2028.

Assessment period

The directors have determined that a three-year period, ending on 29 March 2028, is an appropriate period over which to make the assessment and provide their viability statement. The three-year period aligns with that used for the Group's annual strategic planning process and gives good visibility of contracted future work and our pipeline. The majority of the Group's workload falls within three years as the most significant construction contracts follow an execution period which is normally less than this time frame, which in turn enables more accurate forecasting. In making their assessment, the directors took account of the Group's strategy, current financial position, forward order book of £444m, pipeline of opportunities, recent and planned investments and the availability and covenants associated with our committed bank facilities, which mature in December 2027.

Risk assessment

The directors have assessed the Group's viability in conjunction with their evaluation of going concern. For the going concern assessment, which covers a period of at least 12 months from the date of signing the financial statements, we have modelled a base case scenario, based on the Group's budgeted position, and a 'severe but plausible' (downside) scenario, being the combined impact on the 'base case' of securing reduced proportion of uncontracted work for the next 12 months, incurring one-off contract losses, and assuming a further deterioration of market conditions and other downside factors.

This 'severe but plausible' scenario is modelled to stress test our financial position and demonstrate the headroom that the Group has in its covenants and borrowing facilities.

The directors have also assessed the potential financial and operational impact throughout the viability assessment period of other downside scenarios resulting from the crystallisation of one or more of the principal risks described in the annual report (see page 78) that are relevant to the industry sector in which the Group operates.

The assessed risks, for which the impacts were applied, include supply chain risks (and the reliance on key suppliers), changes in the commercial and market environment, mis-pricing a contract at tender, the failure to mitigate onerous contract terms, business disruption caused by a cyber-attack, a prolonged period of industrial action, product risk (failure in manufactured steel parts) and the impact of a serious health and safety incident.

The impact of these were modelled through a reduction in revenue and operating margins, a deterioration in working capital (the extension of customer payment terms / retraction of supplier payments terms), a period of business interruption (two months with no factory production or site activity) and a significant one-off event resulting in a cost to the Group of £30m.

Our assessment also included modelling the financial impact of a 'severe but plausible' scenario (consistent with the going concern assessment), where the impact of certain risks and uncertainties were applied in combination. Whilst it is unlikely, though not impossible, that a single risk event could threaten the Group's future viability, it is possible to construct scenarios where either multiple occurrences of the same principal risk, or individual occurrences of different principal risks, could place pressure on the Group's ability to meet its financial covenants.

The range of scenarios tested was reviewed in detail by the Directors, who considered both the likelihood of each occurring and the effectiveness of potential mitigation measures. These measures include adjustments to our strategic plan, as well as reductions in non-essential or committed capital expenditure, operating costs, bonuses and dividend payments. Additionally, the Group may exercise its share option agreement with JSW Steel, to dispose of an interest of up to 24.9 per cent in JSSL to JSW for up to £20m, exercisable, at its sole discretion, at any time on or before 31 March 2026.

The Directors have carefully assessed the strength and availability of the mitigations available and are confident that these are sufficient to minimise the risk of a significant impact on the Group's viability.

Following a comprehensive assessment, including stress-testing the Group's viability against 'severe but plausible' scenarios and considering the effectiveness of mitigations readily available, the Directors have concluded that there is a reasonable expectation the Group will continue to operate and meet its liabilities as they fall due over the three-year viability assessment period.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Section 172 statement

The board recognises the importance of effective stakeholder engagement and the need to consider stakeholders' views in making important decisions. During the year, the directors believe they have acted to promote the long-term success of the Group as required by section 172 (1) (a) to (f) of the Companies Act 2006.

Matters considered by the board

Below are details of considerations and decisions of the board during the year and how stakeholder views and inputs and other section 172 (1) factors were taken into account.

Consequences of decisions in the long term	Interests of the Group's employees	Foster the Group's business relationships with suppliers, customers and others	Impact of operations on communities and the environment	High standards of business conduct	Acting fairly between members
Pages 28 to 29 How we deliver sustainable value	**Pages 28 to 29** How we deliver sustainable value	**Pages 28 to 29** How we deliver sustainable value	**Pages 28 to 29** How we deliver sustainable value	**Pages 28 to 29** How we deliver sustainable value	**Pages 24 to 26** Engaging with our stakeholders
Pages 18 to 23 The markets we serve, our market sectors	**Pages 46 to 77** Building a sustainable and responsible business	**Pages 18 to 23** The markets we serve, our market sectors	**Pages 46 to 77** Building a sustainable and responsible business	**Pages 46 to 77** Building a sustainable and responsible business	**Pages 114 to 117** Directors' report
Pages 30 to 33 Our strategy	**Pages 24 to 26** Engaging with our stakeholders	**Pages 46 to 77** Building a sustainable and responsible business	**Pages 24 to 26** Engaging with our stakeholders	**Pages 78 to 88** Effective risk management	
Pages 46 to 77 Building a sustainable and responsible business	**Pages 78 to 88** Effective risk management	**Pages 24 to 26** Engaging with our stakeholders		**Pages 104 to 107** Corporate governance report	
Pages 24 to 26 Engaging with our stakeholders	**Pages 118 to 142** Directors' remuneration report	**Pages 78 to 88** Effective risk management			
Pages 78 to 88 Effective risk management					
Pages 118 to 142 Directors' remuneration report					

Non-financial and sustainability information statement

The information below summarises how we comply with non-financial performance and sustainability reporting requirements and is produced to comply with sections 414CA and 414CB of the Companies Act 2006.

REPORTING REQUIREMENT	SEVERFIELD POLICY/STANDARD	READ MORE
Environmental matters	Sustainability policy	Pages 46 to 77 – Building a responsible and sustainable business
Employees	Code of conduct, ethics policy, equal opportunities and diversity policy, health and safety policy, whistleblowing policy	Pages 71 to 77 – People
Social matters	Sustainability policy	Pages 71 to 77 – People
Human rights	Code of conduct, modern slavery policy, data protection policy, CCTV policy	Pages 92 – S172 statement
Anti-corruption and anti-bribery	Anti-bribery policy and ethics policy	Page 92 – S172 statement
Business model	Description of the Group's business model	Pages 28 to 29 – How we deliver value
Non-financial KPIs	Description of the non-financial key performance indicators relevant to the Group's business	Pages 70 - Goals
Principal risks	Description of the principal risks relating to the matters set out in section 414CB(1) of the Companies Act 2006 arising in relation to the Group's operations, and how those principal risks are managed	Pages 78 to 88 – Effective risk management Pages 62 to 63 – Climate-related risks

Code of conduct and ethics

Business ethics and compliance with the Group's policies and procedures, which establish the rules of conduct within Severfield, are all extremely important. We ensure compliance by ensuring all our colleagues are fully trained on the content of our key corporate policies, including fraud prevention, modern slavery, human rights, anti-bribery, competition law and whistleblowing (see below for further details). These policies are reviewed and updated every year.

These policies require all colleagues to not only operate in compliance with applicable laws and regulations, but to do so also in accordance with internal controls and reporting requirements. They are regularly reviewed and updated and frequent training via our e-learning platform, Cognexo, is provided to all relevant colleagues. The Group's suite of policies is available on our website.

In the year ended 29 March 2025, the Group, again, had no incidents of bribery or corruption confirmed during the year (either relating to 2025 or previous years) and there were no incidents of discrimination reported during the year (either through HR or whistleblowing disclosures).

In addition, the Group received no fines or sanctions imposed for legal or regulatory breaches (including health, safety and environmental) or relating to non-compliance with laws and regulations during the year. The Group has now concluded its discussions with HMRC regarding an assessment raised for historical tax liabilities. Further details are included in note 5.

During the year, over 90 per cent of our colleagues, including all office and senior factory and site personnel, completed regular ethics training (using Cognexo) based on the Group's following policies:

- Health and safety policy
- Equal opportunities and diversity policy
- Information security policy
- Sustainability policy
- Modern slavery

In addition, our senior managers were given specific training via our online learning management system on fraud awareness, corporate criminal offences including tax evasion, a refresher course on anti-bribery and corruption and competition law compliance.

Section 172 statement

Modern slavery

The board annually reviews and approves the Group's modern slavery statement. The 2025 statement is available on our website and explains the actions taken to ensure that we provide the appropriate level of training to members of our workforce, raise awareness of modern slavery among all members of staff, and do not undertake activities or engage suppliers or subcontractors who undertake activities that may be in breach of the Modern Slavery Act 2015.

As part of improvement works undertaken on this subject, we've also developed an internal modern slavery response protocol, which was shared with employees as part of Group-wide learning.

Human rights

We remain firmly committed to upholding and respecting the human rights of our employees and all those working across our supply chain. Operating within the UK and Europe, our principal human rights focus is on promoting equality, which we support through targeted training and a culture of inclusivity. In 2024, we published a formal human rights policy aligned with key international standards. This policy is available on our website and is subject to regular review to ensure it remains current and effective.

Anti-bribery and corruption

Bribery and corruption are criminal offences in the countries in which the Group operates. We have a responsibility to our stakeholders to conduct our business in an honest and ethical manner. Our Group anti-bribery policy and our ethics policy (both of which were updated this year) prohibit all forms of bribery, both in giving and receiving, wherever the Group operates. This includes our colleagues and any agent, contractor, consultant or business partner acting on our behalf or under our control whether in the UK or abroad. No concerns have arisen in relation to such matters during the year and the Group does not regard corruption or bribery as a principal risk. Part of our policy is to undertake due diligence on the risks associated with operating in any high-risk locations.

Whistleblowing

We encourage effective and honest communication, and we respond immediately to any malpractice brought to our attention. Our whistleblowing policy enables anyone to raise genuine concerns about malpractice in the knowledge that their concerns will be taken seriously and that they will be protected from possible reprisals by colleagues and management. We also publish details for Protect, an independent charity, allowing colleagues to raise concerns or seek advice from someone outside of the Group. Any whistleblowing report is immediately reported to the Group's legal director, Group HR director or Group SHE director, as appropriate, and is investigated quickly with appropriate feedback provided to the whistleblower.

Tax transparency

The Group is committed to compliance with all applicable tax laws and regulations across all the countries in which we operate. We focus on ensuring that, across the wide remit of taxes, the Group has comprehensive governance and risk management processes in place to allow us to meet our obligations.

We maintain a good, open and honest working relationship with HMRC and other relevant tax authorities, seeking to clarify any areas of potential uncertainty in relation to new or existing tax legislation at an early stage, and we have regular meetings with HMRC to update on the Group's performance and structure. We do not engage in any aggressive tax planning of tax avoidance schemes. To comply with the Corporate Criminal Offences ('CCO') rules, we have rigorous procedures in place for preventing the facilitation of tax evasion and ensure that all relevant colleagues are trained in the key aspects of the relevant legislation, including the IR35 rules.

Since 2024, we have voluntarily published and maintained a tax strategy on our website. Whilst the Group is not currently legally required to publish a tax strategy, we have elected to do so as part of best practice and in accordance with our policy of transparent tax reporting. The Group recognises the importance of corporate social responsibility and understands the importance of paying taxes in the jurisdictions in which it operates. The strategy is reviewed periodically and approved at the Board on an annual basis.

Fraud

Following the introduction of the Economic Crime and Corporate Transparency Act 2023, we have developed a comprehensive fraud prevention policy and a fraud risk assessment and give training to all our senior managers on the key issues they need to be aware of and the actions they need to address in their respective roles.

Implementation of policies

Online training on key policies is carried out across the Group. The training modules include scenarios and tests to enhance the understanding of, and compliance with, the policies by all employees.

All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any of the policies, applicable laws or any other wrongdoing under our whistleblowing policy. Further information on whistleblowing can be found on page 91 (principles of governance). Severfield regards infringements of the policies, procedures and related guidance seriously and reserves the right to take disciplinary action in the event of non-compliance. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated. The executive committee receives assurance via twice-yearly letters of assurance from divisional managing directors of compliance with the policies.

The board and the audit committee receive regular compliance updates from the Group legal director

Climate-related financial disclosures

For information on climate-related financial disclosures, please see the TCFD table on page 57. The board monitors the Group's performance in relation to safety and the reduction of greenhouse gas emissions and waste on a monthly basis.

Approval of strategic report

The strategic report is approved by the board and signed on its behalf by:

MARK SANDERSON
COMPANY SECRETARY

24 July 2025

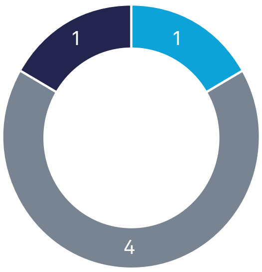
Our Governance

Governance at a glance

OUR BOARD

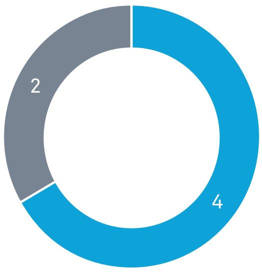
The board currently (since 30 June 2025) comprises six directors, pending the appointment of a new CEO, with a diverse and complementary range of industry experience, technical knowledge, perspectives and personal strengths.

Independence



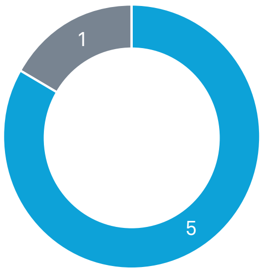
- Chair
- Independent
- Non-independent

Gender diversity



- Male
- Female

Length of tenure



- 1–5 years
- 6–10 years
- 10+ years

Board and committee attendance

	Board	Audit committee	Remuneration committee	Nominations committee
Total number of meetings	14	3	4	7
Executive directors				
Alan Dunsmore[9]	14			
Derek Randall[1]	14			
Adam Semple	14			
Non-executive directors				
Kevin Whiteman[2]	4	0	1	0
Mark Pegler	14	3	4	7
Louise Hardy[3]	6	2	1	4
Alun Griffiths[4]	4	2	1	1
Charlie Cornish[5]	12	1	4	6
Cynthia Gordon[6]	8	2	3	3
Ian McAulay[7]	5	1	2	3
Janice Crawford[8]	7	1	2	2

1 Derek Randall stepped down from the board on 31 March 2025.

2 Kevin Whiteman stepped down from the board on 30 July 2024. As Chair, Kevin Whiteman was not a member of the audit committee but attended meetings as a guest. Kevin attended all remuneration committee meetings held prior to stepping down but was conflicted from attending one nominations committee meeting held to discuss the recruitment of his successor

3 Louise Hardy attended all board and audit, remuneration and nominations committee meetings held prior to stepping down from the board on 31 October 2024

4 Alun Griffiths attended all board and audit, remuneration and nominations committee meetings held prior to stepping down from the board on 30 July 2024

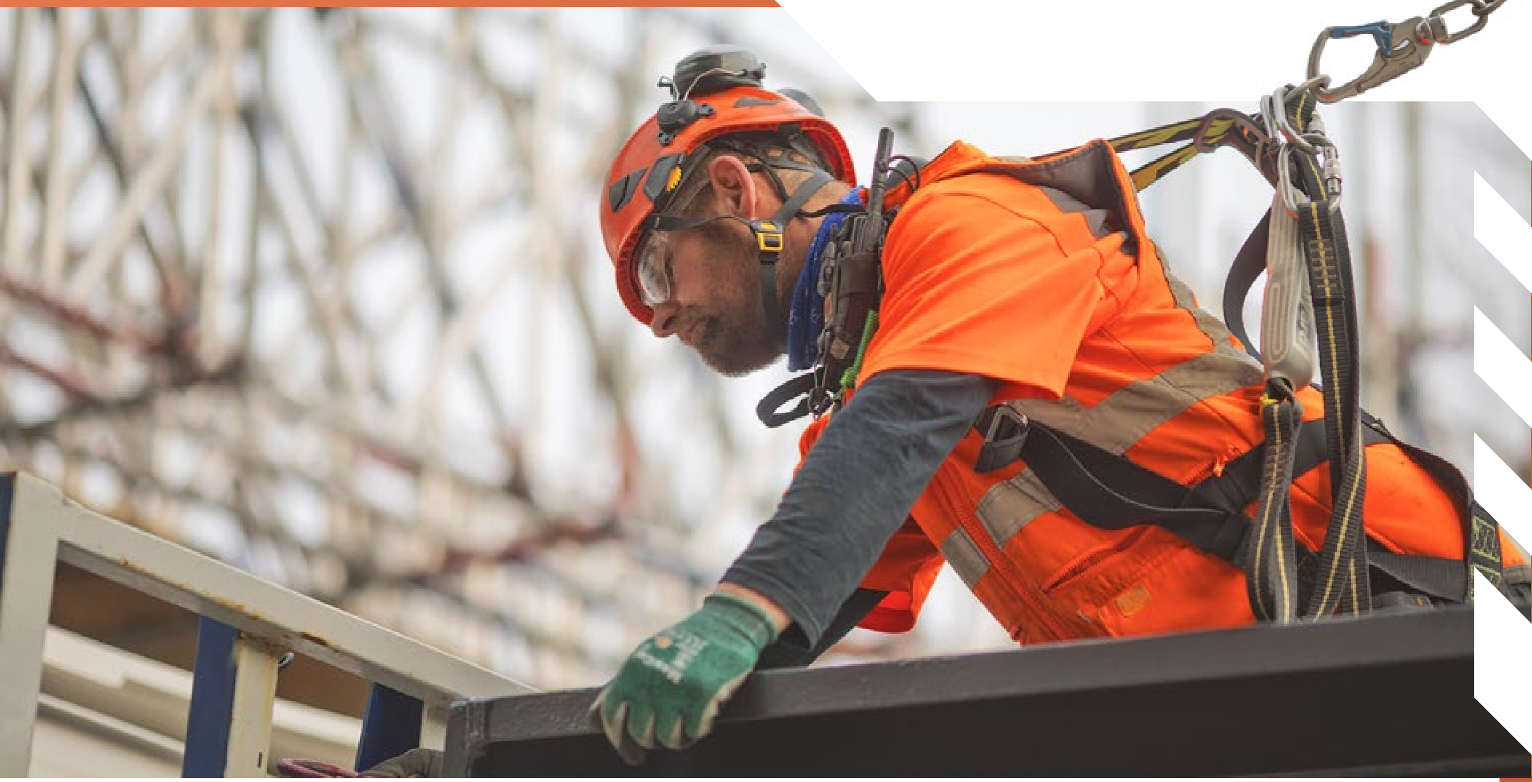
5 Charlie Cornish was appointed on 1 May 2024 and took over as Chair on 30 July 2024. As Chair, he is not a member of the audit committee but attended one meeting prior to taking over as chair as a committee member. He has attended others since then as a guest. He has attended all board and remuneration and nominations committee meetings held during his tenure

6 Cynthia Gordon was appointed on 21 October 2024 and has attended all board and audit, remuneration and nominations committee meetings held during her tenure

7 Ian McAulay was appointed on 25 November 2024 and has attended all board and audit, remuneration and nominations committee meetings held during his tenure, apart from two board meetings, one due to an unavoidable clash with other board commitments, which was disclosed prior to his appointment, and another which was arranged on short notice as he was travelling in an incompatible time zone

8 Janice Crawford was appointed on 25 November 2024 and has attended all board and audit, remuneration and nominations committee meetings held during her tenure other than one nominations committee meeting arranged at short notice, which she was unable to attend due to a diary clash

9 Alan Dunsmore stepped down from the board on 30 June 2025



SKILL AND DIVERSITY MATRIX

We truly value diversity and a culture of inclusion at all levels within the Group.

Skill/area of expertise/experience	No. of directors with skill/experience	No. of directors without skill/experience
Business development and strategy	6	
Mergers and acquisitions	5	1
Banking and finance	3	3
Legal and regulatory	6	
Innovation and technology	6	
Client relationship management	6	
Construction/engineering industry experience	5	1
Sustainability	3	3
Workforce engagement	6	
Procurement and large capital programmes experience	5	1
International experience	5	1
Risk management	6	
Governance	5	1

● No. of directors with skill/experience
● No. of directors without skill/experience

Board of Directors

EXECUTIVES AND NON-EXECUTIVES

The quality of our workforce, senior leadership team and board leaves us well placed to deliver on our strategic expectations and for long-term growth.

Adam Semple

Chief Financial Officer

- Independent: No
- Appointed: 2018

Adam joined the Group in 2013 from Firth Rixson Group, prior to which he was with PwC in both Leeds and London, where he qualified as a chartered accountant in 2002. He was appointed as Chief Financial Officer in February 2018, having held the role on an acting basis since April 2017. He was previously the Group's financial controller. Adam is taking on additional responsibilities in the interim period until the appointment of a new CEO.

N R

Charlie Cornish

Chair

- Independent: Yes
- Appointed: 2024

Charlie spent 13 years as CEO of Manchester Airports Group ('MAG') and managing director of United Utilities Group plc's ('UU') Utilities Solutions business, and brings a wealth of experience to Severfield.

During his time as CEO of MAG, he was responsible to the board for developing corporate strategies, delivering financial returns, securing stretching growth targets, leading M&A opportunities, developing relationships with key governmental officials and leadership of the Group.

He has substantial experience of developing strategy, leading and managing change in large complex businesses in a variety of different sectors in the UK and internationally.

A N R

Mark Pegler

Senior independent director

- Independent: Yes
- Appointed: October 2022

Mark is an experienced FTSE 250 board director, having spent over a decade as Chief Financial Officer at Hill & Smith PLC, overseeing significant growth through international expansion and acquisitions.

He was formerly a non-executive director at ELE Advanced Technologies Ltd and IWS Group.

He is a Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).

A N R

Cynthia Gordon

Non-executive director

– Independent: Yes
– Appointed: 2024

Cynthia is chair of the Company's remuneration committee.

Cynthia is also a non-executive director and remuneration committee chair at Bodycote plc, the FTSE 250 global industrial services company, non-executive chair of Global Fashion Group, a Luxembourg-based ecommerce company listed in Frankfurt and a non-executive director of Airtel Africa plc, a leading provider of telecommunications and mobile money services in Africa. She also acts as a senior adviser to Tillman Global Holdings, an investor in infrastructure businesses and was formerly a non-executive director at Tele2 and Kinnevik.

As an executive director, Cynthia worked at a number of companies, including Millicom, Ooredoo and Orange. She was CEO of Millicom Africa responsible for six countries, and was also Group Commercial Director at Ooredoo, with responsibility for commercial performance across 15 countries.

She brings a wealth of strategic, commercial and operational senior executive experience across different commercial sectors, particularly internationally, and is an established non-executive and remuneration committee chair.

A N R

Ian McAulay

Non-executive director and workforce engagement director

– Independent: Yes
– Appointed: 2024

Ian has over 30 years of global experience in the water and waste sectors, having held leadership roles in the UK, Belgium, India and the USA. His career includes managing major utility, construction, and consulting businesses, with expertise in strategy, transformation and operational excellence. Ian's civil engineering background supports his strengths in programme delivery, and he has a proven track record of driving business results in both FTSE 100/250 and privately held companies.

He has held senior roles, including MD at United Utilities, where he led a £3.2bn capital programme turnaround, and CEO of Viridor, where he led a major transformation and expanded the business into renewable energy. As CEO of Southern Water, he managed a £900 million turnover business and oversaw substantial capital investment. Since retiring from Southern Water in 2022, Ian has taken on Chair and NED roles, including positions at Papilo and Scottish Water. He brings valuable commercial and operational leadership experience, focusing on infrastructure development and sustainable technologies, and is keen to explore opportunities with Severfield.

A N R

Janice Crawford

Non-executive director

– Independent: Yes
– Appointed: 2024

Janice is a chartered engineer, who began her career as the first female apprentice at a Glasgow shipyard and advanced through engineering and project management roles.

Over 23 years at Foster Wheeler, Janice led large-scale projects across oil and gas, LNG, mining and petrochemical sectors in UK, India and South Africa. She later headed Project Management at BG Group and, after its acquisition by Shell, joined Network Rail to manage projects within a £2.5bn investment programme. From 2017 until April 2022, she served as Director of Global Capital Projects at Johnson Matthey.

Janice also served five years as a Non-Executive Director at the Health and Safety Executive (HSE) and two years at National Energy System Operator Limited.

Key to committee membership:

- N Nominations
- A Audit
- R Remuneration
- Committee chair

Our executive committee

Rob Evans

Divisional managing director, Severfield Commercial & Industrial

Rob became managing director of Severfield Commercial & Industrial (UK) in February 2020, during which he was responsible for all aspects of the contracting business for both Severfield Commercial & Industrial (UK) and Severfield Europe B.V. Rob joined the Group over 24 years ago and, during that time, has performed various commercial and quantity surveying roles within the Group, including at Severfield (Design & Build) and Severfield Commercial & Industrial (NI).

Rob has been involved with many iconic projects, including Everton FC stadium, Tottenham Hotspur FC stadium, Liverpool FC stadium, 22 Bishopsgate and several projects at Wimbledon.

Rob is now taking on executive level managerial responsibility on an interim basis whilst a new CEO is recruited.

Jim Martindale

Divisional managing director, Severfield Nuclear & Infrastructure and Modular Solutions

Jim joined Severfield in 1994 as a design engineer, which saw him heavily involved with the commercial department. He became engineering manager in 2002, design director in 2007 and deputy managing director in 2010, a role that he performed until his appointment as managing director in January 2014.

Jim has been involved in the successful delivery of many major projects throughout the UK during his career. He is also an associate member of the Institution of Structural Engineers.

Levente Hegedus

Group manufacturing director

Levente joined Severfield in January 2024 and has over 25 years of experience in operations and business management. Before joining Severfield, he held successive and increasing roles of responsibility, including as vice president of manufacturing at Vibrantz Technologies, and director of operations at Imerys.

Prior to that, he served in various management and leadership positions with KUKA Robotics and ZENNER. Levente received a master's degree in mechanical engineering from Politehnica University of Timisoara and a postgraduate degree in Economics from the University of Szeged.

Norbert Nijhuis

Divisional managing director, Severfield Europe

Norbert joined Severfield in January 2024 and brings a wealth of experience with a career spanning 25 years within the construction industry.

Norbert has held a number of diverse roles in production, sales and general management. His latest role was with a family-owned company in the Netherlands as managing director of their prefabrication division.

Mark Sanderson
Group legal director and company secretary

Mark joined Severfield in 2013 and his previous role was as group legal director for the utility specialist Enterprise plc until its acquisition by Ferrovial in April 2013. He also worked in private practice as a projects partner, most recently at Walker Morris and prior to that, Pinsent Masons.

Mark has over 20 years of experience in the construction and engineering sector and is also a non-executive director and trustee at Fitzroy Support, a learning disabilities charity.

Samantha Brook
Group HR director

Sam joined Severfield in 2020 and has a HR career spanning over 25 years in manufacturing, construction, energy, hospitality, retail and financial services. The majority of her career has been spent in Yorkshire-based businesses and her previous HR senior leadership roles were in Drax Plc and Croda International Plc.

She is a Fellow of the Chartered Institute or Personnel and Development, holds a master's degree in Career Management from the University of London, and a Management degree from Aston University and is currently the chair of the CBI's Future of Work committee. Throughout her career, she has overseen all aspects of HR transformation from learning and development to reward, HR systems, recruitment, diversity, engagement, talent and organisational design.

Richard Davies
Group IT director

Richard joined Severfield (Design & Build), formerly Atlas Ward Structures, in 1997 as an apprentice plater welder, which provided valuable experience and insight into key production activities. He moved into IT support in 1999 and went on to perform various roles within IT, until his appointment as Group IT director in January 2016.

Within this role, Richard is responsible for all aspects of IT across the Severfield Group.

With more than 20 years of experience in the construction sector, Richard has been involved in the successful delivery of many innovative IT projects.

Kevin Furniss
Group SHEQ director

Kevin joined the Group in May 2024. During his 30-year career, Kevin has held executive leadership positions in complex and high hazard industry sectors, including for some of the world's leading Companies.

In addition to his day-to-day role, Kevin holds several non-executive board positions in global and regional NGOs supporting and contributing to the United Nations 'Make Roads Safe' campaign.

He is also a board trustee of the Institute of Occupational Safety and Health (IOSH), the world's leading professional body for people responsible for safety and health in the workplace.

Adam Semple
Chief Financial Officer

- For details, see board of directors on page 98.

Our chair’s view on governance

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

This is my first annual report as Chair.

Dear shareholder

I am pleased to introduce the Group’s corporate governance report (on pages 104 to 107) on behalf of our board of directors (the ‘board’). The Group is committed to business integrity, high ethical values and professionalism in all of its activities and this report explains how we manage the Group and comply with the provisions of the UK Corporate Governance Code (the ‘Code’).

Leadership and board composition

We have successfully managed a succession challenge during the year, following the departure of three experienced non-executive directors. Through the appointment of three new high-calibre successors, I am confident that we have maintained a strong balance of knowledge and experience, whilst also bringing valuable fresh perspectives to the Board.

Board evaluation

Since here was so much change in board composition during the year we were unable to undertake a board evaluation but will do so during 2026 once the new board has completed one full year’s tenure and a new CEO has been recruited.

Audit, risk and internal control

The board has confirmed that this annual report is fair, balanced and understandable. The audit committee, supported by management, has adopted a process to enable the board to take this view. You can find an explanation of the process we have used to make this determination in the audit committee report on page 109.

The board delegates certain of its responsibilities to the board committees to enable it to carry out its functions effectively. A diagram of the board governance structure is set out on page 59.

Remuneration

Our executive director remuneration arrangements are intended to support the achievement of the Group’s objectives and strategy. With the support of the remuneration committee’s oversight, we will review remuneration packages this year to help to appropriately incentivise management to sustain long-term value for shareholders. In the meantime, we have decided to make some changes to the remuneration policy approved by shareholders in 2023, ahead of the normal three-year review point and details of these proposed changes which require shareholder approval together with our view of the remuneration committee’s activities, together with bonus and PSP performance in 2025, can be found in the remuneration report on pages 118 to 142.

Talent and diversity

The board is mindful of diversity and we are committed to building a supportive, diverse and inclusive working environment in which all colleagues feel they belong. The board is represented by a range of industry experience and personal strengths and consists of two female and four male directors. Further details of their skills and experience can be found on pages 98 to 99.

The board is committed to ensuring it, and our wide employee base, remains diverse and the Group has an equal opportunities and diversity policy to support this. As an equal opportunities employer, we are committed to encouraging diversity and eliminating discrimination in both our role as an employer and as a provider of services, and to achieving and maintaining a workforce that broadly reflects the communities in which we operate.

During the year, we continued to monitor the gender pay gap and our gender balance across all tiers of management. We are confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. We are mindful though, that the sector in which we operate is male dominated and we are now monitoring diversity in our recruitment and seek to attract a more diverse workforce over time.

Relations with stakeholders

The board and I recognise the responsibility we have to a range of stakeholders, including customers, employees, subcontractors and suppliers, and the environment and communities in which we operate.

We have an open and effective dialogue with shareholders, with regular meetings being held with institutional shareholders. The AGM will be held on 2 September 2025 and I encourage all shareholders to submit any questions in advance and to vote via proxy for the resolutions.

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

24 July 2025

UK Corporate Governance Code

Throughout the accounting period, the Company has fully complied with the requirements of the 2018 Code, except for:During the period from 31 July 2024 to 25 November 2024, the Company did not fully comply with Provision 11 of the UK Corporate Governance Code, which recommends that at least half the board, excluding the chair, should be comprised of independent non-executive directors. This was due to an ongoing recruitment process to appoint a suitable non-executive director.

The Board fully recognised the importance of maintaining an appropriate balance of independence to support effective oversight and governance. The reduced level of independence during this period was considered a governance risk, particularly in relation to decision-making and Board challenge. To mitigate this, the Board implemented the following measures:

- Ensured that Board agendas were structured to facilitate the required scrutiny by the existing non-executive directors
- Maintained strong engagement between the Chair and the Senior Independent Director

The Board was committed to appointing a candidate with the appropriate skills, experience and cultural fit, and therefore took the necessary time to ensure a robust selection process. The appointment was completed on 25 November 2024, restoring compliance with the Code. The Board is satisfied that governance arrangements remained effective during this interim period.

Corporate governance report

Board leadership and Company purpose

The Group is controlled through the board of directors of Severfield plc. We believe that, consistent with Principle A of the Code, the board is effective and entrepreneurial. We have described in the strategic report how opportunities and risks to the future success of the business have been considered and addressed, together with the sustainability of the Group's business model. In this section, we describe how our governance contributes to the delivery of our strategy and how the board monitors and drives culture and purpose.

Structure of the board

The membership of the board is stated on pages 98 to 99. The board currently consists of the chair, four other non-executive directors and one executive director. Our CEO left in June 2025 and we are actively recruiting a successor.

The CEO (or Adam Semple on an interim basis) has board-level responsibility for health and safety matters, sustainability matters and employment matters.

Independence

All the non-executive directors are considered by the board to be independent in character and judgement and no cross-directorships exist between any of the directors.

At no time during the year ended 29 March 2025 did any director hold a material interest, directly or indirectly, in any contract of significance with the Company or any subsidiary undertaking other than the executive directors in relation to their service agreements. The directors have put in place procedures to ensure the board collectively, and the directors individually, comply with the disclosure requirements on conflicts of interest set out in the Companies Act 2006. The interests of the directors in the share capital of the Company and its subsidiary undertakings and their interests under the performance share plan and other share schemes are set out in the remuneration report commencing on page 118. Save as disclosed in the directors' remuneration report, none of the directors, or any person connected with them, has any interest in the share or loan capital of the Company or any of its subsidiaries.

Directors to stand for election

The Company's articles of association require the directors to offer themselves for re-election at least once every three years. Notwithstanding this, and in accordance with the recommendations of the Code, the Group's policy is that all the directors retire at each AGM and may offer themselves for re-election by shareholders. Accordingly, all of the existing directors whose biographies are set out on pages 98 to 99 will be standing for re-election at the 2025 AGM.

The board is satisfied that the performance of all of the non-executive directors continues to be effective and that they continue to show commitment to their respective roles. Non-executive directors are not appointed for a fixed term. The terms and conditions of appointment of non-executive directors are available for inspection on request.

Role of the chair, Chief Executive Officer and senior independent director

The board has agreed a clear division of responsibility between the chair and Chief Executive Officer and their roles and responsibilities are clearly established and set out in writing.

Severfield board

The board is responsible for providing effective leadership to the Group to create and deliver long-term shareholder value. This includes setting the strategic direction of the Group, reviewing all significant aspects of the Group's activities, overseeing the executive management and reviewing the overall system of internal control and risk management. The board has a formal schedule of matters reserved for it. It is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant financing matters. It reviews the Group's strategic direction, codes of conduct, annual budgets, progress towards achievement of those budgets, significant capital expenditure programmes and the annual and half-year results.

The board also considers people issues and key appointments. It also ensures that all directors receive appropriate training on appointment and then subsequently as appropriate. Other specific responsibilities are delegated to the board's committees described as follows.

MEMBER(S)/COMMITTEE	RESPONSIBILITIES
Non-executive Chair **Charlie Cornish**	The Chair is mainly responsible for managing the business of the board, evaluating its performance and setting the agenda for board meetings. The chair acts as an ambassador for the Company and provides effective communication between the board and its shareholders. The chair, together with the Company secretary, ensures that the directors receive clear information on all relevant matters in a timely manner and that Board papers are circulated sufficiently in advance of meetings for them to be thoroughly digested to ensure clarity of informed debate.
Chief Executive Officer **Role is vacant since 30 June 2025 and a successor is being sought. Interim arrangements are currently in place**	The Chief Executive Officer is responsible to the chair and the board for directing and prioritising the profitable operation and development of the Group. The Chief Executive Officer is responsible for the day-to-day management of the operational activities of the Group, assessing and implementing strategy and implementing the board's decisions. The Chief Executive Officer chairs an executive committee consisting of the members indicated on pages 100 and 101. This committee assists the main board by focusing on strategic and operational performance matters relating to the business and meets formally on a monthly basis. He also, together with the Chief Financial Officer, holds quarterly meetings with each of the business unit boards to review all operational issues and meets with an executive risk committee comprising himself, the Chief Financial Officer and the Group legal director on a weekly basis to discuss any key issues affecting the business. In addition, he meets regularly with the Group HR director and the Group SHE director and is chair of the sustainability committee. The responsibilities of the CEO are being discharged in the interim period prior to the appointment of a new CEO by the Chair, the CFO and by Rob Evans (divisional MD).
Senior independent director **Mark Pegler**	The role of the senior independent non-executive director is to provide a sounding board for the chair and to serve as an alternative source of advice to the chair for the other non-executive directors. The senior independent director is available to shareholders if they request a meeting or have concerns, which contact through the normal channels has failed to resolve, or where such contact is inappropriate. He also leads the performance review of the chair and the board, taking into account the views of the executive directors.
Board committees	The board has established three standing committees, all of which operate within defined terms of reference, which are available from the Company secretary by request and published on the website. The committees established are the audit committee, the remuneration committee, and the nominations committee. Trading companies are managed by separate boards of directors. Any matters of a material nature concerning the trading companies are reported to the board on a monthly basis. Details of the work of the audit, nominations and remuneration committees are set out on pages 108 to 142.

Corporate governance report

Board meetings

The directors' attendance record at the scheduled board meetings and board committee meetings for the year ended 29 March 2025 is shown on page 96.

Meetings were held at the Group's offices in Dalton and York, North Yorkshire and at the offices of the Group's other operating subsidiaries to provide non-executive directors the opportunity to increase their knowledge and understanding of the Group's operations. During the year, some of these meetings were held remotely by video conference, in the interests of sustainability and efficiency.

Board strategy review

In addition to regular scheduled board and board committee meetings, the board undertakes an annual strategy away day each year in December. The agenda for the strategy away day is agreed in advance, including specific strategic issues that have been raised at previous board meetings or requested by the board.

Board principal activities

During the financial year, the board discussed and implemented the following key actions:

STRATEGY

- Updates on the implementation of our strategy for growth in India
- Off-site strategy day
- Two-day visit to Rijssen with presentations on the Europe division from the divisional managing director Norbert Nijhuis
- Presentation on the Commercial & Industrial division from the divisional managing director Rob Evans
- Regular updates of progress in delivering the Group's strategic objectives from the executive directors

BUSINESS AND OPERATIONAL

- Regular updates and discussion of the bridge welding issues including presentation from Group manufacturing director
- Regular updates on progress of our key contracts and projects and on the markets we serve, our order book and pipeline
- Regular updates on health and safety, sustainability and people matters
- More detailed briefings on key sustainability-related developments and monitoring and reporting requirements

FINANCIAL

- Reviewed and approved annual report and accounts and results announcement for the year ended 30 March 2024
- Reviewed and approved proposed payment of a final dividend for the year ended 30 March 2024
- Assessed going concern and longer-term viability of the Group and reviewed the effectiveness of internal controls
- Reviewed quarterly financial forecasts
- Reviewed and approved proposed auditor fees for the year ended 29 March 2025
- Reviewed and approved the final budget for the year ended 28 March 2026
- Reviewed and approved half-year results for the year ended 29 March 2025
- Approved interim dividend for the year ended 29 March 2025

LEADERSHIP AND PEOPLE

- Regular updates on health and safety, sustainability and people matters, including updates from the MyVoice forum
- Management briefing from the Group HR director, including approval of gender pay gap report
- Management briefing from the Group SHE director, including update on implementation of new Group SHE strategy
- Annual update on succession plan and talent review
- Reviewed proposed pay review for the wider workforce
- Approved the launch of a new savings plan under the rules of the Severfield Sharesave Scheme and the relevant share options that would be granted as a result
- Search process for new non-executive directors and for a new CEO to succeed Alan Dunsmore

RISK MANAGEMENT AND CONTROLS

- Assessed the effectiveness of our internal control and risk management systems
- Reviewed and approved an update to the Company's conflicts of interest policy, received annual statements of compliance from directors, and approved related parties list and conflicts of interest disclosed
- Received an update on cyber risk from the Group IT director
- Reviewed the Group's risk register and new enterprise risk management policy

GOVERNANCE AND STAKEHOLDERS

- Reviewed and approved AGM notice
- Reviewed investor feedback on year-end results for the year ended 30 March 2024 and interim results for the year ended 29 March 2025
- Reviewed a paper summarising investor representatives' comments ahead of the AGM
- Received an update on the Atlas Ward pension scheme valuation
- Reviewed the register of directors' interests in shares
- Reviewed the statement of compliance in accordance with the Modern Slavery Act

S172 statement

Details as to how the board took account of stakeholder views and the matters set out in section 172 of the Companies Act 2006 in board discussions and decision making are set out on page 90.

Engagement with stakeholders

The board considers the needs and priorities of each of the Group's stakeholders during its discussions and as part of its decision-making process. Further details of stakeholder engagement are set out at page 90 (s. 172 statement) and at pages 24 to 26 (Engaging with our stakeholders).

Board's monitoring of culture

The Group's purpose and culture are closely aligned with our values, which are focused on driving the right behaviours for the Group to succeed. The Severfield Way gives each and every colleague clarity on our collective ways of working and expected behaviours so that we can continue to deliver effectively and focus on what's best for each other, our business, our clients and our communities.

Our executive directors promote our values throughout the Group. The board as a whole is responsible for ensuring that our culture is maintained.

In undertaking the principal activities set out at page 106, the board monitors our culture to ensure that behaviours remain aligned with our values.

Board evaluation process

The board considers that the balance of relevant experience amongst the various board members enables the board to exercise effective leadership and control of the Group. It also ensures that the decision-making process cannot be dominated by any individual or small group of individuals.

There have been several changes to the composition of the board in the last year, which saw the board reduce in size from eight members to five for a short period over late summer and early autumn. The Chair and three of our four non-executive directors have been in place for a year or less.

As such, it was decided that the board evaluation normally undertaken in March 2025 would be postponed until October 2025 anticipating that the new chair and the new board would have been operating for a meaningful period of time. However, given the current board has only been together since late November, and we are recruiting a new CEO, it was decided to postpone the review until October 2026 at the earliest.

Professional development

Appropriate training and briefing is provided to all directors on appointment to the board, taking into account their individual qualifications and experience. This is supplemented with visits to the Group's operations and meetings with senior business unit management to develop each director's understanding of the business.

Training and updates in relation to the business of the Group and the legal and regulatory responsibilities of directors was provided throughout the year by a variety of means to board members, including presentations by executives, visits to business operations and circulation of briefing materials. Individual directors are also expected to take responsibility for identifying their training needs and to ensure they are adequately informed about the Group and their responsibilities as a director.

Non-executive directors are continually updated on the Group's business, its markets, social responsibility matters, changes to the legal and governance environment, and other changes impacting the Group. During the year, the directors received updates on various best practice and regulatory and legislative developments.

All directors have access to the advice and services of the Group legal director and Company secretary, who ensures that board processes are followed and good corporate governance standards are maintained. Any director who considers it necessary or appropriate may take independent professional advice in furtherance of their duties at the Company's expense. No directors sought such advice in the year.

The board is confident that all its members have the knowledge, ability and experience to perform the functions required of a director of a listed company.

Audit, risk and internal control

Financial and business reporting

The financial statements contain an explanation of the directors' responsibilities in preparing the annual report and the financial statements (page 143) and a statement by the auditor concerning their responsibilities (pages 146 to 156). The directors also report that the business is a going concern (page 163) and detail how the Group generates and preserves value over the longer term (the business model) and the Group's strategy for delivering its objectives in the strategic report (pages 18 to 93). The directors have also made a statement about the long-term viability of the Group, as required under the Code (page 88).

Annual report

The board is responsible for the preparation of the annual report and the financial statements to ensure that the annual report taken as a whole is fair, balanced and understandable.

The annual report is drafted by executive management with reviews undertaken by third-party advisers as required. Additional steps have been built into the reporting timetable to ensure that directors are given sufficient time to review, consider and comment on the annual report. Our external auditor reviews the narrative sections of the annual report to identify any material inconsistencies between their knowledge acquired during the audit and the directors' 'fair, balanced and understandable' statement, and whether the annual report appropriately discloses those matters that they have communicated to the audit committee. A substantially final draft is reviewed by the audit committee prior to approval by the board.

Remuneration

The directors' remuneration report is on pages 118 to 142. It sets out the activities of the committee, the levels and components of remuneration and refers to the development of the remuneration policy.

Audit committee report

MARK PEGLER
CHAIR OF THE AUDIT COMMITTEE

Number of meetings

3

Members

Mark Pegler (Chair)
Cynthia Gordon (since 21 October 2024)
Ian McAulay (since 25 November 2024)
Janice Crawford (since 25 November 2024)
Alun Griffiths (until 30 July 2024)
Louise Hardy (until 31 October 2024)
Charlie Cornish (until 30 July 2024)

2025 key achievements

- Oversaw the continued development of the Group's systems of risk management and internal control
- Reviewed and recommended to the main board the 2025 interim accounts and report and those for the year ended 29 March 2025
- Oversaw a tender process in 2025 for the appointment of the external auditor for 2026

Membership

All committee members during the year were independent non-executive directors in accordance with the Code.

The members have been selected to provide the wide range of financial and commercial expertise necessary to fulfil the committee's duties. Mark Pegler is a chartered accountant.

By invitation, there were a number of other regular attendees, including internal and external auditors. Our Chair, our CEO, our CFO, our company secretary and our Group financial controller, also attended each meeting by invitation.

Meetings are held at least three times per annum and additional meetings may be requested by the external auditor.

There were three meetings in the year.

Role and key responsibilities

The primary function of the committee is to assist the board in fulfilling its oversight responsibilities. This includes reviewing the financial reports and other financial information before publication. The committee assists the board in achieving its obligations under the Code in areas of risk management and internal control, focusing particularly on areas of compliance with legal requirements, accounting standards and the UK Listing Rules (Listing Authority Rules for companies listed on the London Stock Exchange), and ensuring that an effective system of internal financial and non-financial controls is maintained.

The committee also reviews the accounting and financial reporting processes, along with reviewing the roles, and effectiveness of, the external auditor. The ultimate responsibility for reviewing and approving the annual report remains with the board.

The responsibility of the committee principally falls into the following areas:

- To monitor the integrity of the financial statements and formal announcements and to review significant financial reporting judgements.
- To review the Group's internal financial and non-financial controls and risk management.
- To make recommendations to the board in relation to the appointment and removal of the external auditor and to approve its remuneration and its terms of engagement.
- To review the nature of non-audit services supplied and non-audit fees relative to the audit fee.

- To provide independent oversight over the external audit process through agreeing the suitability of the scope and approach of the external auditor's work, assessing its objectivity in undertaking its work and monitoring its independence, taking into account relevant UK professional regulatory requirements and the auditor's period in office and compensation.
- To oversee the effectiveness of the internal audit process.
- To oversee the effectiveness of the external audit process, particularly with regard to the quality and cost-effectiveness of the auditor's work.
- To report to the board how it has discharged its responsibilities.

Activities of the committee

The committee addressed the following key agenda items in relation to the 2025 financial year:

- Reviewed the interim results for the period ended 28 September 2024 and the year-end results for the year ended 29 March 2025.
- Reviewed the significant management judgements reflected in the Group's results, including significant contract judgements and material non-underlying items, including bridge testing and remedial costs.
- Discussed the report received from the external auditor regarding the audit of the results for the year ended 29 March 2025. This report included the key accounting considerations and judgements reflected in the Group's year-end results, comments on findings on internal control and a statement on independence and objectivity.
- Reviewed and agreed significant accounting risks and principal business risks for the year ended 29 March 2025.
- Reviewed the Group's risk register.
- Considered and reviewed JSSL's internal audit reports.
- Reviewed and agreed the external auditor's audit planning report in advance of the audit for the year ended 29 March 2025.
- Reviewed the measures taken by management to monitor and review the effectiveness of the Group's internal control and risk management processes, to enable the board to make its annual review of effectiveness.
- Reviewed the long-term viability and going concern statements and the process undertaken by executive management to enable the board to make these statements
- Considered the effectiveness of the external auditor, KPMG LLP ('KPMG'), their independence and reappointment for the year ending 29 March 2025.
- Oversaw the tender process for the appointment of the external auditor for 2026.
- Reviewed and approved outputs from financial modelling undertaken on climate-related risks and proposed disclosure together with key ESG metrics and targets.
- Reviewed EY's reports covering various aspects of the Group's operations, controls and processes and approved the internal audit plan.

Fair, balanced and understandable

The committee was provided with, and commented on, a draft copy of the annual report for the year ended 29 March 2025. At the request of the board, the committee also considered whether the annual report was fair, balanced and understandable and whether it provided the necessary information for shareholders to assess the Group's performance, business model and strategy. To enable the board to make this declaration, the committee received a paper from management detailing the approach taken in preparing the annual report. The committee is satisfied that, taken as a whole, the annual report and accounts is fair, balanced and understandable.

In carrying out the above processes, key considerations included ensuring that there was consistency between the financial statements and the narrative provided in the front half of the annual report (and that the use of alternative performance measures was appropriate and clearly articulated); that there is a clear and well-communicated link between all areas of disclosure; and that the strategic report focused on the balance between the reporting of weaknesses, difficulties and challenges, as well as successes, in an open and honest manner. In addition, the external auditor considered the consistency between the narrative reporting in the annual report and the financial statements.

Risk management and internal control

The board as a whole, including the audit committee members, considers the nature and extent of the Group's risk management and internal control framework and the risk profile that is acceptable in order to achieve the Group's strategic objectives.

Details of the Group risk management and internal control processes, and its principal and emerging risks, are set out in the risk management section of the strategic report on pages 78 to 87. As a result, it is considered that the board has fulfilled its obligations under the Code to carry out a robust assessment of the Company's emerging and principal risks.

Audit committee report

Whistleblowing

The Group operates a comprehensive whistleblowing policy. Accordingly, staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The committee reviews adherence with this policy on an ongoing basis. No disclosures were made in the year.

Viability statement

The committee has undertaken a detailed assessment of the viability statement and recommended to the board that the directors could have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment. The viability statement can be found on page 88of the strategic report.

Financial reporting and significant accounting judgements

The committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The committee reviews accounting papers prepared by management, which provide details on the main financial reporting judgements.

Consistent with last year, 'Contract valuation, revenue and profit recognition', is classified as a significant accounting risk. The current year also includes the bridge remedial provision, goodwill impairment and going concern as significant accounting risks.

Contract valuation, revenue and profit recognition

The committee reviewed and challenged the report of the Chief Financial Officer that set out the main contract judgements associated with the Group's significant contracts. The significant areas of judgement include the timing of revenue and profit recognition, the estimation of the recoverability of contract variations and claims, the estimation of future costs to complete and the estimation of claims received by the Group.

The external auditor performed detailed audit procedures on this accounting risk and reported their findings to the committee. The committee was satisfied that this matter had been fully and adequately addressed by management, appropriately challenged by the external auditor and that the disclosures made in the annual report were appropriate.

Bridges remedial provision

The committee reviewed management's accounting treatment of the bridge testing and remedial programme, which involved judgement in determining the level of provision required under accounting standards. A provision was recognised in respect of testing and remedial costs and other directly associated costs relating to the identified population of affected bridge structures. In addition, the committee noted that a contingent liability has been disclosed for where the quantum of any potential future consequential costs cannot yet be reliably estimated.

The committee also considered management's assessment of the classification of these costs and related insurance recoveries as non-underlying items, and the consistency of this approach with the Group's accounting policy on non-underlying presentation. Based on this review, the Committee was satisfied that the accounting treatment, including the recognition of the provision and classification as non-underlying, was appropriate and complied with the relevant financial reporting standards.

Goodwill impairment

The committee reviewed the Group's annual goodwill impairment assessment, with particular focus on the key assumptions underpinning the value-in-use models. The carrying value of goodwill is dependent on forecasts of future financial performance, which inherently involve a degree of estimation uncertainty. The committee discussed with management the significant areas of judgement, including the sales growth rates, discount rates applied to future cash flows, and the assessment of long-term market conditions. These assumptions are sensitive to changes in trading performance and macroeconomic outlook.

The Committee noted that the risk associated with goodwill impairment had increased from a base level to significant, reflecting current-year trading performance and reduced headroom in one of the Group's cash-generating units (CGUs). The Committee considered management's impairment analysis and reviewed the accompanying sensitivity disclosures, particularly for the CGU where a reasonably possible change in assumptions could lead to an impairment. Following this review, the Committee was satisfied that the impairment testing had been conducted appropriately, that the judgements made were reasonable, and that the disclosures within the financial statements provide users with a transparent view of the sensitivities and assumptions involved.

Other judgements

The Committee reviewed management's assessment of the Group's going concern status, including financial forecasts, cash flow projections, and available financing facilities. Based on this review, the Committee agreed that the going concern basis of preparation remains appropriate.

In addition, the committee considered a number of other judgements, which have been made by management. These include viability, the carrying value of parent Company investments and the valuation of pension scheme liabilities.

External auditor independence and effectiveness

KPMG has acted as the Group's external auditor for a period of ten years. The committee considers the reappointment of the external auditor, including the rotation of the senior statutory auditor, annually. This also includes an assessment of the external auditor's independence and an assessment of the performance in the previous year, taking into account detailed feedback from directors and senior management across the Group.

The committee also assesses the effectiveness, independence and objectivity of the external auditor by, amongst other things:

- considering all key external auditor plans and reports;
- having regular engagement with the external auditor during committee meetings and ad hoc meetings (when required), including meetings without any member of management being present;
- the chair of the committee having discussions with Craig Parkin, the senior statutory auditor, ahead of each committee meeting; and
- considering the external audit scope, the materiality threshold and the level of audit and non-audit fees.

Following this assessment of the external audit process, the committee agreed that the audit process, independence and quality of the external audit were satisfactory. The committee will continue to assess the performance of the external auditor to ensure that they are satisfied with the quality of services provided.

External audit tender for 2026

During the year, the audit committee oversaw a competitive tender process for the external audit, in line with best practice and applicable regulatory requirements. The decision to tender followed the completion of a ten-year tenure by KPMG (our current auditor) and was conducted in accordance with the UK Corporate Governance Code and the Competition and Markets Authority (CMA) Order 2014, and the requirements the Companies Act 2006, which sets out the maximum engagement period and the need for a qualifying selection procedure for public interest entities.

The process was led by the audit committee, supported by management, and involved inviting a shortlist of appropriately qualified audit firms. Each proposal was evaluated against defined criteria, including audit quality, sector expertise, independence and cultural alignment. Following careful consideration, the audit committee recommended the continued appointment of KPMG, a recommendation approved by the board. The appointment will be subject to shareholder approval at the 2025 Annual General Meeting and, if approved, will be effective for the financial year ending 28 March 2026.

The audit committee is satisfied that the tender process was robust, transparent and aligned with both regulatory expectations and our commitment to maintaining high standards of audit quality, independence and corporate governance.

Internal audit

The Group's internal audit function was outsourced to EY during the year. The committee is responsible for reviewing the role and effectiveness of the internal audit function by monitoring the results of its work and the responses of management to its recommendations. The scope of EY's work focused on key financial controls and non-financial reviews covering areas of perceived higher business risk. Results and management actions arising from reviews undertaken by EY in the current year were also discussed in detail at each of the committee's meetings.

Non-audit services

The Group's policy on the engagement of the external auditor for non-audit-related services is designed to ensure that the provision of such services does not impair the external auditor's independence or objectivity. Under no circumstances will any assignment be given to the external auditor when the result would be that:

- as part of the statutory audit, it is required to report directly on its own non-audit work;
- it makes management decisions on behalf of the Group; or
- it acts as an advocate for the Group.

This policy is compliant with the Code and with the FRC's Guidance on audit committees. It includes restrictions on the scope of permissible non-audit work and a cap on fees for permissible non-audit work (which may not exceed 70 per cent of the average audit fees paid in the last three consecutive years). The policy requires a competitive tender for all work with a fee over £30,000.

For work that is permitted under the policy, authority is delegated to the Chief Financial Officer to approve up to a limit of £50,000 for each assignment and there is a cumulative annual total of less than 50 per cent of that year's audit fee. Prior approval is required by the committee for any non-audit assignments over £50,000 or where the 50 per cent audit fee threshold is exceeded. With the exception of the half year review, there were no other non-audit fees for 2025 or 2024.

Details of the auditor's fees, including non-audit fees (which comply with the Group's policy on the provision of non-audit services), are shown in note 4 to the consolidated financial statements.

MARK PEGLER
CHAIR OF THE AUDIT COMMITTEE

24 July 2025

Nominations committee report

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

Number of meetings

7

Members

Charlie Cornish (Chair since 1 May 2024 and chair since 30 July 2024)
Mark Pegler
Cynthia Gordon (since 21 October 2024)
Ian McAulay (since 25 November 2024)
Janice Crawford (since 25 November 2024)
Alun Griffiths (until 30 July 2024)
Kevin Whiteman (chair until 30 July 2024)

2025 key achievements

- Ran a recruitment process and recommended the appointment of Cynthia Gordon, Ian McAulay and Janice Crawford as new non-executive directors
- Ran a process and recommended the appointment of Mark Pegler as senior independent director
- Reviewed the Group's succession plans for board and executive committee appointments
- Reviewed the Group's progress on diversity and inclusion

2026 areas of focus

- Recruiting a new CEO
- Arranging and undertaking a board evaluation

Role

The primary function of the committee is to deal with key appointments to the board, and related employment matters. The responsibility and the objectives of the committee principally fall into the following areas:

- To review the structure, size and composition of the board.
- To make recommendations to the board for any changes considered necessary.
- To approve the description of the role and capabilities required for a particular appointment.
- To ensure, having due regard for the benefits of diversity on the board, including gender, and the skills matrix of the board, that suitable candidates are identified and are recommended for appointment to the board.

The committee's terms of reference are available on the Group's website (www.severfield.com) and on request from the Company secretary.

Board effectiveness

This year has seen a number of changes, with the appointment of myself (Charlie Cornish), Cynthia Gordon, Ian McAulay and Janice Crawford to the Board,the retirement of Kevin Whiteman, Alun Griffiths and Derek Randall and the resignation of Alan Dunsmore. We consider each of our non-executive directors on the board to be independent. Korn Ferry and Spencer Stuart supported the board in the selection process for new non-executive directors but have no other connection with the Company.

Diversity

We truly value diversity and a culture of inclusion at all levels within the Group. Our equal opportunities and diversity policy sets out the key actions that will be taken to ensure we have a more diverse workforce throughout the Group. We consider diversity to include diversity of background, race, disability, gender, sexual orientation, beliefs and age, and encompasses culture, personality and work style.

Disclosure under UK Listing Rules 9.8.6R(9) and 14.3.33R(1) (for the year ended 29 March 2025)

	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	71	4	13	81
Women	29	–	3	19
Not specified/prefer not to say	–	–	–	–

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	88	4	15	94
Mixed/Multiple Ethnic Groups	1	12	–	1	6
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

We support the principle of seeking to increase the number of women and people from minority ethnic backgrounds on FTSE boards, and to improve representation in leadership positions. We are committed to continuing to broaden the diversity of our own board in terms of both gender and ethnicity, consistent with appointing candidates based on talent and capability. During the year, the Group improved its diversity profile at Board level, with progress in both female representation and ethnic diversity. This reflects the appointment of Cynthia Gordon, who identifies as being of part Asian heritage.

The board has two female directors (29 per cent). Female representation on our executive committee is one (10 per cent). At the career level below the executive committee, female representation is higher at 21 per cent with many senior finance and HR roles being held by women.

As can be seen from the data in the tables, none of the four senior board positions are held by a woman and one of the directors is from a minority ethnic background.

Of the four most recent board appointments, two have been women, one of whom is from an ethnic background.

Succession planning

The committee ensures the continued effectiveness of the board through appropriate succession planning and ensures that the Company has in place a succession planning programme designed to identify and develop future senior leaders and to achieve diversity.

Each year, the committee meets specifically to review succession plans for the board and for senior management and takes into account the issues arising out of the evaluation of the board's effectiveness and its commitment to diversity.

Evaluation

Last year, as part of our board improvement plan, we amended our board schedule to allow more time for the board to review key strategic matters and to spend less time discussing routine operational matters. These changes have been continued this year but as a result of the number of recent board changes, the board, on the committee's recommendation, decided it would not be appropriate to conduct an annual effectiveness review and this will now be undertaken in the second half of 2026 once the new board has completed one year's tenure and a new CEO has been appointed.

CHARLIE CORNISH
CHAIR OF THE NOMINATIONS COMMITTEE

24 July 2025

Directors' report

MARK SANDERSON
COMPANY SECRETARY

This directors' report and the strategic report on pages 18 to 93 together comprise the 'management report' for the purposes of Disclosure Guidance and Transparency Rule 4.1.5R.

Information incorporated by reference

The information shown in the table below is provided in other appropriate sections of this annual report and financial statements and is incorporated into this directors' report by reference.

INFORMATION	REPORTED IN	PAGES
Corporate governance	Corporate governance report	104 to 107
	Statement of directors' responsibilities	143
Directors	Our board of directors	98 to 99
	Directors' remuneration report – directors' shareholdings and share interests	137
Employee engagement	The Severfield Way	7
	Engaging with our stakeholders – Colleagues	26
	Building a responsible and sustainable business – People	71 to 77
Employment of disabled persons	Building a responsible and sustainable business – People, creating a culture of inclusivity	75
Engaging with suppliers, customers and others	Engaging with our stakeholders	24 to 26
Financial instruments	Consolidated financial statements – note 22	191 to 196
Going concern	Note 1 to the consolidated financial statements	163
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INFORMATION	REPORTED IN	PAGES
Results and dividends	Our financial performance	44 to 45
Research and development	Building a responsible and sustainable business – Governance	58
	Building a responsible and sustainable business – Strategy	64
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	Notes to the consolidated financial statements	162
Respect for human rights	Building a responsible and sustainable business – Principles of governance	92
Social matters	Building a responsible and sustainable business – People	76

The only relevant item required to be disclosed under UK Listing Rule 9.8.4R relates to the waiver of dividends, details of which are set out on the following page (Rights under employee share schemes).

Political donations

No donations were made to any political parties during the current or preceding year.

Share capital

The Company has a single class of share capital, which is divided into ordinary shares of 2.5p each. No other securities have been issued by the Company. At 29 March 2025, there were 296,181,987 ordinary shares in issue and fully paid (2024: 309,538,321). No shares were issued during the year. During the year, the Company purchased 13,356,334 shares as part of the share buyback programme announced on 17 April 2025, which was terminated on 3 March 2025. All of these shares were cancelled. Further details relating to share capital are set out in note 24 to the financial statements.

Voting rights and restrictions on transfer of shares

All of the issued and outstanding ordinary shares of the Company have equal voting rights, with one vote per share. There are no special control rights attaching to them.

The Company is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities or on voting rights. The rights, including full details relating to voting of shareholders and any restrictions on transfer relating to the Company's ordinary shares, are set out in the articles and in the explanatory notes that accompany the notice of the 2025 AGM.

Securities carrying special rights

No person holds shares in the Company, which carry special rights with regard to control of the Company.

Substantial holdings

As at 1 July 2025, the Group had been notified under requests made to shareholders under section 793 of the UK Companies Act 2006 of the following voting rights to the Company's shares and, accordingly, this information is provided in accordance with the Disclosure Rules and Transparency Rules of the UK Listing Authority.

Name	Ordinary 2.5p share	Holding
JO Hambro Capital Management Ltd	34,474,777	11.64
M&G Investment Management Ltd	28,233,497	9.53
Unicorn Asset Management Ltd	19,375,000	6.54
Aberforth Partners LLP	18,375,679	6.20
Chelverton Asset Management	17,523,038	5.92
Artemis Investment Management LLP	16,595,228	5.60

Directors' report

Rights under employee share schemes

As at 29 March 2025, Ocorian Limited ('Ocorian') as the trustee of the Severfield Employee Benefit Trust, owned 595,547 ordinary shares (0.20% of the Company's issued share capital at that date). These shares are made available to satisfy share-based awards granted to senior management under the Group's remuneration arrangements. Ocorian does not exercise any voting rights in respect of these shares and waives any dividends receivable.

In addition, as at 29 March 2025, Ocorian held 1,645,608 ordinary shares (0.56% of the Company's issued share capital at that date) in a nominee capacity on behalf of senior management in connection with the Company's PSP and DSBP. Ocorian votes to the extent instructed by the holders of the beneficial interests in these shares (the 'Beneficial Holders') and distributes any dividends received to the Beneficial Holders.

As at 29 March 2025, Howells Trustees Ltd ('Howells') held 90,175 ordinary shares (0.03% of the Company's issued share capital at that date) on trust for the benefit of members of the Severfield Share Incentive Plan. Howells does not exercise any voting rights in respect of the shares held by the trust (although beneficiaries may authorise Howells to vote in accordance with their instructions). Howells distributes dividends received to beneficiaries under the trust.

In addition, as of 29 March 2025, Ocorian held 92,456 ordinary shares (0.03% of the Company's issued share capital at that date) in a nominee capacity on behalf of members in connection with the Company's Share Incentive Plan. Ocorian votes to the extent instructed by the holders of the beneficial interests in these shares (the 'Beneficial Holders') and distributes any dividends received to the Beneficial Holders.

Powers for the Company to buy back its shares and to issue its shares

During the year, under the share buyback programme announced on 17 April 2025, the Company made market purchases of ordinary shares in accordance with the authority granted at the 2024 AGM to make such purchases representing up to 10 per cent of its issued share capital. That authority will expire at the 2025 AGM and a renewal will be sought.

The Directors were also granted authority at the 2024 AGM to allot shares in the Company: (i) up to one-third of the Company's issued share capital; and (ii) up to two-thirds of the Company's issued share capital in connection with a rights issue. These authorities apply until the end of the 2025 AGM (or, if earlier, until the close of business on 30 July 2025). During the period, the directors did not use their power to issue shares under the authorities.

The directors were also granted authority at the AGM, under two separate resolutions, to disapply pre-emption rights. These resolutions, which followed the Pre-emption Group's Statement of Principles (March 2015) on disapplying pre-emption rights applicable at that time, sought the authority to disapply pre-emption rights over 20 per cent of the Company's issued ordinary share capital. These authorities apply until the end of the 2025 AGM (or, if earlier, until the close of business on 30 September 2025). During the period, the directors did not use these powers.

Change of control

There are no agreements between the Group and its directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Group's banking arrangements expire in December 2027 and can be terminated upon a change of control of the Group.

The Company's share plans contain provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan.

Amendment of articles of association

Any amendments to the articles may be made in accordance with the provisions of the Act by way of special resolution.

Appointment and replacement of directors

In accordance with the Company's articles, directors shall be no fewer than two and no more than 12 in number. Subject to applicable law, a director may be appointed by an ordinary resolution of shareholders in a general meeting following nomination by the board or a member (or members) entitled to vote at such a meeting, or following retirement by rotation if the director chooses to seek re-election at a general meeting. In addition, the directors may appoint a director to fill a vacancy or as an additional director, provided that the individual retires at the next AGM. A director may be removed by the Company as provided for by applicable law, in certain circumstances set out in the Company's articles of association (for example bankruptcy or resignation), or by a special resolution of the Company. We have decided, this year, to continue to adopt, voluntarily, the practice that all directors stand for re-election on an annual basis, in line with the recommendations of the Code.

Powers of the directors

The business of the Company is managed by the board, who may exercise all the powers of the Company subject to the provisions of the Company's articles of association, the Companies Act 2006 (the 'Act') and any ordinary resolution of the Company.

Directors' indemnities

The articles entitle the directors of the Company to be indemnified, to the extent permitted by the Act and any other applicable legislation, out of the assets of the Company in the event that they suffer any loss or incur any liability in connection with the execution of their duties as directors.

In addition, and in common with many other companies, the Company had, during the year, and continues to have in place, directors' and officers' insurance in favour of its directors and other officers in respect of certain losses or liabilities to which they may be exposed due to their office.

Subsidiaries and branches

A list of the Group's subsidiaries and the branches through which the Group operates are listed in note 4 to the Company financial statements.

Disclosure of information to the external auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

External auditor

KPMG LLP acted as the auditor for the Company for the year ended 29 March 2025. KPMG LLP has expressed its willingness to continue in office as external auditor, having successfully tendered for re-appointment, and a resolution to appoint it will be proposed at the forthcoming AGM.

Annual general meeting

The notice concerning the AGM on Tuesday 2 September 2025, together with explanatory notes on the resolutions to be proposed and full details of the deadlines for exercising voting rights, is contained in a circular to be sent to shareholders with this report.

The directors' report from pages 114 to 117 (inclusive) was approved by the board and signed on its behalf by:

MARK SANDERSON
COMPANY SECRETARY

24 July 2025

Directors' remuneration report

CYNTHIA GORDON
CHAIR OF THE REMUNERATION COMMITTEE

Number of meetings

4

Members

Cynthia Gordon (Chair from 31 October 2024)
Mark Pegler
Charlie Cornish (from 1 May 2024)
Janice Crawford (from 25 November 2024)
Ian McAulay (from 25 November 2024)
Louise Hardy (Chair until 31 October 2024)
Alun Griffiths (until 30 July 2024)
Kevin Whiteman (until 30 July 2024)

2025 key achievements

- Assessed performance against the bonus and PSP targets for the year ended 29 March 2025
- Transitioned to new committee chair and committee members
- Reviewed the remuneration policy and incentive framework and made changes to ensure alignment with revised strategic priorities and shareholder interests and consulted with major shareholders on these changes
- Continued to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for the executive directors and executive committee members

2026 areas of focus

- Embed revised remuneration policy and incentive structure
- Set and review remuneration arrangements in the context of the succession and talent pipeline
- Revise key metrics for annual bonus and PSP ensuring linkage to clear, measurable transformation objectives
- Agreeing new CEO compensation package consistent with revised remuneration policy

Dear shareholder

As chair of the remuneration committee, I present our directors' remuneration report (the 'report') for the year ended 29 March 2025, my first since taking over as chair in October 2024.

This has been a challenging year for the business and all its stakeholders, and the board recognises the need for transformation in several key areas of the business and acknowledges the pivotal role that remuneration plays in re-enforcing the execution of the necessary changes.

The report is split into the following two sections:

- Part 1, the remuneration policy report, which is being submitted to a shareholder vote at the forthcoming AGM on 2 September 2025 and which sets out the remuneration policy of the executive and non-executive directors; and
- Part 2, the annual report on remuneration, which discloses how the remuneration policy was implemented for the year ended 29 March 2025 and how the revised remuneration policy will, subject to shareholder approval, be implemented for the year ending 28 March 2026. The annual report on remuneration will be subject to an advisory shareholder vote at the forthcoming AGM.

Remuneration policy review

The existing remuneration policy was approved at the 2023 AGM and is not formally due for renewal until the 2026 AGM (i.e. at the end of its three-year term). However, after careful consideration, the committee strongly believes that changes are required now to the incentive framework, to facilitate transformation in several key areas of the business so as to achieve closer alignment with long-term shareholder value. A revised remuneration policy will therefore be put to shareholders for approval at the forthcoming AGM.

The committee has consulted with its major shareholders and with proxy voting agencies on these changes and has reflected their comments in the proposals set out below.

Reinstating a PSP and removing the RSP

After careful consideration and confirming support from major shareholders, the committee proposes to reinstate a PSP and remove the RSP currently in place.

The RSP was introduced in 2023 to incentivise the delivery of long-term sustainable performance through a more predictable and transparent reward structure, and RSP awards were granted in 2023 and 2024.

In light of the Group's current position and the need to deliver business transformation, the Committee has concluded that a return to a PSP represents a more effective incentive framework. The PSP is better aligned to the strategic priorities of the Group and is designed to drive focus on crucial financial KPIs and accelerate progress against transformation metrics in critical areas such as business development, project delivery, and manufacturing. In doing so, the PSP aims to better align executive incentives with the delivery of our growth strategy and strengthen the link between reward and long-term shareholder value. The Committee considers that strong and accountable leadership is essential to restoring performance and rebuilding shareholder confidence. The PSP is therefore intended not only to support the creation of sustainable long-term value for shareholders, but also to provide a more flexible and competitive mechanism to attract, retain and incentivise the executive talent critical to the Company's future success.

PSP opportunity

The 2025 PSP awards will be granted to Executive Directors at a level equivalent to 100% of base salary. Alan Dunsmore will not receive a 2025 PSP award, as he left the business at the end of June 2025.

In determining the award levels for 2025, the Committee will be mindful of the potential for windfall gains due to recent share price movements. To ensure the awards remain appropriately calibrated and aligned with shareholder interests, the Committee is proposing a reduction to the standard award level in 2025 of up to 25% using the volume-weighted average share price over the 12 months prior to the downturn. The committee will consider whether a similar approach should be adopted in future years.

The Committee will finalise the reduction prior to the grant of the 2025 PSP awards (expected in September), taking into account the share price at the time, to ensure that the outcome reflects prevailing market conditions and is fair to both shareholders and participants. The approach taken to determine the level of reduction will be disclosed in the RNS at the time of grant and in the FY26 Directors' Remuneration Report.

Consistent with its remit, the Committee retains the discretion to adjust the formulaic vesting outcome of PSP awards if it considers this appropriate in light of overall business performance, shareholder experience, share price performance and any significant external factors. This discretion is intended to ensure that final outcomes are fair and proportionate and continue to reflect both performance delivered and value created for shareholders.

The overall annual maximum PSP opportunity under the new remuneration policy will be set at 150% of salary. This opportunity aligns with the remuneration policy in place when PSP awards were last granted, and is to help ensure that the committee has the flexibility over the three-year term of the new remuneration policy to attract, retain and incentivise the executive talent required taking into account the performance and size of the business. Should the committee consider that a PSP award opportunity of above 100% of salary is appropriate in any future years, we would expect to consult with shareholders prior to granting the awards.

Performance metrics

Vesting will be subject to achievement against a carefully calibrated set of stretching financial and strategic performance conditions measured over a three-year period. It is proposed that the 2025 PSP award performance metrics are EPS (50%), ROCE (20%) and transformation objectives (30%).

Annual bonus

The annual maximum bonus opportunity will remain at 125% of salary for the CEO and CFO. Stretching targets will be required for maximum vesting, to further promote a high-performance culture without encouraging excessive risk taking.

The current level of deferral will remain, with 40% of any bonus earned being deferred into shares for three years. The committee considers this approach to be appropriately aligned with market practice, noting that circa 40% of FTSE SmallCap companies that operate bonus deferral require at least one-third but less than one-half of any bonus earned to be deferred.

In addition, until the shareholding guideline of 200% of salary has been met, executive directors are required to retain all shares from deferred bonus awards and long-term incentive awards that vest (net of tax).

The Committee proposes to include discretion within the remuneration policy to disapply the bonus deferral requirement once Executive Directors have met their 200% shareholding guideline. This reflects evolving market practice and the Committee believes that this flexibility will also act as an incentive for Executive Directors to build their shareholding faster, thereby reinforcing alignment with shareholder interests at an earlier stage in their tenure. Where a meaningful shareholding has already been established, the need for continued deferral is considered less critical, and the Committee is confident this change remains consistent with good governance standards.

Directors' remuneration report

Impact of changes on total compensation

The Committee remains mindful of the overall value of executive directors' remuneration packages when considering changes to the remuneration policy, particularly in the context of the trading challenges currently faced by the Group. The target proposed 2025 PSP award opportunity (50% of salary) is unchanged. Further reductions in the size of the PSP award of up to 25% may also be made on grant to prevent windfall gain. As a result, total target compensation opportunities for executive directors remain unchanged under the proposed remuneration policy.

Shareholder support

The board trusts that shareholders will support these changes to our remuneration policy, which the board believes will facilitate transformation in several key areas of the business, so as to achieve closer alignment with long-term shareholder value.

Performance and reward 2025

The Group has had a challenging year and this is reflected in the variable pay outcomes for executive directors. The committee is mindful of the negative impact this has had on shareholders and other stakeholders, particularly at a time when the Group has made a number of workforce redundancies, and has sought to align executive director remuneration accordingly. As a result:

- No salary increases are being made for Executive Directors for 2026;
- The Committee has exercised discretion in relation to the 2025 bonus outcomes for Executive Directors. Whilst certain non-financial elements of the bonus framework were achieved, no bonus payments will be made to Executive Directors for the year.
- The 2022 PSP lapsed in full as the performance condition was not met.

Annual bonus outcome

Executive directors were granted an annual bonus opportunity equal to 125 % of salary. Of the award, 80 % was based on underlying PBT[2] performance, 15 % based on safety performance and 5 % was based on performance against the Group's key 2025 ESG priorities.

The Group achieved underlying PBT of £18.1m, which was below the threshold level required for payout. As a result, the PBT component of the bonus will not pay out.

The Group delivered strong performance against its leading safety indicators and made solid progress on its 2025 ESG priorities. On this basis, the safety and ESG elements could have paid out at 17%.

However, taking into account the overall business performance and the impact of the operational issues experienced during the year on all stakeholders, the Committee exercised its discretion and determined that no bonus should be paid to Executive Directors for 2025.

PSP outcome

Awards were granted in June 2022 equal to 100 % of salary for the Chief Executive Officer and 75 % of salary for the other executive directors. The awards were subject to EPS targets for the year ended 29 March 2025, which were not met and these awards will therefore lapse.

Executive director changes

Derek Randall stepped down as an executive director on 31 March 2025. He remains non-executive chair of JSSL. The treatment of Derek Randall's remuneration arrangements are set out on page 134.

Alan Dunsmore stepped down as CEO and left the Group on 30 June 2025. The treatment of Alan Dunsmore's remuneration arrangements are set out on page 134.

In both cases, the remuneration arrangements on termination were consistent with our remuneration policy.

Implementation of policy for 2026

Base salaries

Salaries for the executive directors were reviewed in June 2025 and were not increased, in line with overall salary increases for the wider workforce which were nil except in exceptional circumstances. Adam Semple was awarded a 5% non-pensionable, non-bonusable monthly acting-up allowance (equivalent to £15,750 per annum) to be paid as an additional cash amount effective from 1 May 2025. This is to reflect the additional leadership responsibilities that he is undertaking in light of Alan Dunsmore stepping down as CEO and leaving the Group. The acting-up allowance will remain in place until the earlier of 1 January 2026 or the appointment date of a new CEO.

Annual bonus

The proposed maximum bonus opportunity for the CFO is 125% of salary. The award will be subject to profit before tax (PBT) targets (60 %), net cash targets (20 %) and personal objectives (focused on driving manufacturing excellence and commercial improvements both on revenue and margin) (20 %). The performance metrics maintain a strong focus on financial performance, whilst also recognising the importance of cash discipline given current market conditions and the Group's net debt position. The inclusion of personal objectives allows for targeted incentives linked to the successful delivery of strategic priorities, ensuring that executive performance is aligned with both immediate operational needs and longer-term value creation. The targets are currently considered commercially sensitive. Full details of the targets and performance against them will be disclosed in the 2026 directors' remuneration report.

Long-term share awards

It is the committee's intention to grant a PSP award at 100 % of salary to the CFO (with a potential reduction of up to 25% to reflect potential windfall gain), subject to shareholder approval of the change in remuneration policy. The award will vest in June 2028 subject to EPS targets (50 %), ROCE targets (20 %) and transformational objectives (30 %).

Vested awards will be subject to a two-year holding period.

Non-executive director fees

Fees for the chair and the non-executive directors were reviewed in June 2025 and were not increased, consistent with the wider workforce and stakeholder experience.

CEO recruitment

The Committee will determine the remuneration arrangements for the new CEO in accordance with the Remuneration Policy and the arrangements will be fully disclosed in the FY26 Directors' Remuneration Policy.

Conclusion

The Committee greatly appreciates the feedback and level of support received from shareholders regarding the remuneration policy review, especially in the light of the challenging trading issues experienced by the Group this year. We strongly believe that the proposed changes will help to facilitate transformation in several key areas of the business so as to achieve closer alignment with long-term shareholder value.

We remain committed to a responsible approach to executive pay and have taken steps to seek alignment with the negative impact on stakeholders of the challenging trading issues experienced by the Group this year by awarding no salary increase and by exercising discretion on bonuses. We believe therefore that the policy operated as intended in respect of the financial year ended 29 March 2025 and consider that the remuneration received by the executive directors was appropriate, taking into account Group and personal performance, and the experience of shareholders and employees.

I look forward to answering any questions shareholders might have, and your continued support.

CYNTHIA GORDON
CHAIR OF THE REMUNERATION COMMITTEE

24 July 2025[1]

1 This report complies with the provisions of the Companies Act 2006, the Large and Medium-sized Companies and Groups Regulations 2008 as amended in 2013, the UK Corporate Governance Code 2018 and the UKLA Listing Rules and the Disclosure and Transparency Rules. The remuneration committee has also taken into consideration guidelines published by institutional investor advisory bodies such as the Investment Association and ISS

2 A reconciliation of APMs is provided in note 33

Directors' remuneration report

Part 1 – Remuneration policy

This section of the report sets out the proposed directors' remuneration policy ('policy'). This policy will be put forward to shareholders for their approval at the AGM on 2 September 2025 and, if approved, will be effective from this date. It is intended that the policy will remain in place until the 2028 AGM.

The Annual Report on Remuneration details how the existing directors' remuneration policy has been implemented over 2025 and how the policy will be implemented in 2026.

Decision making process

The committee has undertaken a comprehensive review of the remuneration policy to ensure that it incentivises executive directors and senior management to execute the Group's transformational priorities and create long-term value for shareholders. In determining the changes to the remuneration policy, the committee followed a robust process, which included discussions on the content of the remuneration policy and remuneration structure at three committee meetings.

The committee considered input from management and extensive guidance and feedback from our independent advisers Deloitte and consulted with major shareholders. Management did not take part in any decision-making discussions as regards changes to the remuneration policy in order to avoid any conflicts of interest. The key changes to the remuneration policy are set out on pages 118 to 121.

How the committee addressed the factors in Provision 40 of the UK Corporate Governance Code

The committee ensures that the remuneration structure for executive directors is aligned with our key remuneration principles, which incorporate the principles of clarity, simplicity, risk, predictability, proportionality and alignment to culture set out in the 2018 UK Corporate Governance Code.

Clarity and simplicity	We operate a simple and transparent remuneration framework, made up of three key elements: fixed pay (including base salary, benefits and pension); annual bonus; and the Performance Share Plan. The structure is simple to understand both for participants and shareholders.
Alignment to strategy and culture	The remuneration structure supports the Group's business strategy and business model through a balanced mix of short- and long-term performance-related pay. The remuneration principles encourage behaviours expected of executive directors in terms of setting the standards and promoting a healthy culture across the Group in line with the Group's newly implemented values.
Risk is appropriately managed	Annual bonus and performance share award opportunities and targets are positioned to reward strong performance, but not to encourage inappropriate business risk taking. Executive directors are subject to within-employment and post-employment shareholding guidelines to further support sustainable decision making. Malus and clawback provisions apply to annual bonus and restricted share awards and the committee has the means to apply discretion and judgement to vesting outcomes.
Proportionality	A significant proportion of executive remuneration is linked to performance through the incentive framework, with a clear line of sight between performance against the selected performance conditions and the delivery of long-term shareholder value. Performance conditions and the underlying targets for the annual bonus are reviewed by the committee each year to ensure that they are directly aligned with the Group's strategic priorities. Through the all-employee share plans, we encourage and enable long-term share ownership for all employees, supporting the long-term nature of our business and its returns.
Predictability	The 'illustration of the application of the policy' chart on page 127 indicates the potential values that may be earned through the remuneration structure.

Policy table for executive directors

BASE SALARIES

Purpose and link to strategy	Performance conditions
To provide the core reward for the role recognising knowledge, skills and experience, in addition to the size and scope of the role. Sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.	None, although the committee considers individual salaries each year having regard to the factors noted in the 'operation' section.
Operation Base salaries are normally reviewed annually by the committee, with changes typically effective from 1 July. Base salaries are pensionable. The salary review takes into account the levels of increase across the broader workforce, changes in responsibility, Group and personal performance, and a periodic remuneration review of comparable companies.	
Maximum opportunity There is no prescribed maximum base salary or salary increase. Salary increases (in percentage of salary terms) will ordinarily be considered in relation to those applied to the broader workforce. The committee retains discretion to award higher increases in certain circumstances including, but not limited to: significant changes in the scope and/or responsibilities of the role; a material change in the size and scale of the Group; an executive director's development or performance in role (e.g. to align a new appointment's salary with the market over time); and/or to take account of relevant market movements.	

BENEFITS

Purpose and link to strategy	Performance conditions
Cost-effective benefits sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.	No performance conditions apply to benefits.
Operation Benefits include, but are not limited to: life assurance; medical insurance for self with option to purchase for family; and company car allowance. Relocation expenses may be offered if considered appropriate and reasonable by the committee. In circumstances where an executive director is deployed on an international assignment, their arrangements will be managed in a way that is consistent with good practice for international organisations. Additional allowances may also be paid, e.g. to cover any increase in cost of living, tax equalisation and/or additional accommodation costs. Any reasonable business-related expenses can be reimbursed (including the tax thereon if determined to be a taxable benefit). The committee may offer executive directors other employee benefits on broadly similar terms as those offered to other employees from time to time. This includes participation in any all-employee share plans operated by the Group, in line with the prevailing tax legislation and HMRC guidelines (where relevant).	
Maximum opportunity The value of insured benefits can vary from year to year based on the costs from third-party providers. The committee reviews the cost of the benefits provision on a regular basis to ensure that it remains appropriate. The total value of benefits (excluding relocation and international assignment allowances) will normally not exceed more than 15 % of salary in any year. The maximum level of participation for all-employee share plans, if relevant, is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Group).	

Directors' remuneration report

PENSION

Purpose and link to strategy	Performance conditions
To provide an appropriate level of retirement benefit.	No performance conditions apply to pension.

Operation

Group contribution to defined contribution scheme (own or the Group's), a cash supplement or a combination of both.

Maximum opportunity

The maximum pension contribution or cash supplement (or combination of both) for executive directors is aligned with the contribution available to the wider workforce (currently 7 % of salary).

ANNUAL BONUS

Purpose and link to strategy

To focus attention on achieving short-term corporate objectives, incentivise outperformance of targets and provide a deferred element to reinforce the impact of long-term performance.

Operation

Annual awards based on performance conditions (typically measured over a financial year) set by the committee usually at the beginning of each financial year.

Up to 60 % of any amount earned is paid in cash with the remainder deferred into shares for three years. Where an executive director has met their shareholding guideline (see below) the committee has discretion to pay up to 100 % of any amounted earned in cash.

Dividends may accrue on deferred bonus shares. Any dividend equivalents would normally be delivered in shares.

Malus and clawback provisions apply (see table on page 126).

Maximum opportunity

Maximum opportunity of up to 125 % of base salary in respect of a financial year.

Performance conditions

At least 50 % of the annual bonus will be based on financial performance conditions.

The committee will review the appropriateness of performance conditions on an annual basis, taking into account the business objectives and strategy at the time.

For financial performance conditions, vesting will normally apply on a scale between 0 % and 100 % with up to 50 % vesting for on-target performance.

For non-financial performance conditions, vesting will normally apply on a scale between 0% and 100 % based on the committee's assessment of the extent to which the relevant condition has been met.

The committee has discretion to adjust the bonus outcome (downwards or upwards) if it is not deemed to reflect the underlying performance of the Group, the performance of the individual, or the experience of shareholders or employees during the performance period.

PERFORMANCE SHARE PLAN ('PSP')

Purpose and link to strategy	Performance conditions
Purpose and link to strategy Incentivise and reward for long-term sustainable performance linked to corporate strategy and provide alignment with shareholders' interests.	**Performance conditions** Performance conditions and their weightings are determined by the committee on an annual basis based on the corporate strategy at the time. No more than 25 % of an award will vest for threshold performance. Award vest progressively between threshold and maximum performance. In addition, the committee has discretion to adjust the vesting outcome (downwards or upwards) if it is not deemed to reflect the underlying performance of the Group, the performance of the individual or the experience of shareholders or employees during the vesting period.
Operation Annual awards will be granted in the form of nil-cost share options or conditional share awards. Awards are subject to continued service and the achievement of performance conditions normally measured over a three-year period. The awards will vest following the assessment of the performance conditions. Vested awards will be subject to a two-year post-vesting holding period. Dividends may accrue on awards. Any dividend equivalents would normally be delivered in shares. Malus and clawback provisions apply (see table on page 126).	
Maximum opportunity Maximum opportunity of up to 150 % of base salary in respect of a financial year. For the year ending 28 March 2026, the maximum opportunity will be equal to 100 % of base salary for each executive director.	

SHAREHOLDING GUIDELINES

Purpose and link to strategy

To strengthen the alignment between the interests of the executive directors and those of shareholders.

Operation

Within-employment

Executive directors are expected to build up and retain a shareholding equal to 200 % of salary. Executive directors are required to retain shares acquired under equity incentive schemes, net of tax, until such time as they have built up the expected holding.

Post-employment

Executive directors who step down from the Board are normally expected to retain a shareholding in 'guideline shares' equal to 200 % of salary (or their actual shareholding at the point of stepping down if lower) for two years following stepping down from the board. Executive directors who step down from the Board are normally expected to retain a shareholding in 'guideline shares' equal to 200 % of salary (or their actual shareholding at the point of stepping down if lower) for two years following stepping down from the board.

'Guideline shares' do not include shares that the executive director has purchased, shares that have been acquired under all-employee share plans or shares that have been acquired pursuant to the vesting of performance share plan awards or deferred bonus awards granted prior to 1 April 2020.

Unless the committee determines otherwise, an executive director or former executive director shall be deemed to have disposed of shares, which are not 'guidelines shares' before 'guideline shares'.

The committee retains discretion to waive this guideline if it is not considered appropriate in specific circumstances.

Notes on policy table

Malus and clawback

Malus and clawback provisions apply to annual bonus, deferred bonus awards and restricted share awards over the following time periods:

	Malus	Clawback
Annual bonus	To such time as payment is made.	Up to three years following payment.
Deferred bonus awards	Up to three years following the first day of the financial year in which the grant date falls.	Up to three years following the first day of the financial year in which the grant date falls.
Restricted share awards	To such time as the award vests.	Up to three years following vesting.

Malus and clawback may apply in the following circumstances:

- Material misstatement of financial results.
- The bonus outcome or the number of shares granted or vesting under deferred bonus awards or performance share awards was based on error, inaccurate or misleading information.
- Substantial failure of risk control.
- Serious misconduct by the participant.
- Corporate failure.
- The Group suffers a material downturn in its financial or operational performance, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- The Group suffers reputational damage, which is at least partly due to a material failure in the management of the Group to which the individual made a material contribution.
- Other exceptional circumstances as determined by the committee.

A clawback period of up to three years is considered appropriate on the basis that:

- it is reasonable to assume that the circumstances in which clawback may be applied would be discovered within a three year period;
- it is considered a reasonable period to support the enforceability of clawback; and
- it is aligned with market practice across the FTSE SmallCap and FTSE 250.

Choice of performance conditions

The performance conditions for the annual bonus reflect the Group's annual financial and strategic priorities. The annual bonus incorporates an underlying PBT, net cash and personal linked performance conditions. Targets are set taking into account the Group's internal financial forecasts and key priorities at the start of the financial year.

The performance conditions for the performance share awards reflect the Group's long-term financial and strategic priorities. The performance conditions applying to the 2026 performance share awards are set out on page 132.

No performance targets are set for any sharesave plan awards since these form part of all-employee arrangements that are purposefully designed to encourage share ownership for all employees.

The discretions retained by the committee in operating the annual bonus and the PSP

The committee will operate the annual bonus (including the deferred share element) and the PSP according to their respective rules. The committee retains certain discretions, consistent with market practice, relating to the operation and administration of these plans, including:

- The timing of the grant and/or vesting of awards.
- The quantum of awards (up to plan and policy limits).
- The determination of performance conditions, underpins and targets and resulting vesting levels.
- The determination of the treatment of individuals who leave employment and the treatment of awards in exceptional events such as a change of control of the Company.
- The ability, in exceptional circumstances, to settle share-based awards in cash (for example, where share settlement is not feasible due to regulatory restrictions).
- The ability to adjust or set different performance conditions or targets if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions), which cause the committee to determine that the performance conditions and/or targets are no longer appropriate and the amendment is required so that they achieve their original purpose and are not materially less difficult to satisfy.
- The ability to make adjustments to existing awards in the event of a variation in share capital or a demerger, delisting, special dividend or other exceptional event that may affect the Company's share price.

Any use of the above discretions would, where relevant, be explained in the annual report on remuneration and may, as appropriate, be the subject of consultation with the Group's major shareholders.

Legacy arrangements

The committee retains discretion to make any remuneration payment and/or payment for loss of office, to exercise any discretion available in relation to such payment, notwithstanding that it is not in line with this policy where the terms of the payment were agreed:

- Before 2 September 2014 (the date that the Company's first shareholder approved remuneration policy came into effect).
- Before this policy came into effect (provided that the terms of the payment were consistent with the shareholder approved remuneration policy in effect at the time the terms were agreed).
- At a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration of the individual becoming a director of the Company.

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than at the time the award is granted.

The executive directors' legacy arrangements include unvested deferred bonus awards and restricted share awards (see page 136).

Illustration of application of the policy

The remuneration package comprises core fixed pay (base salary, benefits and pension) and performance-based variable pay (annual bonus and performance share awards). The chart below illustrates the composition of the executive directors' remuneration packages under the policy for minimum, target and maximum performance.

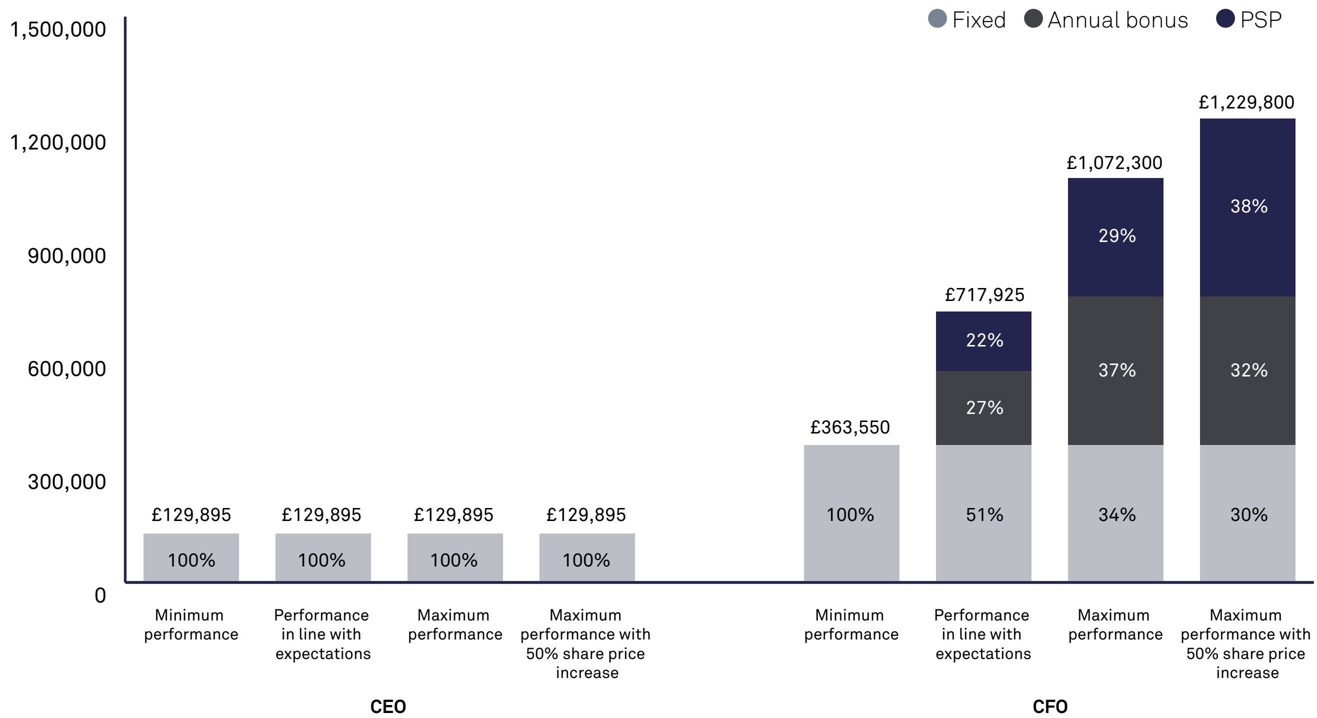
The following assumptions have been made:

- Minimum — Fixed pay only with no vesting under the annual bonus or PSP.
- Target — Fixed pay plus a bonus vesting outcome of 50% of maximum opportunity (for 2026, 62.5% of salary) and PSP vesting outcome of 50% of maximum opportunity (for 2026, 50% of salary).
- Maximum – Fixed pay plus a maximum bonus vesting outcome (for 2026, 125% of salary) and maximum PSP vesting outcome (for 2026, 100% of salary).
- Maximum plus 50% share price appreciation: illustrating the effect of a 50% growth in the Company's share price on the value of the performance share awards.

Fixed pay comprises:

- Salaries effective as at 1 July 2025.
- Benefits received by each executive director in respect of 2025 and, for the CFO, an acting-up allowance for the period 1 May to 31 December 2025.
- Pension opportunity for 2026.

The scenarios for minimum, target and maximum performance do not include any share price growth.



Directors' remuneration report

Executive directors' service agreements and compensation for departure from office

All executive directors' service agreements run on a rolling basis. Notice periods of 12 months are required to be given by either party. Full details of the service agreements for each director are available from the Company secretary at the AGM.

The principles on which the determination of compensation for departure from office will be approached are set out below.

Provision	Policy
Payments in lieu of notice	Service agreements include a payment in lieu of notice clause, which provides that payments may be made based on the value of base salary that would have accrued over the 12-month notice period or unexpired proportion of the notice period. Payments in lieu of notice are subject to mitigation.
Annual bonus	Discretionary payment based on the circumstances of the termination and after assessing performance conditions and normally only for the service period worked. The committee has discretion to pay the whole of any bonus earned for the year of departure and/or preceding year in cash in appropriate circumstances.
Deferred bonus award	The extent to which any unvested awards will vest will be determined in accordance with the DSBP rules. Unvested awards will lapse where departure is by reason of dismissal for misconduct, fraud, performance issues, taking up alternative employment at a competitor or for any other reason at the committee's discretion. Where unvested awards do not lapse on departure, they will normally vest on the normal vesting date (other than in exceptional circumstances (for example death) when vesting will be as soon as practicable following departure).
Performance Share Plan	The extent to which any unvested award will vest will be determined in accordance with the PSP rules. Unvested awards will normally lapse on departure. However, if the executive director departs as a good leaver (death, injury or disability, retirement, the sale of the business or company that employs the individual or for any other reason at the committee's discretion), their unvested awards will vest on the normal vesting date (other than in the case of exceptional circumstances (for example death) when vesting will be as soon as practicable following departure). To the extent that the award vests, a two-year holding period would then normally apply (although no holding period will apply in exceptional circumstances). Vesting will depend on the extent to which the performance conditions have been satisfied and will normally be subject to a pro-rata reduction to reflect the vesting period served relative to the period of three years (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).
Change of control	Deferred bonus awards will normally vest in full in the event of a change of control. Performance share awards will normally vest in the event of a change of control. The level of vesting will be determined taking into account the extent to which the performance conditions have been satisfied at the date of the relevant event and will be subject to a pro-rata reduction to reflect the vesting period served relative to the period of three years (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).
Other payments	In appropriate circumstances, payments may also be made in respect of items such as accrued holiday, outplacement and legal fees. The vesting of sharesave awards will be determined in accordance with the plan rules. The committee will have the authority to settle any legal claims made against the Company in connection with the departure.

Recruitment remuneration policy

The remuneration of a new executive director will normally include base salary, benefits, pension and participation in the annual bonus and PSP in accordance with the policy table for executive directors. The committee also has discretion to include other remuneration elements, which it considers appropriate taking into account the specific circumstances of the recruitment, subject to the principles and limits set out below. The key terms and rationale for any such element would be disclosed in the annual report on remuneration for the relevant year.

Element	Policy
Base salary	Base salary levels will be set taking into account the experience and calibre of the individual and the relevant market rates at the time. Where it is appropriate to offer a lower salary initially, progressive increases (possibly above those of the wider workforce as a percentage of salary) to achieve the desired salary positioning may be given over the following few years subject to individual performance and continued development in the role. Salary will be considered in the context of the total remuneration package.
Benefits	Benefits will be provided in line with those offered to other employees, with relocation expenses/arrangements provided for if necessary. Should it be appropriate to recruit a director from overseas, flexibility is retained to provide benefits that take account of those typically provided in their country of residence (e.g. it may be appropriate to provide benefits that are tailored to the unique circumstances of such an appointment).
Pension	Pension contributions or a cash supplement (or a combination of both) up to the maximum level indicated in the policy table will be provided, although the committee retains the discretion to structure any arrangements as necessary to comply with the relevant legislation and market practice if an overseas director is appointed.
Variable remuneration	The maximum level of variable remuneration, which may be awarded to new executive directors, excluding the value of any buy-out arrangements, will be in line with the limits sets out in the policy table. The committee may apply different performance conditions, performance periods and/or vesting periods for initial awards made following appointment under the annual bonus and/or PSP, if it determines that the circumstances of the recruitment merit such alteration. If an executive director is appointed at a time in the year when it would be inappropriate to provide an annual bonus or restricted share award for that year, subject to the limits on variable remuneration set out in the policy table, the quantum in respect of the period employed during the year may be transferred to the subsequent year.
Buy-out arrangements	The committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive director leaving a previous employer when it considers these to be in the best interests of the Company and its shareholders. It will, where possible, ensure that these awards are consistent with awards forfeited in terms of the form of award, vesting periods and expected value. Such elements may be made under section 9.3.2R of the UK Listing Rules where necessary.
Other elements of remuneration	Other elements may be included in the following circumstances: An interim appointment being made to fill an executive director role on a short-term basis. If exceptional circumstances require that the chair or a non-executive director takes on an executive role on a short-term basis.

In the case of an internal hire, any ongoing remuneration commitments or variable pay awarded in relation to the previous role will be allowed to continue according to its terms of grant (adjusted as relevant to take into account the board appointment).

On the appointment of a new chair or non-executive director, the fees will be set taking into account the experience and calibre of the individual and the expected time commitments of the role.

Directors' remuneration report

Policy table for the Chair and non-executive directors

FEES AND BENEFITS
Purpose and link to strategy
To attract and retain a high-calibre chair and non-executive directors by offering market competitive fee levels.
Operation
The chair and the non-executive directors receive a basic board fee, with supplementary fees payable for additional board/committee responsibilities or exceptional time commitments. The fee for the chair is approved by the remuneration committee. The fees for the non-executive directors are approved by the board, on the recommendations of the chair and the Chief Executive Officer. The fee levels are normally reviewed on a periodic basis, and may be increased, taking into account factors such as the time commitment of the role and market levels in companies of comparable size and complexity. Fee increases may be greater than those of the wider workforce in a particular year, reflecting the periodic nature of increases and that they may take into account changes in responsibility and/or time commitments. Overall fees paid to the chair and non-executive directors will remain within the limits set by the Company's Articles of Association. The chair and non-executive directors may be eligible to receive benefits linked to their duties. This includes, but is not limited to, the reimbursement of any normal business-related expenses and any taxable benefit implications that may result. The chair and non-executive directors do not participate in any of the Group's incentive arrangements or pension scheme.

Chair and non-executive director letters of appointment

The chair and non-executive directors are subject to re-appointment at each AGM. Notice periods of one month are required to be given by either party. The chair and non-executive directors are not entitled to any compensation on loss of office.

Name	Date of letter of appointment	Letter of appointment expiry date (subject to annual re-election at each AGM)
Charlie Cornish	1 May 2024	30 April 2033
Mark Pegler	3 October 2022	4 October 2031
Cynthia Gordon	21 October 2024	20 October 2033
Ian McAulay	25 November 2024	24 November 2033
Janice Crawford	25 November 2024	24 November 2033

Engaging with our shareholders

The committee engages directly with major shareholders where it considers there to be material changes to the remuneration policy or executive remuneration framework. As part of the current remuneration policy review, a comprehensive shareholder consultation was undertaken and the committee carefully considered the feedback received from major shareholders as part of its decision making. The committee is very appreciative of the time taken by shareholders to engage on the remuneration policy and is pleased with the level of support received.

Considerations of conditions and pay levels for workforce and workforce engagement on executive pay

In determining remuneration for executive directors, the committee takes account of general market conditions and pay levels for the workforce as a whole. This includes reviewing wage growth generally and the proportion of earnings paid as bonus to groups of staff at each level – executive directors, senior staff and all other employees (some of whom receive a profit share bonus and all of whom are eligible to participate in a sharesave scheme).

The Group recognises a number of trade unions who are consulted regarding wage settlements on a site-by-site basis and seeks employee participation on a range of matters. This includes giving employees the opportunity through the MyVoice forum to challenge how executive remuneration is aligned with the wider Company pay policy.

Part 2 – Annual remuneration report

In this section, we report on the implementation of our policy in the year ended 29 March 2025, as well as how the policy will be implemented for 2026. The regulations require the auditor to report to the Group's shareholders on the auditable part of the directors' remuneration report and to state whether, in its opinion, that part of the report has been properly prepared in accordance with the Companies Act 2006. The relevant sections subject to audit have been highlighted in the annual report on remuneration.

Implementation of policy for 2026

Executive Directors

Set out below is a summary of how the policy is intended to be implemented for executive directors for the year ending 28 March 2026.

	Implementation for the year ending 28 March 2026
Base salary	Salaries for the executive directors were reviewed in June 2025 and were not increased. Therefore, salaries with effect from 30 March 2025 are as follows: Alan Dunsmore: £460,000 Adam Semple: £315,000. The overall salary increases for the wider workforce were nil other than in exceptional circumstances. Adam Semple was awarded a 5% non-pensionable, non-bonusable monthly acting-up allowance (equivalent to £15,750 per annum/£1,312 per month) to be paid as an additional cash amount effective from 1 May 2025. This is to reflect the additional leadership responsibilities that he is undertaking in light of Alan Dunsmore stepping down as CEO and leaving the Group. The acting-up allowance will remain in place until the earlier of 1 January 2026 or the appointment date of a new CEO.
Benefits	In line with benefits provided in the year ended 29 March 2025. The CEO and CFO will be entitled to a car allowance of £18,000 and £15,000, respectively. Executive directors will also be entitled to life insurance cover and medical insurance.
Pension	Pension contribution for executive directors is 7% of salary. This is aligned with the contribution available to the wider workforce.
Bonus	The proposed maximum bonus opportunity for the CFO is 125 % of salary. The award will be subject to profit before tax (PBT) targets (60 %), net cash targets (20 %) and personal objectives (focused on driving manufacturing excellence and commercial improvements) (20%). The targets are currently considered commercially sensitive. Full details of the targets and performance against them will be disclosed in the 2026 directors' remuneration report.

Directors’ remuneration report

	Implementation for the year ending 28 March 2026
PSP	It is the committee’s intention to grant a PSP award with a maximum opportunity equal to 100 % of salary to the CFO, with a potential adjustment of up to 25% to avoid potential windfall gain. The awards will vest in June 2028 subject to the EPS targets (50 %), ROCE targets (20 %) and transformation objectives (30 %). Vested awards will be subject to a two-year holding period. We are in the process of finalising our EPS and ROCE targets and these will be disclosed at the point of grant (via RNS) and subsequently in next year’s directors’ remuneration report. Transformation objectives will be linked to our workstreams aimed at improving efficiencies and unlocking value in all aspects of our operation, including specific programmes relating to market prioritisation, manufacturing and project delivery. Below are two examples of the metrics we will be measuring against. • Deliver a three-year manufacturing efficiency improvement programme, with projects and cost-saving targets agreed at the start of each financial year. Progress will be measured by milestone achievement (% of agreed initiatives delivered) and verified cost savings (£ saved) against the approved plan. • X% and/or £X of projects delivered at or above target margin. Whilst we are committed to transparency, certain details of the transformation programme metrics are commercially sensitive and will therefore be disclosed retrospectively at the point of vesting (at which point, they will no longer be considered commercially sensitive), in line with market practice. The committee will have discretion to adjust the formulaic vesting outcome if it is not considered to be appropriate, taking into account wider Group performance during the performance period. This includes consideration of any ‘windfall gains’ at the point of vesting. In assessing whether there is any ‘windfall gain’, the committee will take into account a number of factors, including share price performance over the vesting period, financial performance of the business, and any significant events that have impacted the Company’s share price or market as a whole.

Non-executive Directors

Set out below is a summary of the key elements of how the policy is intended to be implemented for non-executive directors for the year ending 28 March 2026.

	Implementation for the year ending 28 March 2026
Fees and benefits	Fees for the non-executive directors were reviewed in March 2025 and retained at their current levels: • Non-executive chair: £162,500 • Basic fee for other non-executive directors: £52,000 • Additional fee for SID role: £7,500 • Additional fee for chair of audit and remuneration committees: £7,500 • Additional fee for workforce engagement director role: £7,500

Remuneration committee

Membership, meetings and attendance

The Group has an established remuneration committee, which is constituted in accordance with the recommendations of the UK Corporate Governance Code.

The members of the remuneration committee who served during the year are shown below, together with their attendance at remuneration committee meetings (all committee members attended all meetings held during their tenure).

Name	Number of meetings attended
Louise Hardy (chair from 31 March 2024 until 31 October 2024)	1/1
Cynthia Gordon (chair from 31 October 2024)	3/3
Mark Pegler	4/4
Charlie Cornish (from 1 May 2024)	4/4
Kevin Whiteman (until 30 July 2024)	1/1
Alun Griffiths (until 30 July 2024)	1/1
Ian McAulay (from 25 November 2024)	3/3
Janice Crawford (from 25 November 2024)	3/3

The Group considers all members of the committee to be independent. Executive directors and the Group HR director may attend remuneration committee meetings at the invitation of the committee chair, but do not take part in any discussion about their own remuneration. The Company secretary acts as the secretary to the remuneration committee.

The terms of reference for the remuneration committee are available on the Company's website.

Advisers to the committee

Wholly independent and objective advice on executive remuneration is received from the committee's external advisers.

Deloitte were appointed in December 2020 following a tender organised by the committee. Deloitte is one of the founding members of the Remuneration Consultants Group and is a signatory to its Code of Conduct. Fees charged by Deloitte provided to the committee for the year ended 29 March 2025 amounted to £42,250 (excluding VAT).

Directors' earnings for the 2025 financial year (audited)

	Year ended 29 March 2025								
£000	**Salary**	**Fees**	**Benefits[7]**	**Pension**	**Total fixed pay**	**Bonus**	**LTIPs[8]**	**Total variable pay**	**Total**
Executives									
Alan Dunsmore	446	–	19	31	496	–	–	–	496
Derek Randall[1]	305	–	16	21	342	–	–	–	342
Adam Semple	305	–	16	21	342	–	–	–	342
Non-executives									
Kevin Whiteman[2]	–	50	–	–	50	–	–	–	50
Alun Griffiths[2]	–	19	–	–	19	–	–	–	19
Mark Pegler	–	64	–	–	64	–	–	–	64
Louise Hardy[3]	–	39	–	–	39	–	–	–	39
Charlie Cornish[4]	–	122	–	–	122	–	–	–	122
Cynthia Gordon[5]	–	23	–	–	23	–	–	–	23
Janice Crawford[6]	–	18	–	–	18	–	–	–	18
Ian McAulay[6]	–	21	–	–	21	–	–	–	21
	1,056	**356**	**51**	**73**	**1,536**	**–**	**–**	**–**	**1,536**

1 Stepped down from the board on 31 March 2025
2 Stepped down from the board on 30 July 2024
3 Stepped down from the board on 31 October 2024
4 Appointed 1 May 2024 and took over as chair on 30 July 2024
5 Appointed 21 October 2024 remuneration committee chair from 31 October 2024
6 Appointed 25 November 2024
7 Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance
8 PSP awards granted in 2022 lapsed in full in 2025

Directors' remuneration report

Directors' earnings for the 2024 financial year (audited)

	Year ended 30 March 2024								
£000	Salary	Fees	Benefits[4]	Pension	Total fixed pay	Bonus	LTIPs[5]	Total variable pay	Total
Executives									
Alan Dunsmore	399	–	19	28	446	220	289	509	955
Derek Randall	292	–	44	20	356	191	158	349	705
Adam Semple	272	–	16	19	307	150	148	298	605
Ian Cochrane[1]	175	–	8	12	195	–	–	–	195
Non-executives									
Kevin Whiteman	–	146	–	–	146	–	–	–	146
Alun Griffiths	–	59	–	–	59	–	–	–	59
Mark Pegler	–	53	–	–	53	–	–	–	53
Louise Hardy	–	60	–	–	60	–	–	–	60
Rosie Toogood[2]	–	41	–	–	41	–	–	–	41
Tony Osbaldiston[3]	–	18	–	–	18	–	–	–	18
	1,138	**377**	**87**	**79**	**1,681**	**561**	**595**	**1,156**	**2,837**

1 Stepped down from the board on 30 September 2023

2 Stepped down from the board on 12 February 2024

3 Stepped down from the board on 31 July 2023

4 Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance

5 The value of PSP awards granted in 2021, which vested on 20 June 2024, have been updated for the actual share price on the date of vesting (73.6p) and the value of dividend equivalents between the grant date and the vesting date

Past directors/loss of office payments (audited)

Alan Dunsmore stepped down as CEO and left the Group on 30 June 2025. The treatment of Alan Dunsmore's remuneration arrangements are set out in the table below.

Element	Agreed treatment
Base salary, pension and benefits	Received his salary, pension and benefits up to 30 June 2025.
Payment in lieu of notice	Received pay in lieu of notice for 12 months from 30 June 2025 equal to £460,000 (based on the value of salary that would have accrued over the notice period).
Annual bonus	Not eligible to receive a bonus in respect of the year ending 28 March 2026.
DSBP	Unvested deferred share bonus plan awards granted in June 2022, July 2023 and July 2024 will continue to vest in full on the normal vesting dates in June 2025, July 2026 and July 2027, respectively subject to the rules of the DSBP.
RSP	RSP awards granted in September 2023 and June 2024 will remain capable of vesting on the normal vesting dates in June 2026 and June 2027, respectively, subject to the assessment of performance underpins and to the rules of the PSP. To the extent that the awards vest, the awards will be pro-rated for time to reflect the proportion of the vesting periods served and will be subject to a two year post vesting holding period.
Other	Received a contribution of £2,500 in respect of legal costs incurred in relation to him stepping down as CEO and leaving the Group.

Derek Randall stepped down as an executive director on 31March 2025. He remains non-executive chair of JSSL. His unvested deferred share bonus plan awards granted in June 2022, July 2023 and July 2024 will continue to vest in full on the normal vesting dates in June 2025, July 2026 and July 2027, respectively. His RSP awards granted in September 2023 and June 2024 will remain capable of vesting on the normal vesting dates in June 2026 and June 2027, respectively, subject to the assessment of performance underpins. To the extent that the awards vest, the awards will be pro-rated for time to reflect the proportion of the vesting periods served as an executive director and will be subject to a two-year post vesting holding period. He received no payment for loss office.

Alun Dunsmore and Derek Randall are required to comply with the post-employment shareholding requirement as set out in the directors' remuneration policy.

There have been no payments to past directors during the year.

How pay linked to performance in 2025 (audited)

Bonus

Executive directors were granted an annual bonus opportunity equal to 125 % of salary. Of the award, 80 % was based on underlying PBT performance, 15 % based on safety performance and 5 % based on ESG performance.

Underlying PBT was below the threshold target and, although the safety performance and ESG targets were met, the committee decided that no bonus should be payable in the interests of alignment with the experience of all stakeholders.

PSP awards vesting in respect of 2025

Awards were granted on 11 July 2022 equal to 100 % of salary for the Chief Executive Officer and 75 % of salary for other executive directors.

The awards were subject to the achievement of an EPS performance condition measured over the three financial years ended 29 March 2025. Details of the EPS performance condition and performance outcome are set out below.

The awards will lapse in full in July 2025.

	EPS for the year ended 29 March 2025
Threshold (25% vesting)	**7.5p**
Maximum (100% vesting)	**8.8p**
Actual performance	**4.3p**
Vesting outcome	**0% of maximum**

Measure	Number of shares granted	Number of shares vesting	Dividend equivalents	Total value of award on vesting	Amount of award attributable to share price appreciation since grant date
Alan Dunsmore	634,076	–	–	–	0%
Derek Randall	348,144	–	–	–	0%
Adam Semple	325,000	–	–	–	0%

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that overall underlying profit performance was not as strong as had been forecast at the start of the year and we experienced during the year the bridge welding issues which have negatively impacted our non-underlying profit position and our cash position. No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the PSP awards.

Deferred bonus awards granted in 2025 (audited)

On 26 July 2024, the committee granted awards under the Group's Deferred Share Bonus Plan to executive directors in relation to the 2024 bonus outcome. The awards will vest on 26 July 2027 subject to continued employment or termination with good leaver status.

Measure	Type	Number of shares	Face value of shares[1]	Vesting date
Alan Dunsmore	Nil-cost option	110,000	£88,770	26 July 2027
Derek Randall	Nil-cost option	95,220	£76,843	26 July 2027
Adam Semple	Nil-cost option	75,173	£60,665	26 July 2027

1 Face value calculated using the average mid-market share price between 24 and 25 July 2024 (80.7p)

RSP awards granted in 2024 (audited)

Awards were granted on 24 June 2024 equal to 50 % of salary for all executive directors. The awards will vest in June 2027 subject to continued service and the satisfaction of performance underpins. Vested awards will be subject to a two-year holding period. The underpins are:

- Financial stability of the business. There is no breach of financial covenants in the Group's principal banking activities.
- Sustainability of the Group's underlying performance. There is not a material deterioration in the Group's underlying performance, which significantly departs from any deterioration across the industrial building and construction sector.
- Risk management. There is no material failure in risk management resulting in significant reputational damage and/or material financial loss to the Group.

- Health and safety performance. There is not a material deterioration in health and safety performance and there are no material health and safety failures.
- ESG performance. Sufficient progress is made against the Group's ESG strategy.

If one or more of the performance underpins are not achieved, the committee in June 2027 will assess an appropriate reduction to the vesting outcome.

Prior to the vesting of restricted share awards, the committee will also assess whether the Group's underlying financial and operational performance has been satisfactory both on an absolute basis and relative to peers.

Details of the awards made to the executive directors are summarised below.

Name	Type	Number of shares	% of salary	Face value (£)[1]
Alan Dunsmore	Nil-cost option	269,000	50%	£201,750.00
Derek Randall	Nil-cost option	197,000	50%	£147,750.00
Adam Semple	Nil-cost option	183,833	50%	£137,875.00

1 Face value calculated based on the pre-grant date share price of 75p based on the average over 19-21 June 2024

The committee retains discretion to adjust the formulaic vesting outcome if it is not considered to be appropriate, taking into account wider Group performance during the performance period. This includes consideration of any 'windfall gains' at the point of vesting.

Outstanding share awards at the year-end (audited)

Details of share awards under the PSP to the executive directors, which were outstanding at the year-end are shown in the following table:

Director	Year of award	Vesting date[2]	Performance condition	Awards held at 31 March 2024	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 29 March 2025
Alan Dunsmore								
	2021	2024	EPS	451,319	–	(116,892)	(334,427)	0
	2022	2025	EPS	634,076	–	–	–	634,076[4]
	2023	2026	n/a[1]	335,133	–	–	–	335,133
	2024	2027	n/a[1]	–	269,000	–	–	269,000
Total				1,420,528	269,000	(116,892)	(334,427)	1,238,209
Derek Randall								
	2021	2024	EPS	246,850	–	(63,935)	(182,915)	0
	2022	2025	EPS	348,144	–	–	–	348,144[4]
	2023	2026	n/a[1]	245,432	–	–	–	245,432
	2024	2027	n/a[1]	–	197,000	–	–	197,000
Total				840,426	197,000	(63,935)	(182,915)	790,576
Adam Semple								
	2021	2024	EPS	231,481	–	(59,954)	(171,527)	0
	2022	2025	EPS	325,000	–	–	–	325,000[4]
	2023	2026	n/a[1]	229,028	–	–	–	229,028
	2024	2027	n/a[1]	–	183,833	–	–	183,833
Total				785,509	183,833	(59,954)	(171,527)	737,861
				3,046,463	649,833	(240,781)	(688,869)	2,766,646

1 The 2023 and 2024 awards were RSP awards with performance underpins
2 Vesting date is June/July in the relevant years other than 2023 when it was December
3 There are no vested but unexercised awards
4 The 2022 PSP awards will lapse in full in July 2025

Statement of directors' shareholding (audited)

As at 29 March 2025, all executive directors and their connected persons had a shareholding as follows:

Name	Shareholding requirement[1]	Actual share ownership as a percentage of shareholding requirement as at 29 March 2025[1]
Alan Dunsmore	200%	92%
Derek Randall	200%	93%
Adam Semple	200%	47%

1 Value of actual share ownership was calculated with reference to the closing mid-market share price on 28 March 2025 of 22p. Actual share ownership includes net of tax figures for DSBP shares granted but still within the three-year deferral period and/or unexercised

Directors' current shareholdings (audited):

The following table provides details on the directors' beneficial interests in the Company's share capital as at 29 March 2025 (or, if earlier, the date the director stepped down from the board).

Name	Owned shares[1]	Share incentive plan (SIP)[2]	Sharesave scheme	DSBP[3]	PSP[4]	RSP	Total[5]
Executives							
Alan Dunsmore	1,731,830	3,371	31,747	371,532	634,076	604,133	3,376,689
Adam Semple	526,584	–	30,070	253,911	325,000	412,861	1,548,426
Derek Randall	1,149,852	–	–	340,625	348,144	442,432	2,281,053
Non-executives							
Mark Pegler	53,600	–	–	–	–	–	53,600
Charlie Cornish	–	–	–	–	–	–	–
Janice Crawford	–	–	–	–	–	–	–
Cynthia Gordon	–	–	–	–	–	–	–
Ian McAulay	–	–	–	–	–	–	–
Kevin Whiteman[6]	65,619	–	–	–	–	–	65,619
Alun Griffiths[6]	60,000	–	–	–	–	–	60,000
Louise Hardy[6]	–	–	–	–	–	–	–

1 Includes shares owned by connected persons and excludes DSBP shares that have been granted but are either still within the three-year deferral period or which consist of unexercised options

2 SIP shares are unvested and held in trust

3 The figures consist of the gross number of unexercised nil cost share options and the principal terms of the deferred share bonus plan are described on page 135

4 PSP shares are in the form of conditional awards that will only vest either on the achievement of certain performance conditions or in the case of RSP awards, which are subject to performance underpins. The total includes 2022 awards that have not yet lapsed

5 There have been no changes in the directors' interests in the shares issued or options granted by the Company between the end of the period and the date of this annual report. There have been no changes in the directors' beneficial interests in trusts holding ordinary shares of the Company

6 Kevin Whiteman and Alun Griffiths stepped down on 30 July 2024 and Louise Hardy on 31 October 2024

Position against dilution limits

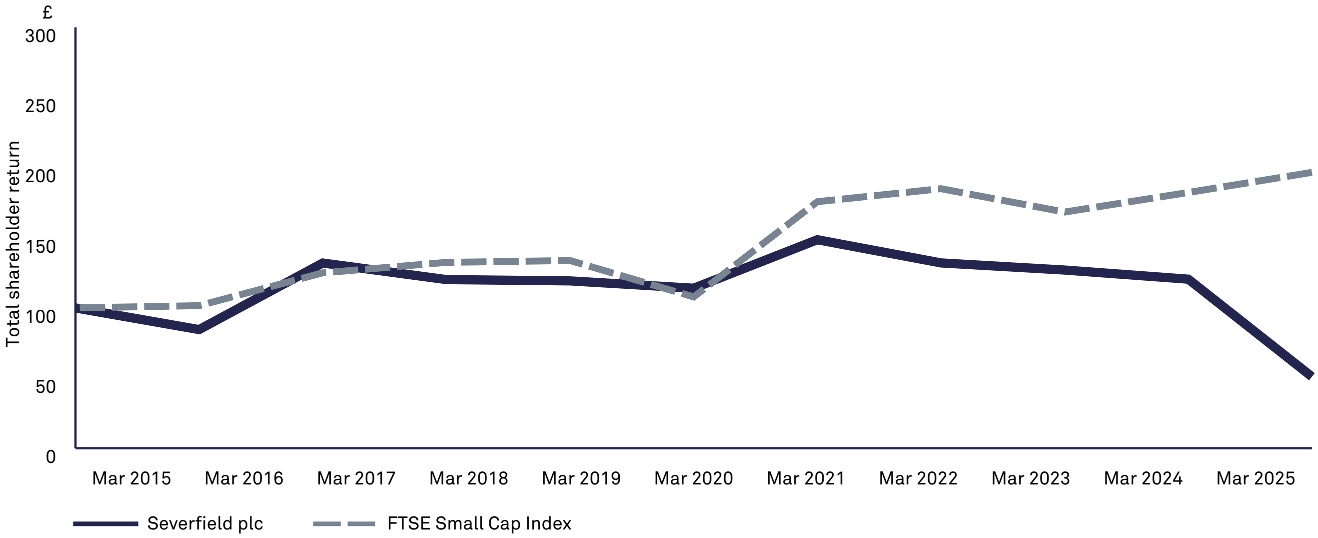
Severfield plc complies with the Investment Association's principles of executive remuneration. These principles require that commitments under all of the Group's share ownership schemes (including the share incentive plan ('SIP'), sharesave scheme and the PSP) must not exceed 10 % of the issued share capital in any rolling ten-year period. Within this 10 % limit, the Group can only issue 5 % of its issued share capital to satisfy awards under executive discretionary schemes. The Group was operating within these limits as at 29 March 2025.

Directors' remuneration report

Performance graph

The following graph shows the Group's performance, measured by total shareholder return, compared with the performance of the FTSE SmallCap Index. It is based on the change in the value of £100 investment made on 1 April 2015 over the ten-year period ended 29 March 2025.

The index was selected as it represents a broad equity market index and is considered to be the most appropriate comparator group of companies over a ten-year period commencing April 2015.



Chief Executive Officer remuneration change

The table below shows the total remuneration figure for the Chief Executive Officer role over the same ten-year period. Total remuneration includes bonuses and the value of PSP awards, which vested based on performance in those years (at the share price at which they vested).

Name	2016 Lawson	2017 Lawson	2018 Lawson[1]	2018 Dunsmore[2]
Total remuneration (£000)	946	1,228	738	819
Annual bonus (%)	63.0%	95.0%	–	62.6%
LTIP vesting (%)	64.0%	74.0%	95.4%	95.4%

Name	2019 Dunsmore	2020 Dunsmore	2021 Dunsmore	2022 Dunsmore	2023 Dunsmore	2024 Dunsmore	2025 Dunsmore
Total remuneration (£000)	890	880	747	521	1,125	933	496
Annual bonus (%)	20.0%	61.0%	80.0%	17.0%	80.0%	44.0%	0.0%
LTIP vesting (%)	100.0%	85.0%	–	–	100.0%	74.0%	0.0%

1 Ian Lawson received compensation of £408,000 for loss of office in accordance with his contract

2 Alan Dunsmore operated as interim Chief Executive Officer from 1 April 2017 to 31 January 2018, during Ian Lawson's absence due to physical ill health. Alan's appointment to this role was made permanent from 1 February 2018. The figures in the table above represent Ian Lawson's remuneration for this period and Alan Dunsmore's remuneration for the period in which he was both interim and permanent Chief Executive Officer

How the change in directors' pay for the year compares to that of the Group's employees

The table below shows the percentage change in salary, benefits and annual bonus earned for the directors compared to the percentage change of each of those components of pay of the employees of the Group (calculated by reference to the mean on employee pay on a full-time equivalent basis).

Comparison between 2024 and 2025	Base salary/fees	Benefits	Annual bonus
Alan Dunsmore	12%	0%	(100%)
Derek Randall	4%	(64%)	(100%)
Adam Semple	12%	0%	(100%)
Kevin Whiteman[4]	(66)%	0%	0%
Alun Griffiths[7]	(68)%	0%	0%
Louise Hardy[8]	(35)%	0%	0%
Mark Pegler[1]	21%	0%	0%
All UK employees	4%	0%	(1%)

No figures are included for Ian McAulay, Charlie Cornish, Cynthia Gordon or Janice Crawford since they were only appointed in 2025.

The main differences between 2025 and 2024 are the exceptional salary increases awarded to Alan Dunsmore and Adam Semple, the non-executive director fees review undertaken last year, both as explained in last year's report, lower bonus pay outs in 2025 and the departure of directors during the year.

Employees that are not included in the senior management and director bonus scheme received a discretionary £750 festive gift in both financial years.

Comparison between 2023 and 2024	Base salary/fees	Benefits	Annual bonus
Alan Dunsmore	5%	5%	(27%)
Derek Randall	5%	5%	(16%)
Adam Semple	5%	-	(29%)
Ian Cochrane[5]	(48%)	(50%)	(100%)
Kevin Whiteman	4%	–	–
Alun Griffiths	(2%)	–	–
Tony Osbaldiston[6]	(66%)	–	–
Louise Hardy	13%	–	–
Rosie Toogood[2]	(9%)	–	–
Mark Pegler[1]	140%	–	–
All UK employees	6%	164%	(41%)

The main differences between 2024 and 2023 are lower bonus pay outs in 2025 and the departure of directors during the year.

The large increase in employee benefits reflects the cost-of-living payment made in 2024.

Employees that are not included in the senior management and director bonus scheme received a discretionary £750 festive gift in both financial years.

Directors' remuneration report

Comparison between 2023 and 2022	Base salary/fees	Benefits	Annual bonus
Alan Dunsmore	3%	–	387%
Ian Cochrane	3%	–	389%
Derek Randall	3%	5%	105%
Adam Semple	3%	–	388%
Kevin Whiteman	–	–	–
Alun Griffiths	–	–	–
Tony Osbaldiston	–	–	–
Louise Hardy	–	–	–
Rosie Toogood	–	–	–
Mark Pegler[1]	n/a	–	–
All UK employees	5%	7%	107%

The significant increase in bonus in 2023 is driven by the achievement of the PBT element of the bonus scheme, leading to a pay-out of 80 % compared to 17 % in 2022. When compared to 2021 (which also paid out at 80 %), bonuses have increased by an average of 6 %, which is in line with the increase in base salaries.

Comparison between 2022 and 2021	Base salary/fees	Benefits	Annual bonus
Alan Dunsmore	1%	–	(78%)
Ian Cochrane	1%	–	(78%)
Derek Randall[3]	1%	(49%)	(41%)
Adam Semple	2%	–	(78%)
Kevin Whiteman	53%	–	–
Alun Griffiths	26%	–	–
Tony Osbaldiston	18%	–	–
Louise Hardy	33%	–	–
Rosie Toogood[2]	n/a	n/a	n/a
All UK employees	4%	16%	(67%)

Comparison between 2021 and 2020	Base salary/fees	Benefits	Annual bonus
Alan Dunsmore	2%	–	33%
Ian Cochrane	2%	–	33%
Derek Randall	2%	–	15%
Adam Semple	7%	–	38%
Kevin Whiteman[4]	103%	–	–
Alun Griffiths	6%	–	–
Tony Osbaldiston	–	–	–
Louise Hardy	–	–	–
All UK employees	2%	–	6%

1 Mark Pegler was appointed to the board with effect from 5 October 2022
2 Rosie Toogood was appointed to the board with effect from 16 June 2021 and stepped down on 12 February 2024
3 Derek Randall's 2021 benefit included £40,000 of cost-of-living allowance relating to 2020 but wholly paid in 2021
4 Kevin Whiteman was appointed as Chair on 3 September 2020 and stepped down on 30 July 2024
5 Ian Cochrane stepped down from the board on 30 September 2023
6 Tony Osbaldiston stepped down from the board on 31 July 2023
7 Alun Griffiths stepped down from the board on 30 July 2024
8 Louise Hardy stepped down from the board on 31 October 2024

Chief Executive Officer pay ratio disclosure

Year	Method of calculation adopted	25th percentile pay ratio (CEO: UK employees)	Median pay ratio (CEO: UK employees)	75th percentile pay ratio (CEO: UK employees)
2025	Option A[1]	13:1	11:1	8:1
2024	Option A[1]	27:1	19:1	15:1
2023	Option A[1]	35:1	26:1	19:1
2022	Option A[1]	19:1	13:1	10:1
2021	Option A[1]	25:1	18:1	14:1
2020	Option A[1]	30:1	22:1	17:1

1 Option A methodology was selected on the basis that it is a robust approach and is preferred by shareholders and proxy voting agencies. The calculations for the representative employees were performed at the final day of the relevant financial year

A substantial proportion of the Chief Executive Officer's total remuneration is performance related and delivered in shares. The ratios will, therefore, depend significantly on the Chief Executive Officer's annual bonus and PSP outcomes and may fluctuate year-to-year.

The median ratio of 11:1 is 42 % lower than the median ratio of 19:1 in 2024. This decrease in the Chief Executive Officer pay ratio is due to the Chief Executive Officer receiving a lower bonus and PSP vesting outcome in 2025 (bonus: 0 % of maximum; PSP: 0 % of maximum) compared to 2024 (bonus: 44 % of maximum; PSP: 74 % of maximum).

The committee has confirmed that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

Total pay and benefits used to calculate the ratios

Pay details for the Chief Executive Officer and individuals whose remuneration is at the median, 25th percentile and 75th percentile amongst full-time equivalent UK-based employees are as follows:

	Chief Executive Officer £000	25th percentile £000	Median £000	75th percentile £000
Year 2025				
Salary	**446**	**35**	**44**	**57**
Total pay and benefits	**496**	**37**	**47**	**61**
Year 2024				
Salary	399	32	45	56
Total pay and benefits*	955	35	49	64
Year 2023				
Salary	381	30	41	55
Total pay and benefits	1,125	32	44	58
Year 2022				
Salary	369	23	38	45
Total pay and benefits	521	28	40	54
Year 2021				
Salary	364	29	37	49
Total pay and benefits	747	29	41	53
Year 2020				
Salary	356	26	38	48
Total pay and benefits	880	29	40	51

* Updated to reflect final LTIP value (as per the single figure table

The UK employee percentile total pay and benefits has been calculated based on the amount paid or receivable for the relevant financial year for the full-time equivalent annualised remuneration (comprising salary, benefits, pension, annual bonus and LTIPs) for all UK-based employees of the Group as at the last day of the relevant financial year. The calculations are on the same basis as required for the Chief Executive Officer's remuneration for single figure purposes. The committee selected this methodology as it was felt to produce the most statistically accurate result.

Directors' remuneration report

Relative importance of spend on pay

The following table shows the actual spend on pay for all employees relative to revenue and underlying operating profit before the results of JVs and associates:

	2025 £000	2024 £000	% change
Staff costs	**127,590**	116,440	10%
Revenue	**450,913**	463,465	(2%)
Underlying[1] operating profit	**21,653**	37,690	(43%)
Dividends	**11,164**	10,714	4%

1 There were 13,356,334 share buybacks during the year

Shareholder voting

The results below show the response to the 2024 AGM shareholder voting for the directors' 2024 remuneration report (excluding remuneration policy):

	Total number of votes	% of votes cast
For	223,632,147	98.89
Against	2,519,750	1.11
Total votes cast (for and against)	226,151,897	100
Withheld votes	123,161	n/a

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration policy:

	Total number of votes	% of votes cast
For	232,598,556	98.61
Against	3,272,944	1.39
Total votes cast (for and against)	235,871,500	100
Withheld votes	66,717	n/a

Approval

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

CYNTHIA GORDON
CHAIR OF THE REMUNERATION COMMITTEE

24 July 2025

Statement Of Directors' Responsibilities

in respect of the Annual Report and Financial Statements

The directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law, and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law, the 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 Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable and, in respect of the parent Company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose, with reasonable accuracy at any time, the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK, governing the preparation and dissemination of financial statements, may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the directors in respect of the annual report and accounts

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

24 July 2025

Financial Statements

Financial statements – Group

Financial statements – Company

Independent Auditor's Report

to the members of Severfield plc

1. Our opinion is unmodified

We have audited the financial statements of Severfield plc ("the Company") for the 52 week period ended 29 March 2025 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, Company Balance Sheet and Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 29 March 2025 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the shareholders on 2 September 2015. The period of total uninterrupted engagement is for the ten financial periods ended 29 March 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£1.5m (2024:£1.5m) 0.3% of revenue (2024: 4.7% of normalised group profit before tax)
Key audit matters	**vs 2024**
Recurring risks	Carrying value of construction contract assets and onerous contract provisions, and revenue and profit recognition in relation to construction contracts
	Parent Company's Key audit matter: Recoverability of parent Company's investments
Event driven	**New:** Appropriateness of the bridges remedial provision
	New: Going concern
	New: Recoverability of goodwill in respect of the Infrastructure and Commercial & Industrial cash generating units

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	Overview	Overview
Appropriateness of the bridges remedial provision Bridges remedial provision: (£27.3m; 2024: £nil) *Refer to page 108 (Audit Committee Report), page 166/171 (accounting policy) and note 20 (financial disclosures).*	**Subjective estimate:** In H1 2025, the Group identified welding defects in a population of bridge structures that were either completed or under construction. The Group has recorded a provision related to testing and remedial costs on the identified population of bridge structures, and the consequential costs and claims from customers. Judgement is exercised in the determination of whether the provision criteria are met and a provision ought to be recognised, and whether this should be reflected in revenue or within the provision. Estimation uncertainty then exists in the assessment of the likely costs to be incurred, and hence the quantum of the provision The estimate is based on current contractual obligations and expected price levels which are inherently subjective, as well as the outcome of testing and commercial negotiation with effected customers, much of which is ongoing. We also identified a fraud risk related to the completeness and accuracy of the bridges remedial provision in response to possible pressures to meet profit targets. The effect of these matters is that, as part of our risk assessment, we determined that the bridges remedial provision has a high degree of estimation uncertainty, with a potential range of outcomes greater than our materiality, and possibly many times that amount, for the financial statements as a whole. Therefore, auditor judgement is required to assess whether the directors' estimates for the bridges remedial provision falls within an acceptable range. The financial statements (note 2) disclose the nature and extent of the estimates and judgements made by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Historical comparisons:** Performing retrospective reviews to assess the accuracy in forecasting the bridge remedial costs incurred to date; – **Test of detail:** Assessing the judgement as to whether the criteria for recognising provisions had been met by inspecting correspondence and inspection reports for the relevant contracts; – **Test of detail:** Obtaining underlying supporting evidence for the accuracy of the estimated provision for a risk-based sample of costs, including subcontractor invoices where available; – **Site visits:** For certain higher risk or larger value bridges requiring remedial work, attending in person site visits, with the involvement of our own industry specialists, inspecting the physical progress on site and identifying areas of complexity through observation and discussion with site personnel; – **Our major projects expertise:** For certain higher risk or larger bridge contracts, using our major projects specialists to assess the estimated costs of remediating the identified issues, to challenge the amount of the provisions held; – **Assessing transparency:** Assessing whether the Group's disclosures about the sensitivity of the provision to changes in key assumptions reflected the risks inherent in the provisions. **Our results** We found the amount of the bridge remedial provision to be acceptable.

Independent Auditor's Report

to the members of Severfield plc

	Overview	Overview
Going concern *See note 1 to the group financial statements*	**Disclosure quality:** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and the parent company's business model and how those risks might affect the Group's and parent company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group's and parent company's available financial resources and/or metrics relevant to debt covenants over this period were : • Bridge remediation costs; • Significant costs of completing ongoing contracts; • Deterioration in demand affecting ability to secure uncontracted work. There are also less predictable but realistic second order impacts, such as the erosion of customer or supplier confidence, which could result in a rapid reduction of available financial resources. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's and Company's financial forecasts taking account of severe, but plausible, adverse effects that could arise from these risks individually and collectively. Our procedures also included: – **Funding assessment:** obtaining banking agreements and correspondence to ascertain the committed level of funding, and related covenant requirements; – **Key dependency assessment:** obtaining supporting evidence for critical factors within forecasts, including bridge related insurance recoveries and signed share purchase option agreement for the investment in JSSL; – **Historical comparisons:** performing retrospective reviews to assess the directors' track record of forecasts vs actual cashflows; – **Sensitivity analysis:** considering sensitivities over the level of available financial resources indicated by the Group's and Company's financial forecasts taking account of plausible (but not unrealistic) adverse effects that could arise from these risks individually and collectively; – **Assessing transparency:** considering whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and, dependencies, and related sensitivities. **Our results** We found the going concern disclosure in note 1 without any material uncertainty to be acceptable (2024 result: acceptable).

	Overview	Overview
Carrying value of construction contract assets and onerous contract provisions, and revenue and profit recognition in relation to construction contracts Revenue: £450.9m (2024: £463.5m) Contract Asset: £47.7m (2024: £36.8m) Onerous contract provisions: £8.8m (2024: £8.4m) *Refer to page 108 Audit Committee Report, pages 165 and 171 (accounting policies) and note 3 (financial disclosures).*	**Subjective estimate** The Group's activities are undertaken via long-term construction contracts. The carrying value of the construction contract assets and onerous contract provisions, as well as the revenue and profit recognised, are based on an input measure (being costs incurred to date as a proportion of estimated total contract costs) and estimates of total contract consideration (being agreed contract consideration plus elements of variable consideration such as instances where the value of contract modifications is currently unagreed). Estimated total contract costs, and as a result revenues, can be affected by a variety of uncertainties that depend on the outcome of future events resulting in revisions throughout the contract period. In addition the Group has identified a number of loss-making contracts, and therefore has recognised a contract loss provision. The effect of these matters is that, as part of our risk assessment for audit planning purposes, we determined that the carrying value of contract assets and onerous contract provisions, revenue and profit recognised on construction contracts has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. Therefore, auditor judgement is required to assess whether the directors' estimates for total forecast costs and variable consideration falls within an acceptable range. The financial statements (note 2) disclose the nature and extent of the estimates and judgements made by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Our sector experience:** Identifying high risk contracts with risk indicators including: large carrying value of contract assets, low margin or loss-making contracts with significant costs to complete estimates, uncertainty over variable consideration, and large contracts with significant costs to complete; – **Tests of detail:** For the high risk contracts identified, assessing the judgement that revenue recognised is highly probable to not be reversed by agreeing to post period-end revenue certification, customer variation agreement or cash where available. Where these sources of evidence were not available, assessing the evidence relied upon by the directors; – **Our sector experience:** Assessing forecast costs to complete in the sample of high risk contracts by understanding contract performance and costs incurred post period-end, along with discussion and challenge of the forecast costs to complete estimates through comparison with original budgets, current run rates and known risks; – **Tests of detail:** Assessing the accuracy of costs incurred to date through statistical sample testing, including an assessment of whether the cost sampled was allocated to the appropriate contract; – **Historical comparisons:** Assessing the extent to which the directors are able to accurately forecast contract revenue and costs by comparing initial forecasted margins against the actual margins achieved for all contracts open at both the current and prior period end. – **Site visits:** For certain higher risk or larger value contracts, attending in person site visits, with the involvement of our own industry specialists, inspecting the physical progress on site for individual projects and identifying areas of complexity through observation and discussion with site personnel; – **Our major projects expertise:** For certain higher risk or larger contracts, using specialists from our major projects specialists to identify the risks and opportunities associated with the contract and develop a range of possible contract out-turns and challenge the appropriateness of revenue recognised and provisions held in relation to these contracts; – **Assessing transparency:** Assessing the adequacy of the Group's disclosures on revenue recognition and the degree of estimation involved in arriving at the construction contract assets and onerous contract provisions and associated revenue and profit recognition. **Our results** We found the carrying value of construction contract assets and onerous contract provisions, and revenue and profit recognition in relation to construction contracts, to be acceptable (2024: acceptable).

Independent Auditor’s Report

to the members of Severfield plc

	Overview	Overview
Recoverability of goodwill in respect of the Severfield Infrastructure (“Infrastructure”) and Commercial & Industrial (“C&I”) cash generating units Goodwill: SIL: £11.5m (2024: £11.5m), SCI: £54.7m (2024: £54.7m) *Refer to page 108 Audit Committee Report, pages 165 and 172 (accounting policies) and note 11 (financial disclosures).*	**Forecast based assessment:** Goodwill related to the Infrastructure and Commercial & Industrial cash generating units (“CGUs”) is significant and at risk of irrecoverability due to challenging market conditions, and the bridge remedial issue. The recoverable amount of goodwill is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows. In the current period, this risk has increased due to the business’s financial performance. The key assumptions in determining the recoverable amount are the forecast future revenues, operating margins and the discount rate applied to future cash flows. There is a risk that the business may not meet expected growth projections to support the carrying value of goodwill held relating to the Infrastructure and C&I CGUs. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of Infrastructure and C&I CGUs have a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality, and possibly many times that amount, for the financial statements as a whole. In conducting our final audit work, we concluded that reasonably possible changes to the value in use of the C&I CGU would not be expected to result in material impairment. The financial statements (note 11) disclose the sensitivity in the Infrastructure CGU estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Historical comparisons:** Compared the forecasts for each CGU against the actual outcomes to assess the historical reliability of forecasting; – **Methodology implementation:** Assessing the application of the relevant methodology in the Group’s impairment models; – **Benchmarking assumptions:** Comparing each CGU’s trading forecasts against current trading performance and anticipated changes in the business model, comparing to industry reports and external analyst reports, and applied our knowledge of the business and sector in investigating any significant deviations in order to challenge assumptions included in the forecasts; – **Sensitivity analysis:** Performing sensitivity analysis on individual key assumptions to understand the sensitivity of the value in use; – **Our sector expertise:** Assessing and challenging the discount rate by obtaining the inputs used in the discount rate calculations, benchmarking against our own expectations, and comparing the overall rate to an expected range based on our own benchmarks; – **Comparing valuations:** Comparing the sum of the recoverable amounts of all CGUs to the total market capitalisation to assess the valuation of the individual CGUs; – **Assessing transparency:** Assessing whether the Group’s disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of goodwill. **Our results** We found the Group’s conclusion that there is no impairment of the goodwill related to Infrastructure and C&I CGUs to be acceptable.

	Overview	Overview
Recoverability of parent Company's investments Investments: (£181.6m; 2024: £181.6m) *Refer to page 108 (Audit Committee Report), page 214 (accounting policy) and note 4 (financial disclosures).*	**Forecast based assessment:** The parent company holds on its balance sheet investments in subsidiaries of £172.3m, and investments in joint ventures of £9.3m. The carrying value of investments and presence of impairment depends on assumptions of future financial performance which inherently contain an element of estimation uncertainty. Areas of judgement in the underlying cash flow forecasts include forecast future revenues, operating margins, and the discount rate applied to future cash flows. In the current year, this risk has increased due to the business's financial performance. Due to their materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: – **Tests of detail:** Comparing the carrying amount of 100% of the investments balance with the relevant subsidiaries' and joint ventures' draft balance sheets to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount and assessing whether those subsidiaries and joint ventures have historically been profit making; – **Assessing subsidiary audits:** Assessing the audit work performed on the subsidiary/joint ventures, and considering the results of that work, on their net assets and profits and the likely risk of irrecoverability of the investment; – **Comparing valuations:** For the investments where the carrying amount exceeded the net asset value, comparing that carrying amount with its recoverable amount based on a value in use calculated using discounted cashflow forecasts. We performed the same procedures set out in the Recoverability of goodwill in respect of the Infrastructure ("Infrastructure") and Commercial & Industrial ("C&I") cash generating units KAM at an investment level. **Our results** We found the Company's conclusion that there is no impairment of its investments in subsidiaries and joint ventures to be acceptable (2024: acceptable).

The identification and separate recognition of intangible assets and the resulting goodwill from the Voortman business combination in 2024 was an event driven significant risk and consequently, a key audit matter in the prior period. Therefore, as the significant risk and key audit matter relates only to the prior period this has not been separately identified in our audit report this period.

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £1,500,000 (2024: £1,500,000), determined with reference to a benchmark of Group revenue, of which it represents 0.3% (2024: 4.7% of Group profit before tax , normalised to add back legacy employment tax charges and asset impairment charges). We consider total Group revenue to be the most appropriate benchmark as it provides a more stable measure period on period than normalised Group profit before tax because of the low level of profit before tax from continuing operations in the period as a result of events in the current period.

Materiality for the parent company financial statements as a whole was set at £1,050,000 (2024: £1,200,000), determined with reference to a benchmark of Company total assets, of which it represents 0.3% (2024: 0.4%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £1,125,000 (2024: £1,125,000) for the Group and £787,500 (2024: £900,000) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £75,000 (2024: £75,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Independent Auditor's Report

to the members of Severfield plc

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

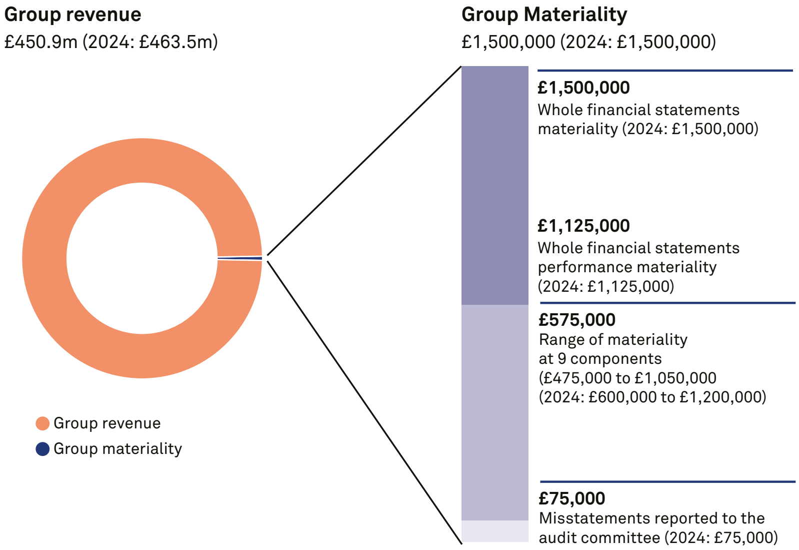
In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 23 components, having considered our evaluation of the Group's operation and legal structures, the existence of common information systems, geographic location and centralised management teams or services, and our ability to perform audit procedures centrally.

Of those, we identified 4 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected 5 components with accounts contributing to the specific RMMs of the Group financial statements.

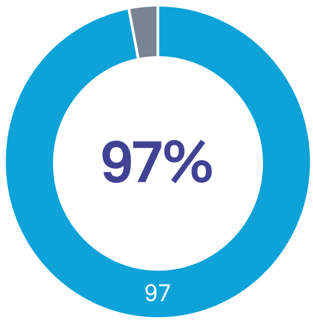


Accordingly, we as the group auditor performed audit procedures on all 9 components. We also performed the audit of the parent Company.

We set the component materialities, ranging from £475,000 to £1,050,000, having regard to the mix of size and risk profile of the Group across the components.

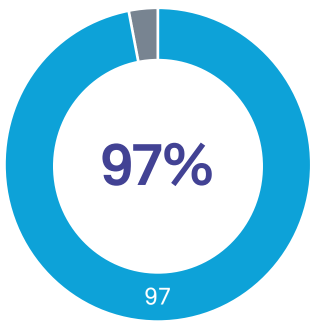
Our audit procedures covered the following percentage of Group revenue:

Group revenue

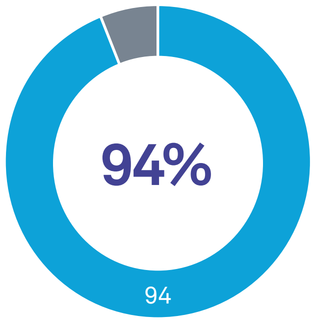


We performed audit procedures in relation to components that accounted for the following percentages of Group profit before tax and Group total assets:

Group total assets



Group profit before tax



Our audit procedures covered 97% of Group revenue.

We performed audit procedures in relation to components that accounted for 94% of Group profit before tax and 97% of Group total assets.

Impact of controls on our group audit

The majority of components use the same IT systems and applications, with one in-scope component using a differing IT system. With the assistance of our IT auditors, we obtained an understanding of the IT environment at components where we performed audit procedures and at the Group level.

For the in-scope component with the differing IT system, we identified IT control deficiencies in previous audits. In the current period, as part of obtaining an understanding of the IT systems, we identified that these deficiencies were addressed. As a result, there were no new risks that impacted our planned audit approach.

In all areas of our audit, our audit approach focused on substantive procedures, instead of relying on IT systems and manual controls. This approach was considered the most efficient and effective for gaining the appropriate audit evidence.

Given that we did not rely upon controls, we performed additional substantive testing to respond to the audit risks identified. This included direct manual testing over the completeness and reliability of data used in our approach to testing journals and timesheet data.

4. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

An explanation of how we evaluated management's assessment of going concern is set out in the related key audit matter in section 2 of this report.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 163 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ('fraud risks') we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud.

Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal legal counsel and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for whistleblowing', as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, including underlying profit before tax target for management remuneration.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report

to the members of Severfield plc

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, both in the current period and in future periods, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that contract revenue is recognised in an overly optimistic or cautious manner given the subjective nature and risk of bias in the related accounting estimates, and the risk that Group and component management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk related to the completeness and accuracy of the bridges remedial provision in response to possible pressures to meet profit targets.

Further detail in respect of contract revenue and the bridges remedial provision is set out in the key audit matter disclosures in section 2 of this report.

We performed procedures including:

- Identifying journal entries to test for all in scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual account combinations.
- Assessing significant accounting estimates for bias.
- Procedures over contract revenue performed for all in scope components are detailed in section 2 of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit .

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly , the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery and employment law recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on page 88 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 88 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

7. We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 143, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; 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; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

9. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

CRAIG PARKIN (SENIOR STATUTORY AUDITOR)
For and on behalf of KPMG LLP, statutory auditor

Chartered Accountants
1 Sovereign Street
Sovereign Square
Leeds
LS1 4DA

24 July 2025

Consolidated income statement

Year ended 29 March 2025

	Note	Underlying year ended 29 March 2025 £000	Non-underlying year ended 29 March 2025 £000	Total year ended 29 March 2025 £000	Underlying year ended 30 March 2024 £000	Non-underlying year ended 30 March 2024 £000	Total year ended 30 March 2024 £000
Revenue	3	**450,913**	**–**	**450,913**	463,465	–	463,465
Operating costs	4	**(429,260)**	**(35,475)**	**(464,735)**	(425,775)	(13,225)	(439,000)
Operating profit/(loss) before share of results of JVs and associates		**21,653**	**(35,475)**	**(13,822)**	37,690	(13,225)	24,465
Share of results of JVs and associates	15	**101**	**–**	**101**	1,950	–	1,950
Operating profit/(loss)		**21,754**	**(35,475)**	**(13,721)**	39,640	(13,225)	26,415
Net finance expense	7	**(3,621)**	**(170)**	**(3,791)**	(3,095)	(300)	(3,395)
Profit/(loss) before tax		**18,133**	**(35,645)**	**(17,512)**	36,545	(13,525)	23,020
Taxation	8	**(5,195)**	**8,620**	**3,425**	(9,076)	1,957	(7,119)
Profit/(loss) for the year attributable to the equity holders of the parent		**12,938**	**(27,025)**	**(14,087)**	27,469	(11,568)	15,901
Earnings/(loss) per share:							
Basic	10	**4.28p**	**(8.92)p**	**(4.66)p**	8.94p	(3.76)p	5.18p
Diluted	10	**4.28p**	**(8.92)p**	**(4.66)p**	8.85p	(3.72)p	5.13p

Further details of non-underlying items are disclosed in note 5 to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended 29 March 2025

	Note	Year ended 29 March 2025 £000	Year ended 30 March 2024 £000
Items that will not be reclassified to profit and loss:			
Actuarial gain/(loss) on defined benefit pension scheme	30	**2,313**	(745)
Share of other comprehensive income of JVs and associates accounted for using the equity method	15	**–**	869
Tax relating to components that will not be reclassified	21	**(578)**	186
		1,735	310
Items that may be reclassified to profit and loss:			
Gains taken to equity on cash flow hedges	25	**808**	1,239
Reclassification adjustments on cash flow hedges	25	**(1,529)**	(314)
Exchange difference on foreign operations	25	**(5,663)**	(264)
Tax relating to components that may be reclassified	21	**175**	(398)
		(6,208)	263
Other comprehensive income/(expense) for the year		**(4,473)**	573
Profit/(loss) for the year from continuing operations		**(14,087)**	15,901
Total comprehensive income/(expense) for the year attributable to equity holders of the parent		**(18,560)**	16,474

Consolidated Balance Sheet

at 29 March 2025

	Note	As at 29 March 2025 £000	As at 30 March 2024 £000
Assets			
Non-current assets			
Goodwill	11	**97,587**	98,469
Other intangible assets	12	**2,809**	5,508
Property, plant and equipment	13	**96,699**	96,434
Right-of-use assets	14	**20,051**	18,651
Interests in JVs and associates	15	**32,936**	37,364
Deferred tax assets	21	**1,584**	1,828
Contract assets, trade and other receivables	18	**2,618**	1,050
		254,284	259,304
Current assets			
Inventories	16	**11,809**	11,648
Contract assets, trade and other receivables	18	**116,393**	88,334
Derivative financial instruments	22	**103**	675
Current tax assets		**2,793**	4,646
Cash and cash equivalents	22	**15,520**	13,803
		146,618	119,106
Total assets		**400,902**	378,410
Liabilities			
Current liabilities			
Bank overdraft	22	**–**	(3,409)
Contract liabilities, trade and other payables	19	**(82,092)**	(78,934)
Provisions	20	**(30,508)**	(11,819)
Financial liabilities – borrowings	22	**(6,200)**	(6,200)
Financial liabilities – leases	22	**(4,097)**	(2,931)
		(122,897)	(103,293)
Non-current liabilities			
Contract liabilities, trade and other payables	19	**(130)**	(1,095)
Provisions	20	**(7,581)**	–
Retirement benefit obligations	30	**(6,855)**	(11,464)
Financial liabilities – borrowings	22	**(52,600)**	(13,800)
Financial liabilities – leases	22	**(16,364)**	(16,142)
Deferred tax liabilities	21	**(11,515)**	(11,865)
		(95,045)	(54,366)
Total liabilities		**(217,942)**	(157,659)
Net assets		**182,960**	220,751
Equity			
Share capital	24	**7,405**	7,739
Share premium		**88,522**	88,522
Other reserves	25	**(924)**	4,728
Retained earnings		**87,957**	119,762
Total equity		**182,960**	220,751

The consolidated financial statements were approved by the board of directors on 24 July 2025 and signed on its behalf by:

CHARLIE CORNISH
NON-EXECUTIVE CHAIR

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

Consolidated Statement of Changes In Equity

Year ended 29 March 2025

	Note	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 year		**–**	**–**	**(6,383)**	**(12,177)**	**(18,560)**
Equity-settled share-based payments	25	**–**	**–**	**(920)**	**2,115**	**1,195**
Purchase of own shares	25	**–**	**–**	**(9,262)**	**–**	**(9,262)**
Cancellation of own shares	24	**(334)**	**–**	**9,596**	**(9,262)**	**–**
Allocation of owned shares	25	**–**	**–**	**1,317**	**(1,317)**	**–**
Dividends paid		**–**	**–**	**–**	**(11,164)**	**(11,164)**
At 29 March 2025		**7,405**	**88,522**	**(924)**	**87,957**	**182,960**

	Note	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	25	–	–	(1,234)	3,007	1,773
Purchase of own shares	25	–	–	(4,500)	–	(4,500)
Allocation of owned shares	25	–	–	2,973	(2,973)	–
Dividends paid		–	–	–	(10,714)	(10,714)
At 30 March 2024		7,739	88,522	4,728	119,762	220,751

Consolidated Cash Flow Statement

Year ended 29 March 2025

	Note	Year ended 29 March 2025 £000	Year ended 30 March 2024 £000
Net cash flow (used in)/from operating activities	26	**(522)**	45,136
Cash flows from investing activities			
Proceeds on disposal of other property, plant and equipment		**909**	408
Purchases of land and buildings	13	**(32)**	(410)
Purchases of other property, plant and equipment	13	**(7,796)**	(10,911)
Acquisition of subsidiary, net of cash acquired	29	**–**	(22,551)
Investment in JVs and associates		**–**	(2,801)
Payment of deferred and contingent consideration		**(120)**	(1,183)
Net cash used in investing activities		**(7,039)**	(37,448)
Cash flows from financing activities			
Interest paid		**(3,185)**	(3,220)
Dividends paid	9	**(11,164)**	(10,714)
Purchase of own shares (net of SAYE cash received)	24	**(8,556)**	(3,120)
Proceeds from borrowings	22	**45,000**	19,000
Repayment of borrowings	22	**(6,200)**	(7,950)
Repayment of lease liabilities	22	**(3,208)**	(2,628)
Net cash from/(used in) financing activities		**12,687**	(8,632)
Net increase/(decrease) in cash and cash equivalents		**5,126**	(944)
Cash and cash equivalents at beginning of year		**10,394**	11,338
Cash and cash equivalents at end of year	27	**15,520**	10,394

Notes to the Consolidated Financial Statements

Year ended 29 March 2025

1. Significant accounting policies

General information

Severfield plc ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is provided on page 220. The registered number of the Company is 1721262. The nature of the Group's operations and its principal activities are set out on pages 6 to 15. These financial statements are presented in sterling, which is the currency of the primary economic environment in which the Group operates.

Basis of preparation

The consolidated financial statements are prepared in accordance with UK-adopted international accounting standards and in conformity with the Companies Act 2006.

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of some financial instruments. The principal accounting policies adopted are set out below.

Climate change

The Group recognises the systematic risk posed by climate change and the need for urgent mitigating action and are committed to addressing climate-related risks and reducing the Group's environmental impact and carbon emissions.

The impact of climate change has been considered in the preparation of these financial statements across a number of areas, including; the measurement of financial instruments; the carrying value and remaining useful lives of property; plant and equipment; the carrying value of goodwill; and the Group's going concern and long-term viability assessments. None of these had a material impact on the consolidated financial statements. The Group will continue to develop its assessment of the financial impacts of climate change.

Financial period

The Group's annual report and accounts are made up to an appropriate Saturday around 31 March each year. For 2025, trading is shown for the 52-week period ended on 29 March 2025 (2024: 53-week period ended 30 March 2024). All references to 'the year ended 29 March 2025', throughout the annual report, relate to the 52-week period ended 29 March 2025.

The financial statements of the Group's joint venture, JSSL, are made up to the year ended 31 March 2025 (2024: year ended 31 March 2024).

Adoption of new and revised standards

The following new and amended standard, adopted in the current financial year, had no significant impact on the financial statements.

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current'
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Finance Arrangements
- Amendments to IAS 1 'Non-Current Liabilities with Covenants'
- Amendments to IFRS 16 'Lease liability in a sale and lease back'

Accounting standards not yet adopted by the Group

The following new or revised standards and interpretations issued by the International Accounting Standards Board have not been applied in preparing these financial statements as their effective dates fall in periods beginning on, or after, 1 April 2024.

- IFRS 18 presentation and disclosure in financial statements
- IFRS 19 subsidiaries without public accountability: disclosures
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
- Amendments to IFRS 9 and IFRS 7: classification and measurement of financial instruments
- Amendments to IFRS 9 and IFRS 7: contracts referencing nature-dependent electricity
- Amendments to annual improvements to IFRS account standards volume 11

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from the relevant accounting period.

1. Significant accounting policies continued

Going concern

In determining whether the Group's consolidated financial statements should be prepared on a going concern basis, the Directors have considered all factors likely to affect its future development, performance and financial position, including cash flows, liquidity, borrowing facilities, and risks and uncertainties relating to the Group's business activities and the wider economic environment. Relevant considerations included:

- The Group's secured order book in the UK and Europe and pipeline of potential future orders
- The Group's cash position and committed borrowing facilities which are available until December 2027, including associated financial covenants (see note 22 for details)
- Current trading conditions and the potential impact of downside risks linked to the Group's principal risks

In the current financial year, the Group's profitability and cash flows were adversely impacted by challenging market conditions and the costs associated with the ongoing programme of bridge remedial works. Nevertheless, the Group delivered an underlying profit before tax of £18.1m and had maintained a strong order book of £444m as at 1 July 2025, providing a good volume of secured work and earnings visibility over the going concern period.

The Directors have assessed the Group's ability to continue as a going concern for at least 12 months from the date of approval of the financial statements. This included reviewing financial forecasts under base case and 'severe but plausible' (downside) scenarios. The base case scenario indicates that the Group will maintain sufficient liquidity and covenant headroom over the going concern period. Stress testing to assess the Group's resilience to potential adverse outcomes was performed by adopting 'severe but plausible downside' (downside) scenarios, including:

- Securing a reduced proportion of uncontracted work over the next 12 months
- Incurring one-off contract losses

Under the 'severe but plausible' scenario, the Group retains adequate liquidity during the going concern period.

The Group has entered into a share purchase option agreement with JSW Steel, granting it the right, but not the obligation, to dispose of an interest of up to 24.9 per cent in JSSL, for up to £20m, exercisable, at the Group's sole discretion, at any time on or before 31 March 2026. The option reflects the Board's prudent approach to strategic planning and provides the Group with additional financial flexibility in order to meet covenants in severe downside scenarios. The Board confirms there is no current intention to exercise the option and any decision to do so, and to dispose of any of its shareholding in JSSL, would only be made following a rigorous business case assessment.

Based on the above and having made appropriate enquiries, the Directors consider it reasonable to assume that the Group has adequate resources to continue for the going concern period and assesses that it will remain in compliance with financial covenants and, for this reason, have continued to adopt the going concern basis in preparing the Group financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company made up to the reporting date each year. Control is achieved where the Company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Where relevant, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Unrealised gains (and losses) from transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the investee.

1. Significant accounting policies continued

Non-underlying items

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
- An item which is unusual in nature (outside the normal course of business)

Non-underlying items have included the non-cash amortisation of acquired intangible assets, acquisition and similar transaction costs, and fair value adjustments for contingent consideration, all of which arise from business combinations and are classified as non-underlying because of the nature and expected infrequency of the events giving rise to them. Other non-underlying items have included, but are not limited to, significant rectification and remedial costs for contracts, certain one-off legal and consultancy costs, and impairments.

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. In particular, when items associated with purchase price allocations on business combinations are excluded, underlying earnings will be higher than total earnings.

Further details of non-underlying items are disclosed in note 5 to the consolidated financial statements.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

Investments in joint ventures and associates

An associated company is an entity over which the Group is in a position to exercise significant influence, but not control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies.

A joint venture is an entity over which the Group is in a position to exercise joint control. The Group has adopted the equity method of accounting (as discussed below) for joint ventures and associated companies (together 'JVs and associates'), in accordance with IFRS 11.

The results and assets and liabilities of JVs and associates are incorporated in these financial statements using the equity method of accounting unless it meets the exceptions described in IAS 28. Investments in JVs and associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of their net assets, less any impairment in the value of individual investments assessed in accordance with IAS 36 (impairment of assets). Losses in excess of the Group's interest in those JVs and associates are not recognised unless, and only to the extent that, the Group has incurred legal or constructive obligations on their behalf.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the JVs and associates at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the JVs and associates at the date of acquisition (i.e. discount on acquisition) is credited in the consolidated income statement in the period of acquisition.

The consolidated income statement includes the Group's share of the JVs and associates' profit less losses, whilst the Group's share of the net assets of the JVs and associates is shown in the consolidated balance sheet.

1. Significant accounting policies continued

Goodwill

The Group recognises goodwill at cost less accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately as a loss and is not subsequently reversed.

Any contingent consideration is recognised at the date of acquisition. For acquisitions, subsequent changes to the fair value of the contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The measurement period is the period from the date of acquisition to the date that the Group obtains complete information about facts and circumstances that existed as at the date of acquisition and is subject to a maximum of one year. If the change does not qualify as a measurement period adjustment, it is reflected in the consolidated income statement.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the Group's interest in the fair value of the net assets acquired exceeds the cost of the business combination, the excess (a bargain purchase gain) is recognised immediately in the consolidated income statement, after reassessing whether all assets acquired and liabilities assumed have been correctly identified and measured.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided, net of sales taxes, rebates and discounts, after eliminating revenue within the Group.

Revenue from construction contracts is recognised in accordance with the Group's accounting policy on construction contracts (see below).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Construction contracts

Revenue arises mainly from contracts for the design, fabrication and construction of structural steelwork. To determine whether to recognise revenue, the Group applies this five-step process:

- Identify the contract(s) with the customer
- Identify the performance obligations in the contract(s)
- Determine the transaction price of the contract(s)
- Allocate the transaction price to each of the separate performance obligations
- Recognise the revenue as each performance obligation is satisfied

The Group enters into contracts for the design, fabrication and construction of structural steel projects in exchange for the agreed consideration and recognises the related revenue over time. Due to the high degree of interdependence between the various elements of these projects, they are accounted for as a single performance obligation. The transaction price is measured based on the consideration specified in a contract with a customer and, where applicable, the best estimate of any consideration related to modifications to the contract. Revenue recognised includes retentions and is net of rebates, discounts and value added tax. To depict the progress by which the Group transfers control of the construction to the customer, and to establish when and to what extent revenue can be recognised, the Group measures its progress towards complete satisfaction of the performance obligation by use of the input method (costs to complete). Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation. This method is considered to most faithfully depict the transfer of goods and services to the customer over the life of the performance obligation.

Notes to the Consolidated Financial Statements

Year ended 29 March 2025

1. Significant accounting policies continued

The majority of construction contracts have payment terms based on contractual milestones, which are not necessarily aligned to when revenue is recognised, particularly for those contracts where revenue is recognised over time using the input method to determine the percentage of completion. This generally leads to recognition of revenue in advance of customer billings, for which a contract asset is recognised. Where cash is received from the customer in advance of recognising revenue under a contract, a contract liability is recorded (advance payments from customers). The practical expedient available under IFRS 15 has been taken, thus the Group does not adjust the promised amount of consideration for the effects of financing if the timing difference between the satisfaction of the performance obligations under the contract and the receipt of payment due under the contract are expected to be one year or less.

The general principles for revenue recognition are as follows:

- Revenues on contracts are recognised over time, using the input method, when progress towards complete satisfaction of the performance obligation can be reasonably measured.
- Provision is made for total losses incurred or foreseen in bringing the contract to completion as soon as they become apparent.
- Variations are included in the transaction price when the customer has agreed the revised scope of work, or a new legally enforceable right has arisen. Where a new legally enforceable right has arisen or a contract modification agreed, but the corresponding change in price has not yet been agreed by the customer, only the amount that is considered highly probable not to reverse in the future, and that can be measured reliably, is included in the transaction price and therefore revenue when the associated performance obligations are met.
- Incentive payments are included in forecast contract revenues when the contract is sufficiently advanced that it is highly probable that the specified performance standards will be met or exceeded and the amount of the incentive payment can be reliably measured.
- Claims receivable are recognised as income when negotiations have reached an advanced stage such that it is highly probable that the customer will accept the claim, and the amount that it is probable will be accepted by the customer can be measured reliably.
- Rectification work that is reasonably foreseeable is provided for as a cost of the contract and taken into account when assessing its overall profitability. Claims for rectification arising after the end of a contract and which have not been provided for are recognised as losses as they arise.

When determining whether a contract's outcome can be estimated reliably, management considers a number of indicators, including the stage of completion of the contract to provide assurance over the reliability of costs to complete, cumulative cash received and agreed certifications, the inherent risk in certain industry sectors and whether certain contract milestones have been satisfied.

All costs relating to contracts are recognised as expenses in the period in which they are incurred. Where the outcome of a contract cannot be reliably estimated, contract revenue is recognised only to the extent that contract costs incurred are expected to be recovered.

The input method is used to determine the percentage of completion by reference to the contract costs incurred to date (the proportion that estimated total contract costs are accounted for by contract costs incurred for work performed to date). Only those contract costs that reflect work performed are included in costs incurred to date.

Total expected contract costs are initially determined by the estimating function during the contract tender process. At launch, responsibility for the contract is handed over to the commercial function (consisting of qualified quantity surveyors), which, on an ongoing basis, reassesses the expected contract costs as the contract progresses, taking into account the risks identified in contract risk registers.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Regular monthly contract reviews form an integral part of the contract forecasting procedures.

Revenue recognition – Bridge remedial costs

During the year, certain bridge weld issues were identified on a number of ongoing bridge contracts, resulting in additional costs associated with a remedial and testing programme. These costs have been recognised in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets', reflecting management's best estimate of the associated obligations.

The Group has not revised the measure of progress on affected contracts, as the previously recognised revenue continues to fairly reflect the transfer of control of goods and services to the customer in line with contractual milestones and client certifications. The additional remedial costs do not reflect incremental performance towards the satisfaction of performance obligations under IFRS 15, and therefore have been excluded from the measure of progress in accordance with paragraph B19 of IFRS 15.

1. Significant accounting policies continued

The Group considers that including such costs in the percentage of completion calculation would distort revenue recognition, as the remedial works do not represent productive inputs that contribute to contract fulfilment. These costs are instead recognised directly in the income statement as a non-underlying cost.

The Group has revised the measure of progress on certain ongoing contracts where revenue has been reversed relating to variation orders or consequential claims, as these items represent forms of variable consideration under IFRS 15 and therefore affect the estimated transaction price.

Contract assets

Contract assets primarily relate to the Group's enforceable rights to consideration for work completed on construction contracts that has not yet been billed at the reporting date. Contract assets are transferred to receivables when the right to consideration becomes unconditional. This usually occurs when the Group issues an invoice to the customer.

Pre-contract tender costs are not considered material costs to the Group.

Contract liabilities

Contract liabilities primarily relate to the advance payments from customers for construction contracts, for which revenue is recognised over time.

Retirement benefit obligations

The Group operates two defined contribution pension schemes and costs of these schemes are charged to the income statement in the period in which they are incurred.

The Group has a defined benefit pension scheme which is now closed to new members. The liability recognised in the balance sheet comprises the present value of the defined benefit pension obligation, determined by discounting the estimated future cash flows using the market yield on a high-quality corporate bond, less the fair value of the scheme assets.

The cost of providing benefits recognised within operating costs in the income statement and the defined benefit obligations is determined at the reporting date by independent actuaries, using the projected unit credit method.

Actuarial gains and losses are recognised in the period in which they occur in the statement of comprehensive income.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all, or part of, the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. These are determined based on future changes in tax rates that have been enacted rather than simply future changes that have been proposed but not enacted. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case, the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

1. Significant accounting policies continued

Dividends

Dividends are recorded in the consolidated financial statements in the period in which they are declared, appropriately authorised and no longer at the discretion of the Company.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, and plant and machinery are stated at cost in the balance sheet. Depreciation on buildings is included within operating costs.

Depreciation is provided on other property, plant and equipment to write off the cost of each asset over its estimated useful life at the following rates:

Freehold buildings	1 per cent straight-line
Long leasehold buildings	Shorter of 1 per cent straight-line or lease term
Plant and machinery	10 per cent straight-line
Fixtures, fittings and office equipment	10 per cent written down value
Computer equipment	20 per cent straight-line
Motor vehicles	25 per cent written down value
Site safety equipment	20 per cent straight-line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included within operating costs.

Right-of-use assets and lease liabilities

The Group adopted IFRS 16 'Leases' on 1 April 2019 using the modified retrospective approach. The standard has resulted in operating leases being recognised as right-of-use assets and lease liabilities on the consolidated balance sheet, as the classification, as either operating leases or finance leases, has been eliminated.

Under IFRS 16 'Leases', at the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether it has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset throughout the period of use.

Leases in which the Group is a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is measured equal to the lease liability and adjusted for the amount of any prepaid or accrued lease payments relating to the lease before the commencement date, any lease incentives received, initial direct costs associated with the lease and an initial estimate of restoration costs. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Group is reasonably certain to exercise
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

1. Significant accounting policies continued

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, in accordance with the exemption available under IFRS 16. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Intangibles assets

The Group recognises intangible assets at cost less accumulated amortisation and impairment losses. Intangible assets acquired through acquisitions arise as a result of applying IFRS 3, which requires the separate recognition of intangible assets from goodwill.

Other acquired intangible assets include software costs.

Intangible assets are amortised on a straight-line basis over their useful economic lives as follows:

	Amortisation period
Customer relationships	3–5 years
Brands	5 years
Order book	18 months

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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 in order 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and 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 as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

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, but 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 as income immediately, unless the relevant asset is carried at a revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories (raw materials and consumables and work in progress) are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, with an appropriate allowance for estimated irrecoverable amounts recognised in the income statement in line with the requirements of IFRS 9. No expected credit losses (ECLs) have been provided for in respect of trade receivables, contract assets and intercompany receivables as these are not material.

Notes to the Consolidated Financial Statements

Year ended 29 March 2025

1. Significant accounting policies continued

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank overdrafts. Bank overdrafts are shown in current liabilities on the balance sheet unless a legally enforceable right of offset exists, in accordance with IFRS 7, to allow net presentation of a financial asset and a financial liability.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest over the relevant period.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payment transactions

The Group issues equity-settled share-based payments. These share-based payments are measured at fair value at the date of grant based on the Group's estimate of shares that will eventually vest. The fair value determined is then expensed in the consolidated income statement on a straight-line basis over the vesting period, with a corresponding increase in equity. Further details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 23.

Provisions

Provisions are 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. Provisions are recognised for items such as legal claims, disputes and onerous contracts.

When the Group expects some or all of a provision to be reimbursed, for example under and insurance contract or a back-to-back contractual agreement, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement where the virtually certain recognition criteria is met.

Provisions are discounted where appropriate to do so and the impact is material.

Derivative financial instruments and hedge accounting

The Group enters into certain foreign exchange forward contracts to manage its exposure to currency movements. Further details of derivative financial instruments are disclosed in note 22.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss, except where hedge accounting is used, provided the conditions specified by IFRS 9 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IFRS 9 and practical to do so. When hedge accounting is used, the relevant hedging relationships are classified as cash flow hedges.

Where the hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in other comprehensive income rather than in the income statement. When the hedged item is recognised in the financial statements, the accumulated gains and losses recognised in other comprehensive income will be recycled to the income statement (operating costs).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to net profit or loss for the period.

2. Use of judgements and key sources of estimation uncertainty

The preparation of 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. Actual results may differ from these estimates. 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 significant accounting estimates and judgements with a significant risk of material change to the carrying value of the Group's assets and liabilities within the next financial year are discussed below.

Revenue and profit recognition (estimate)

Revenue recognition under long-term construction contracts involves significant estimation uncertainty. In accordance with IFRS 15, the Group recognises revenue and profit over time based on the proportion of work completed. This requires management to estimate both total contract consideration and total contract costs, which are then used to determine the stage of completion, assess the recoverability of contract assets, and evaluate whether a contract loss provision is required.

These estimates are based on management's assessment of the 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.

Where the total estimated costs exceed total contract revenue, a contract loss provision is recognised. This is measured at the present value of the lower of expected costs of terminating the contract and the expected net costs to complete, based on both the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract.

Management continually reviews the estimated final outturn on contracts and makes adjustments where necessary. The Group has considered the nature of the estimates involved in determining these contract outcomes and concluded that it is reasonably possible, on the basis of existing knowledge, that actual results within the next financial year may differ from the assumptions applied at the balance sheet date and could result in a material adjustment to the carrying amounts of related assets and liabilities.

For a limited number of long-term contracts, revenue and profit has been recognised based on estimates that are sensitive to future events and assumptions. These include estimates relating to the recoverability of claims, future cost escalation, and entitlement to variations. 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 estimates that are made at a portfolio level.

Within this portfolio, there are a limited number of long-term contracts where the Group has recognised revenue and profit only to the extent that it is considered highly probable that a significant reversal will not occur. However, there are a host of factors affecting potential outcomes in respect of these entitlements, including claim recoverability, entitlement to variations, and cost forecasts, which could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from a gain of £9,000,000 (2024: £21,000,000) to a loss of £4,000,000 (2024: £7,000,000), excluding the impact of bridge testing and remedial costs.

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 estimates are affected by a variety of uncertainties that depend on future events and are therefore subject to change as the contracts progress.

At the balance sheet date, amounts due from construction contract customers, included in contract assets, trade and other receivables, was £47,685,000 (2024: £36,800,000), see note 18 for further details.

Bridge remedial provisions (estimate)

The estimation of provisions requires management to assess expected future costs based on the best information available at the reporting date. A significant source of estimation uncertainty in the current year relates to the provisions related to the bridge weld issue.

The provision includes management's best estimate of the total expected costs associated with the affected bridge projects, including direct testing and remedial activities and certain third-party consequential costs and claims. These estimates have been informed by forecasts provided by internal technical experts and, where appropriate, external advisers. Judgement has been applied in determining the likely scale and timing of required works. The amounts provided represent management's best estimate based on the information available at this time, however these liabilities are subject to potential material change based

2. Use of judgements and key sources of estimation uncertainty continued

on new information, future developments, or changes in circumstances. The provision is expected to be utilised over the next two financial years, although actual timing may vary depending on project progression. See note 20 for further details.

Contingent liability – Bridge remedial costs (judgement)

Management exercises judgement in determining whether a provision should be recognised or whether a disclosure as a contingent liability is more appropriate.

Whilst management is able to reliably estimate the direct costs and some third-party exposures, other potential consequential claims remain uncertain. In the absence of notification of further claims and considering contractual liability caps in place, these potential exposures are disclosed as contingent liabilities rather than included within the provision. While the amounts provided represent management's best estimate based on the information available at this time, the financial impact of any future claims or adjustments to cost estimates is currently uncertain and these potential liabilities are subject to potentially material change based on new information, future developments, or changes in circumstances. See note 28 for further detail.

Non-underlying items (judgement)

In presenting the Group's financial performance, management has elected to separately disclose certain items as "non-underlying" to provide users of the financial statements with a clearer understanding of the underlying operating results and trends. This presentation is consistent with how results and forecasts are prepared internally by management and how performance is reviewed internally by the Board and key decision-makers and generally how results are analysed by investors, analysts and brokers when making investment and other decisions.

The classification of items as non-underlying requires significant judgement. In making this assessment, management considers the nature, frequency and materiality of the item. Non-underlying items are those which, in management's view, are not indicative of the Group's core trading performance. The distinction between underlying and non-underlying items is reassessed at each reporting period to ensure consistency and relevance. This classification impacts the presentation of certain subtotals within the income statement, although all items are included in the statutory results in accordance with IFRS.

Further details on non-underlying items, including the rationale for their classification, are provided in note 5.

Goodwill impairment testing (estimate)

The Group carries significant goodwill balances arising from historical acquisitions. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable. The impairment assessments require the use of significant estimates and assumptions, which represent a key source of estimation uncertainty.

The recoverable amounts of cash-generating units (CGUs) to which goodwill is allocated are determined based on value-in-use calculations, which rely on management to estimate future cash flows, discount rates, long-term growth rates, and expected margins. These assumptions reflect management's best estimates of market conditions, performance expectations, and strategic plans at the reporting date.

For the Infrastructure CGU, the impairment test is sensitive to changes in key assumptions. As disclosed in note 11 to the financial statements, a reasonably possible adverse change in a key assumption would result in the recoverable amount falling below the carrying amount, which could lead to an impairment of goodwill in a future period. Specifically: A 1.5 percentage point reduction in the forecast operating margin would reduce the recoverable amount by £7.6m, resulting in an impairment of £5.9m. A 1.0 percentage point increase in the discount rate would reduce the recoverable amount by £1.8m, resulting in an impairment of £0.1m. A 20.0 percentage point reduction in the revenue growth rate would reduce the recoverable amount by £4.5m, resulting in an impairment of £2.8m.

Management reviews and challenges these assumptions annually with reference to internal forecasts, market outlooks, and external benchmarking. However, due to the inherent uncertainty involved in long-term projections and the sensitivity of the valuation to key assumptions, the estimation of recoverable amounts remains an area of potential variability.

Other areas of judgement and accounting estimates

The consolidated financial statements also include other areas where judgement and estimation are applied. While these do not meet the definition of significant accounting estimates or critical accounting judgements under IAS 1, the recognition and measurement of certain material assets and liabilities are nonetheless based on assumptions and may be subject to longer-term uncertainties. These other areas of judgement and estimation are discussed below.

2. Use of judgements and key sources of estimation uncertainty continued

Other contingent liabilities (judgement)

On an ongoing basis, the Group is a party to uncertain contract positions, various actions, disputes and circumstances that could give rise to actions and disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised only where, based on the directors' best estimate and taking into account legal and expert advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of contingent liabilities is made in note 28 unless the possibility of a loss arising is considered remote. These potential liabilities are subject to uncertain future events, may extend over several years and their timing may differ from current assumptions. Management applies its judgement in determining whether or not a liability on the balance sheet should be recognised or a contingent liability should be disclosed.

Retirement benefit obligations (estimate)

The Group's defined benefit pension scheme has been accounted for in accordance with IAS 19 'Employee Benefits'. The valuation of the defined benefit obligation involves significant estimation, particularly in determining actuarial assumptions such as the discount rate, mortality rates, and future salary increases (as disclosed in note 30). These assumptions are based on market data and management's expectations at the balance sheet date. The present value of the obligation is calculated by discounting future benefits using market yields on high-quality AA-rated corporate bonds.

In addition, judgement is required in selecting the appropriate valuation methodology and in assessing the suitability of actuarial assumptions. Changes in these assumptions, as well as differences between expected and actual outcomes, may result in actuarial gains or losses recognised in other comprehensive income. These sensitivities are disclosed in note 30.

The defined benefit obligation recognised at the balance sheet date was £6,855,000 (2024: £11,464,000).

3. Revenue and segmental analysis

Revenue

An analysis of the Group's revenue is as follows:

	2025 £000	2024 £000
Revenue from construction contracts	**450,913**	463,465
Other operating income (note 4)	**2,901**	1,870
Interest received (note 7)	**369**	320
Total income	**454,183**	465,655

Segmental results

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. However, management consider it appropriate to disclose two operating segments as described below.

- 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 the European operations.
- Modular Solutions – Comprising Severfield Modular Solutions ('SMS') and the Group's share of profit (50%) from the joint venture company, Construction Metal Forming Limited ('CMF').

The separate presentation of the modular businesses, as 'Modular solutions', aligns with the maturity of the SMS business, which was established in 2018.

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.

Notes to the Consolidated Financial Statements

Year ended 29 March 2025

3. Revenue and segmental analysis continued

The C&I and N&I divisions 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 within Core Construction Operations.

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

Year ended 29 March 2025:	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ eliminations £000	Total £000
Revenue	435,448	24,152	–	(8,687)	450,913
Underlying operating profit	21,285	368	–	–	21,653
Underlying operating profit margin	4.9%	1.5%			4.8%
Results from joint ventures (note 15)					
– Bouwcombinatie Van Wijnen	6	–	–	–	6
– Construction Metal Forming Limited	–	8	–	–	8
– JSSL	–	–	87	–	87
Finance expense (note 7)	–	–	–	(3,621)	(3,621)
Underlying profit before tax	21,291	376	87	(3,621)	18,133
Non-underlying items (note 5)	(36,610)	–	–	965	(35,645)
Profit/(loss) before tax	(15,319)	376	87	(2,656)	(17,512)
Other material items of income and expense					
– Depreciation of owned property, plant and equipment (note 13)	(7,028)	(189)	–	–	(7,217)
– Depreciation of right-of-use assets (note 14)	(2,687)	(42)	–	–	(2,729)
– Other operating income (note 4)	2,557	344	–	–	2,901

Year ended 30 March 2024:	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ eliminations £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 (note 15)					
– Construction Metal Forming Limited	–	92	–	–	92
– JSSL	–	–	1,858	–	1,858
Finance expense (note 7)	–	–	–	(3,095)	(3,095)
Underlying profit before tax	37,430	352	1,858	(3,095)	36,545
Non-underlying items (note 5)	(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 (note 13)	(6,317)	(163)	–	–	(6,480)
– Depreciation of right-of-use assets (note 14)	(2,644)	(39)	–	–	(2,683)
– Other operating income (note 4)	1,625	245	–	–	1,870

3. Revenue and segmental analysis continued

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:

	2025 £000	2024 £000
– Commercial and Industrial	349,588	361,734
– Nuclear and Infrastructure	85,860	87,434
Total revenue from Core Construction Operations	435,448	449,168
Modular Solutions	24,152	21,489
Elimination of inter-segment revenue (Modular Solutions)	(8,687)	(7,192)
Total Group revenue	450,913	463,465

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 segment described above.

Core Construction Operations – revenue by destination	2025 £000	2024 £000
United Kingdom	265,300	367,127
Republic of Ireland and continental Europe	170,148	82,041
	435,448	449,168

Modular Solutions – revenue by destination	2025 £000	2024 £000
United Kingdom	23,007	17,486
Rest of world	1,145	4,003
	24,152	21,489
Elimination of intercompany revenue (UK)	(8,687)	(7,192)
	15,465	14,297

Non-current asset geography

The following table provides information about the geography of non-current assets excluding goodwill as this asset is not attributable to a geographical location.

Non-current assets by destination	2025 £000	2024 £000
United Kingdom	148,394	151,856
Europe	8,305	8,979
	156,699	160,835

3. Revenue and segmental analysis continued

Contract balances

The following table provides information about the receivables, contract assets and contract liabilities from contracts with customers:

	2025 £000	2024 £000
Trade and other receivables (note 18)	29,528	38,788
Contract assets (note 18)	47,685	36,800
Contract liabilities (note 19)	–	(4,489)

Contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date on construction contracts. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to advance payments from customers for construction contracts, for which revenue is recognised over time.

The table below represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at 29 March 2025 and have an original expected contract duration of more than one year:

	2026 £000	2027 £000
Construction contracts	112,785	13,941

The total transaction price allocated to the remaining performance obligations represents the contracted revenue to be earned by the Group for goods and services which the Group has promised to deliver to its customers, where the original contract duration is more than one year. This includes performance obligations which are partially satisfied at the year end or those which are unsatisfied but which the Group has committed to providing. The transaction price does not contain variable consideration for items such as discounts or rebates. The practical expedient available under IFRS 15 has been taken and therefore no information is provided for the transaction price allocated to the remaining performance obligations where the original expected contract duration is one year or less.

Information about major customers

Group revenue includes revenue of £50,262,000 (2024: £100,189,000), relating to one major client (2024: one major client), who individually contributed more than 10 per cent of Group revenue in the year ended 29 March 2025.

4. Operating costs

	2025 £000	2024 £000
Raw materials and consumables (including subcontractor costs)	231,379	234,916
Staff costs (note 6)	127,590	116,440
Other operating charges	62,653	66,524
Amortisation of other intangible assets (note 12)	90	90
Lease expense:		
– plant and machinery	103	217
– land and buildings	262	137
– motor vehicles	138	158
Depreciation:		
– owned property, plant and equipment (note 13)	7,217	6,480
– right-of-use assets (note 14)	2,729	2,683
Other operating income	(2,901)	(1,870)
Operating costs before non-underlying items	429,260	425,775
Non-underlying items (note 5)	35,475	13,225
	464,735	439,000
Other operating charges include:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	60	60
Fees payable to the Company's auditor for other services:		
– the audit of the Company's subsidiaries pursuant to legislation	776	840
– audit-related assurance services	89	96
– other assurance services	–	–

Other operating income mainly represents research and development tax credits.

Fees payable to KPMG LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Details of the Group's policy on the use of the auditor for non-audit services, the reason why the auditor was used, and how the auditor's independence and objectivity were safeguarded, are set out in the audit committee report on pages 108 and 111. No services were performed pursuant to contingent fee arrangements.

5. Non-underlying items

	2025 £000	2024 £000
Operating costs	35,475	13,225
Finance expense	170	300
Non-underlying items before tax	35,645	13,525
Tax on non-underlying items	(8,620)	(1,957)
Non-underlying items after tax	27,025	11,568

5. Non-underlying items continued

Non-underlying items before tax consist of:	2025 £000	2024 £000
Amortisation of acquired intangible assets (note 12)	2,609	5,399
Legacy employment tax charge/(credit)	(1,373)	4,413
Asset impairment charges (note 13)	–	4,543
Unwinding of discount on contingent consideration – DAM Structures	170	300
Fair value adjustment to contingent consideration – DAM Structures	(1,135)	(1,130)
Other non-underlying costs	2,848	–
Bridge testing and remedial costs	43,367	–
Insurance recovery	(20,000)	–
Other bridge-related costs	9,159	–
Non-underlying items before tax	**35,645**	13,525

The amortisation of acquired intangible assets of £2,609,000 (2024: £5,399,000) represents the amortisation of customer relationships, order books and brand name, which were identified on the acquisitions of Harry Peers, DAM Structures and VSCH in 2020, 2021 and 2023, respectively.

The bridge testing and remedial costs of £43,367,000 relate to the ongoing programme of bridge remedial work and represent works undertaken during FY25 and an estimate of remaining testing and remedial costs for all affected bridge projects. The Group has recognised an insurance receivable in respect of the bridge testing and remedial costs, in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IFRS 9 (Financial Instruments). The receivable has been recognised as the recovery is considered virtually certain and the amount can be reliably measured. It is presented as a current asset within trade and other receivables.

Other bridge-related costs of £9,159,000 include £4,200,000 in relation to the reversal of previously recognised variation orders, due to delays in payment and increased uncertainty over their recoverability, and £4,959,000 in respect of provisions for third-party claims. The overall contract value has been reduced by £9,159,000 to reflect a decrease in variable consideration. The impact in FY25 is to reduce revenue by £5,626,000 based on the associated stage of completion, with the remaining balance recognised as a loss provision through cost of sales. The full amount of £9,159,000 has been presented as a single non-underlying expense as the directors believe presenting an underlying result which excludes the effect of bridge remedial works to be meaningful and useful information and facilitates analysis of the impact of the remedial programme. In the absence of notification of any further consequential claims and noting that, in certain cases, such claims may be limited by contractual liability caps, the Group's current assumption is that any further costs will remain with the respective parties. See note 28 for further details.

Other non-underlying costs include £1,342,000 in redundancy and severance costs associated with a headcount reduction programme aimed at improving operational efficiency, as well as severance costs relating to the departure of the former CEO, further detailed in the Directors' Remuneration Report. In addition, legal and other costs of £1,506,000 were incurred in connection with the bridge testing and remedial programme.

Costs related to the bridge weld issue, along with the associated insurance recovery income, and redundancies have been separately identified and presented as non-underlying items, reflecting their one-off and material nature.

During the prior year, HMRC issued an assessment for historical income tax and National Insurance Contributions ('NIC'). Whilst the Group initially disputed the charge, official determinations were subsequently issued by HMRC, and a liability of £4,413,000 was recognised in the 2024 financial results. During the current year, the Group reached a final settlement with HMRC, resulting in a reduction of the liability. Consequently, a credit of £1,373,000 was recognised within non-underlying items. The separate presentation within non-underlying items reflects the one-off and material nature of the costs in the prior year and the associated credit in the current year.

The prior year impairment charge of £4,543,000 related to the write-down of assets at the Group's leasehold facility in Sherburn, following notification of the landlord's intention to terminate the lease. As a result, an impairment review of property, plant and equipment was undertaken, leading to a non-cash charge.

A corporation tax credit of £8,620,000 has been recognised in the year, comprising a £9,213,000 credit on non-underlying items, partially offset by a £593,000 charge for prior year adjustments. All non-underlying items attracted a corresponding tax effect, except for amortisation (which gives rise to a deferred tax credit) and non-deductible DAM acquisition costs.

The basis for stating results on an underlying basis is set out on page 164.The board believes that non-underlying items should be separately identified on the face of the income statement to assist in understanding the underlying performance of the Group. Their separate identification results in the calculation of an underlying profit measure, which is the same as that presented and reviewed by management, and are normally excluded by investors, analysts and brokers when making investment and other decisions. Accordingly, certain alternative performance measures ('APMs') have been used throughout this annual report to supplement rather than replace the measures provided under IFRS, see note 33.

6. Staff costs

Details of directors' remuneration for the year are provided in the audited part of the directors' remuneration report on page 133.

The average number of persons employed by the Group (including executive directors) during the year was:

	2025 Number	2024 Number
Production and site	1,608	1,551
Sales and administration	356	367
	1,964	1,918

The aggregate payroll costs of these persons were as follows:

	2025 £000	2024 £000
Wages and salaries	108,828	100,061
Social security costs	12,620	11,587
Other pension costs	6,142	4,792
	127,590	116,440

In addition, in 2025, there were share-based payment charges of £1,194,000 (2024: £1,589,000), as detailed in note 23.

7. Net finance expense

	2025 £000	2024 £000
Finance income	(369)	(320)
Finance expense	3,990	3,415
	3,621	3,095
Unwinding of discount on contingent consideration (note 5)	170	300
	3,791	3,395

8. Taxation

a) The taxation charge comprises:

	2025 £000	2024 £000
Current tax		
Corporation tax charge	3,945	(5,649)
Foreign tax relief/other relief	445	70
Foreign tax suffered	(445)	(70)
Adjustments to prior years' provisions	(1,088)	136
	2,857	(5,513)
Deferred tax (note 21)		
Current year charge	73	(973)
Adjustments to prior years' provisions	495	(633)
	568	(1,606)
	3,425	(7,119)

8. Taxation continued

b) Tax reconciliation

The charge for the year can be reconciled to the profit per the income statement as follows:

	2025 £000	2024 £000
Profit/(loss) before tax	(17,512)	23,020
Tax on profit/(loss) at standard UK corporation tax rate	4,378	(5,755)
Expenses not deductible for tax purposes	(824)	(1,381)
Income not taxable	425	97
Effect of overseas tax rate	14	(57)
Tax effect of share of results of JVs and associates	25	474
Adjustments to prior years' provisions	(593)	(497)
Rate differences	–	–
	3,425	(7,119)

The UK corporation and deferred tax is calculated at 25%. The overseas tax is calculated at the rates prevailing in the respective jurisdictions.

9. Dividends

	2025 £000	2024 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 30 March 2024 of 2.3p per share (2024: 2.1p)	7,013	6,423
Interim dividend for the year ended 29 March 2025 of 1.4p per share (2024: 1.4p)	4,151	4,291
	11,164	10,714

The directors have made the decision to suspend the final dividend (2024: 2.3p per share).

10. Earnings per share

Earnings per share is calculated as follows:

	2025 £000	2024 £000
Earnings/(loss) for the purposes of basic earnings per share being net profit/(loss) attributable to equity holders of the parent Company	(14,087)	15,901
Earnings for the purposes of underlying basic earnings per share being underlying net profit attributable to equity holders of the parent Company	12,938	27,469

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	302,512,024	307,131,912
Effect of dilutive potential ordinary shares	–	3,093,177
Weighted average number of ordinary shares for the purposes of diluted earnings per share	302,512,024	310,225,089
Basic (loss)/earnings per share	(4.66)p	5.18p
Underlying basic earnings per share	4.28p	8.94p
Diluted (loss)/earnings per share	(4.66)p	5.13p
Underlying diluted earnings per share	4.28p	8.85p

10. Earnings per share continued

Reconciliation of earnings	2025 £000	2024 £000
Net profit/(loss) attributable to equity holders of the parent Company	(14,087)	15,901
Non-underlying items (note 5)	27,025	11,568
Underlying net profit attributable to equity holders of the parent Company	12,938	27,469

Basic earnings per share is calculated by dividing the profit after tax attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held in employee benefit trusts. These shares are treated as cancelled for the purpose of the calculation, as dividend rights have been waived other than for a nominal amount.

For the purposes of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to reflect the potential dilutive effect of outstanding share awards. However, as the Group incurred a loss for the year, no such adjustment has been made, in accordance with IAS 33, since the inclusion of potentially dilutive shares would be anti-dilutive.
Underlying earnings per share are also presented to provide a more representative measure of the Group's underlying financial performance, excluding the impact of non-underlying items.

11. Goodwill

The goodwill balance was created on the following acquisitions:

	£000
On the Voortman Steel Construction Holdings acquisition in 2023	15,399
On the DAM Structures acquisition in 2022	11,474
On the Harry Peers acquisition in 2019	16,002
On the Fisher Engineering acquisition in 2007	47,980
On the Atlas Ward acquisition in 2005	6,571
On the Watson Steel Structures acquisition in 2001	161
	97,587

Goodwill arising from business combinations is allocated to the cash-generating units (CGUs) that are expected to benefit from the synergies of the acquisition. All acquired businesses and the associated goodwill are included within the Group's single reported segment: Core Construction Operations.

Goodwill is monitored by management at the level of individual CGUs. CGUs are defined as the lowest level within the Group at which goodwill is monitored for internal management purposes, and at which independent cash flows can be reasonably identified. As at 29 March 2025, the Group carried goodwill with a total net book value of £97,587,000 (2024: £98,469,000), allocated across the following four CGUs:

CGU	Historical acquisition(s)	Goodwill £000
Commercial & Industrial	Fisher Engineering Atlas Ward Watson Steel Structures	54,712
Nuclear	Harry Peers	16,002
Severfield Europe Holdings	Voortman Steel Construction Holdings	15,399
Infrastructure	Dam Structures	11,474
		97,587

These CGUs broadly align with the entities originally acquired, with the exception of the Commercial & Industrial CGU, which consolidates the goodwill from three historical acquisitions. Due to the significant level of operational integration that has taken place over time, it is no longer possible to identify discrete cash flows or allocate goodwill on a more disaggregated basis for these components. These four CGUs form the basis for the Group's annual impairment testing under IAS 36.

Notes to the Consolidated Financial Statements

Year ended 29 March 2025

11. Goodwill continued

The Group tests goodwill for impairment annually, or more frequently if indicators of impairment arise. The recoverable amounts of each CGU are determined using value-in-use calculations. This method reflects the present value of future cash flows expected to be derived from each CGU. Key assumptions used in these calculations include:

- Pre-tax discount rates – reflecting current market assessments of the time value of money and risks specific to each CGU;
- Long-term growth rates – aligned with external forecasts and industry outlooks; and
- Forecast changes in selling prices and direct costs – based on historical performance and expected market conditions.

Cash flow forecasts for the next financial year reflect management's latest and most realistic projections, followed by two years of internal strategic projections. A terminal growth rate of 2.0% (2024: 2.0%) is applied thereafter, which does not exceed the expected long-term growth rates of the respective markets. The forecasts have been discounted using a pre-tax discount rate of 15.5% (2024: 13.0%).

As a result of the Group's impairment testing, no impairment charge was recognised in the year ended 29 March 2025.

Sensitivity Analysis

Management has considered a range of downside sensitivity scenarios to assess the impact of a reasonably possible change in key assumption. This included a 1.5 percentage point reduction in operating margin and a 1.0 percentage point increase in the discount rate. For three of the four CGUs, these changes did not result in an impairment.

However, the Infrastructure CGU is more sensitive to changes in assumptions. At 29 March 2025, the recoverable amount for this CGU exceeds its carrying amount by £1.7m. The recoverable amount would fall below the carrying value, giving rise to an impairment, should any of the following occur independently: a reduction in the future revenue growth rate of 8.0 percentage points; a decrease in operating margin of 0.6 percentage points; or an increase in the discount rate of 0.9 percentage points.

A 1.5 percentage point reduction in the forecast operating margin would reduce the recoverable amount by £7.6m, resulting in an impairment of £5.9m. A 1.0 percentage point increase in the discount rate would reduce the recoverable amount by £1.8m, resulting in an impairment of £0.1m. A 20.0 percentage point reduction in the revenue growth rate would reduce the recoverable amount by £4.5m, resulting in an impairment of £2.8m. If a combination of the above scenarios were to occur, then a larger impairment may be required.

Management considers the assumptions used to be reasonable and reflective of current economic conditions, particularly in light of the significant infrastructure opportunities currently being tendered and those expected to arise from the UK Government's recently announced infrastructure spending plan. However, given the sensitivity of the valuation, a reasonably possible adverse change in these assumptions could result in a material impairment in future periods.

Climate change

In performing the Group's impairment assessments, management considered the potential impact of climate change and the associated transition and physical risks. Based on current regulatory developments, customer expectations and the nature of the Group's operations, management does not believe that climate-related factors give rise to any indication of impairment or materially affect the key assumptions used in the value-in-use calculations. The Group will continue to monitor climate-related risks as part of its ongoing strategic planning and impairment review process. However, based on information available at the reporting date, no adjustments to cash flow forecasts or discount rates were considered necessary, and climate change is not expected to have a material impact on the Group's CGUs in the foreseeable future.

12. Other intangible assets

	Intangible assets acquired on acquisition £000	Other intangible assets £000	Total £000
Cost			
At 26 March 2023	19,504	1,676	21,180
Additions	3,902	–	3,902
At 31 March 2024	23,406	1,676	25,082
Additions	–	–	–
At 29 March 2025	**23,406**	**1,676**	**25,082**
Amortisation			
At 26 March 2023	12,792	1,293	14,085
Charge for the year	5,399	90	5,489
At 31 March 2024	18,191	1,383	19,574
Charge for the year	2,609	90	2,699
At 29 March 2025	**20,800**	**1,473**	**22,273**
Carrying amount			
At 29 March 2025	**2,606**	**203**	**2,809**
At 30 March 2024	5,215	293	5,508

The intangible assets acquired on acquisition arise as a result of applying IFRS 3, which requires the separate recognition of acquired intangibles from goodwill. The Group's acquired intangible assets are as follows:

	Customer relationships £000	Brands £000	Order book £000	Total £000
Cost				
At 26 March 2023	14,923	813	3,768	19,504
Additions	2,512	–	1,390	3,902
At 31 March 2024	17,435	813	5,158	23,406
Additions	–	–	–	–
At 29 March 2025	**17,435**	**813**	**5,158**	**23,406**
Amortisation				
At 26 March 2023	8,506	518	3,768	12,792
Charge for the year	3,714	295	1,390	5,399
At 31 March 2024	12,220	813	5,158	18,191
Charge for the year	2,609	–	–	2,609
At 29 March 2025	**14,829**	**813**	**5,158**	**20,800**
Carrying amount				
At 29 March 2025	**2,606**	**–**	**–**	**2,606**
At 30 March 2024	5,215	–	–	5,215

Amortisation of acquired intangible assets is included in the consolidated income statement as part of operating costs and is classified as a non-underlying item (see note 5).

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Year ended 29 March 2025

13. Property, plant and equipment

	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost					
At 26 March 2023	74,058	55,226	12,529	295	142,108
Additions	410	7,929	2,322	660	11,321
Acquisition of subsidiary (note 29)	–	3,732	156	690	4,578
Disposals	–	(3,307)	(723)	(342)	(4,372)
Exchange adjustments	–	(162)	(5)	(27)	(194)
At 31 March 2024	74,468	63,418	14,279	1,276	153,441
Additions	32	7,095	879	74	8,080
Disposals	–	(1,133)	(56)	(262)	(1,451)
Exchange adjustments	–	(89)	(5)	(27)	(121)
At 29 March 2025	**74,500**	**69,291**	**15,097**	**1,061**	**159,949**
Accumulated depreciation					
At 26 March 2023	8,760	35,058	6,077	146	50,041
Charge for the year	797	4,052	1,307	324	6,480
Impairments	4,428	89	26	–	4,543
Disposals	–	(3,201)	(633)	(223)	(4,057)
At 31 March 2024	13,985	35,998	6,777	247	57,007
Charge for the year	750	4,668	1,498	301	7,217
Disposals	–	(765)	(49)	(139)	(953)
Exchange adjustments	–	(14)	(1)	(6)	(21)
At 29 March 2025	**14,735**	**39,887**	**8,225**	**403**	**63,250**
Carrying amount					
At 29 March 2025	**59,765**	**29,404**	**6,872**	**658**	**96,699**
At 30 March 2024	60,483	27,420	7,502	1,029	96,434

The prior year impairment charge to land and buildings was included in the consolidated income statement as part of operating costs and was classified as a non-underlying item. See note 5 for further details.

14. Right-of-use assets

The Group leases land and buildings, plant and equipment and motor vehicles and these are presented as non-current assets. Information about leases for which the Group is a lessee is presented below:

	Land and buildings £000	Plant and equipment £000	Motor Vehicles £000	Total £000
Cost				
At 26 March 2023	11,367	4,316	2,290	17,973
Additions	888	1,495	1,095	3,478
Acquisition of subsidiary (note 29)	4,880	–	161	5,041
Disposals	–	(54)	(500)	(554)
Exchange adjustments	(131)	–	(8)	(139)
At 31 March 2024	17,004	5,757	3,038	25,799
Additions	2,192	1,321	769	4,282
Disposals	(1,582)	(130)	(309)	(2,021)
Exchange adjustments	(123)	(10)	(6)	(139)
At 29 March 2025	**17,491**	**6,938**	**3,492**	**27,921**
Accumulated depreciation				
At 26 March 2023	3,174	676	1,105	4,955
Charge for the year	1,419	700	564	2,683
Disposals	(2)	(54)	(426)	(482)
Exchange adjustments	(5)	–	(3)	(8)
At 31 March 2024	4,586	1,322	1,240	7,148
Charge for the year	1,204	815	710	2,729
Disposals	(1,562)	(130)	(299)	(1,991)
Exchange adjustments	(13)	(3)	–	(16)
At 29 March 2025	**4,215**	**2,004**	**1,651**	**7,870**
Carrying amount				
At 29 March 2025	**13,276**	**4,934**	**1,841**	**20,051**
At 30 March 2024	12,418	4,435	1,798	18,651

15. Interests in JVs and associates

The Group has an interest in an associated company and three joint ventures as follows:

	Holding %	Class of capital
Associated companies:		
Fabsec Limited – Development of fire beam	33.0	Ordinary
Joint ventures:		
JSW Severfield Structures Limited – Structural steelwork serving the Indian market	50.0	Ordinary
Construction Metal Forming Limited* – Manufacturer of cold rolled metal products	50.0	Ordinary
Bouwcombinatie Van Wijnen – Construction activities	50.0	Ordinary

* Construction Metal Forming Limited also includes the results of Red Dot One Limited, a 50% owned entity established to facilitate a factory expansion.

In 2008, a formal agreement was signed in India with JSW Building Systems Limited (a subsidiary of JSW Steel Limited of India) to form a 50/50 joint venture, JSW Severfield Structures Limited, to create a structural steelwork business in Bellary and Mumbai, India, primarily serving the Indian market.

During the year, the Group made no investment in JSW Severfield Structures Limited (2024: £2,767,000), following the prior year's land acquisition in Gujarat to support future expansion. No additional investments were made in any joint ventures or associated companies during the period.

Included in the exchange adjustments line below is an amount of £4.5m related to the cumulative re-translation of the investment in JSW Severfield Structures Limited since the Group's initial investment. The investment had not been correctly retranslated into the Group's presentational currency in previous periods. As the Directors do not consider the effect on the prior period financial statements to be material, this has been corrected in the current period.

	Goodwill £000	Share of net assets/ (liabilities) £000	Total £000
At 26 March 2023	5,326	26,458	31,784
Profit retained	–	1,950	**1,950**
Share of other comprehensive income	–	869	**869**
Acquisition of subsidiary (note 29)	–	94	**94**
Investments	–	2,801	**2,801**
Deferred tax adjustments	–	(134)	**(134)**
At 30 March 2024	5,326	32,038	37,364
Profit retained	–	101	**101**
Exchange adjustments	–	(4,529)	**(4,529)**
At 29 March 2025	**5,326**	**27,610**	**32,936**

The Group's share of the retained profit for the year of JVs and associates is made up as follows:

Share of results	Fabsec Limited £000	JSW Severfield Structures Limited £000	CMF Limited £000	Bouwcombinatie Van Wijnen £000	Total £000
2025	**–**	**87**	**8**	**6**	**101**
2024	–	1,858	92	–	1,950

15. Interests in JVs and associates continued

Summarised financial information in respect of the Group's JVs and associates is as follows:

	Fabsec Limited £000	JSW Severfield Structures Limited £000	CMF Limited £000	Bouwcombinatie Van Wijnen £000	2025 £000	2024 £000
Current assets	184	100,396	10,335	219	**111,133**	129,214
Non-current assets	–	26,698	25,773	–	**52,471**	50,686
Current liabilities	(17)	(85,004)	(16,692)	(36)	**(101,749)**	(113,147)
Non-current liabilities	–	(3,440)	(8,612)	–	**(12,052)**	(12,256)
Net assets	167	38,650	10,804	183	**49,804**	54,497
Group's share of net (liabilities)/assets	84	19,325	5,402	91	**24,902**	27,249
Goodwill	–	–	5,326	–	**5,326**	5,326
Investment	–	–	2,444	–	**2,444**	2,444
Impact of foreign exchange on share of net assets	–	–	–	–	**-**	923
Accounting policy alignment	(84)	199	116	33	**266**	1,422
Carrying amount of interest in JVs and associates	–	19,524	13,288	124	**32,936**	37,364
Revenue	177	95,062	26,771	–	**122,010**	160,057
Depreciation and amortisation	(1)	(2,227)	(163)	–	**(2,391)**	(2,811)
Net finance expense	–	(3,927)	(508)	–	**(4,435)**	(6,228)
Taxation	–	43	212	–	**255**	(525)
Profit after tax	–	174	16	12	**202**	4,949
Group's share of profit after tax	–	87	8	6	**101**	1,950

There were no contingent liabilities or capital commitments (2024: none) associated with the Group's JVs and associates.

Sensitivity Analysis

Management has considered a range of downside sensitivity scenarios to assess the impact of a reasonably possible change in key assumption, which could lead to an impairment in the investment. For three of the four investments, these changes did not result in an impairment.

However, the investment in CMF Limited is more sensitive to changes in key assumptions. At 29 March 2025, the recoverable amount for this CGU exceeded the carrying amount by £1.1m. The recoverable amount would fall below the carrying value, giving rise to an impairment, should any of the following occur independently: a reduction in the terminal growth rate of 1.5 percentage points; a decrease in operating margin of 0.8 percentage points; or an increase in the discount rate of 0.8 percentage points.

A 1.5 percentage point reduction in the forecast operating margin would reduce the recoverable amount by £2.3m, resulting in an impairment of £1.2m. A 1.0 percentage point increase in the discount rate would reduce the recoverable amount by £1.4m, resulting in an impairment of £0.3m.

Management considers the assumptions used to be reasonable and reflective of current economic conditions, particularly in light of the recent new factory investment which has allowed them to expand their product range and enter new markets. However, given the sensitivity of the valuation, a reasonably possible adverse change in these assumptions could result in a material impairment in future periods.

16. Inventories

	2025 £000	2024 £000
Raw materials and consumables	11,524	11,377
Work-in-progress	285	271
	11,809	11,648

17. Construction contracts

	2025 £000	2024 £000
Contracts-in-progress at balance sheet date:		
Amounts due from construction contract customers included in contract assets, trade and other receivables	77,213	75,558
Amounts due to construction contract customers included in trade and other payables (note 19)	–	(4,489)
	77,213	71,069
Contract costs incurred plus recognised profits less recognised losses to date	319,838	489,085
Less: progress billings received	(242,625)	(418,016)
	77,213	71,069

18. Contract assets, trade and other receivables

Current assets	2025 £000	2024 £000
Amounts due from construction contract customers (note 17):		
Trade and other receivables	26,910	37,738
Contract assets	47,685	36,800
Total	74,595	74,538
Other receivables	25,384	5,232
Prepayments and accrued income	15,717	8,199
Amounts due from JVs and associates	697	365
	116,393	88,334

Non-current assets	2025 £000	2024 £000
Trade and other receivables (note 17)	2,618	1,050
	2,618	1,050

Contract assets of £47,685,000 (2024: £36,800,000) mainly reflect the Group's right to consideration for work completed but not yet invoiced at the year end. These are transferred to trade receivables when there is an unconditional right to payment.

The average credit period taken on revenue, calculated on a count-back basis to make appropriate allowance for monthly revenue phasing, is 63 days (2024: 57 days). No interest is charged on receivables.

Other receivables contains a £20,000,000 insurance receivable in respect of the bridge testing and remedial costs. The receivable has been recognised as the recovery is considered virtually certain and the amount can be reliably measured.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Before accepting any new customer, the Group uses an external credit rating agency to assess the potential customer's credit quality and defines credit limits by customer. It is Group policy that adequate credit insurance is taken out on all customers where possible to manage the exposure that may arise as the contractual work proceeds. The Group's executive risk committee reviews situations where adequate credit insurance on the Group's customers cannot be purchased as required. The Group has rigorous procedures in place for monitoring and obtaining the settlement of retentions in a prompt manner. Overdue retentions at 29 March 2025 were £nil (2024: £nil).

19. Contract liabilities, trade and other payables

	2025 £000	2024 £000
Trade creditors	**41,610**	28,690
Other taxation and social security	**3,964**	5,777
Other creditors and accruals	**36,374**	37,502
Contract liabilities (note 17)	**–**	4,489
Amounts owed to JVs and associates	**144**	2,476
	82,092	78,934

Other creditors and accruals includes the outstanding contingent purchase consideration relating to the acquisition of DAM Structures, which amounted to £nil at 29 March 2025 (2024: £120,000) and was previously payable within 12 months.

Contract liabilities of £nil (2024: £4,489,000) represents advance payments received from customers on construction contracts where the associated had not been recognised as at 29 March 2025.

Non-current liabilities	2025 £000	2024 £000
Other creditors and accruals	**130**	1,095
	130	1,095

Non-current other creditors and accruals in the current and prior year reflects the outstanding contingent purchase consideration for DAM Structures of £130,000 (2024: £1,095,000), which is payable in the next two years, subject to certain conditions beyond the Group's control.

The directors consider that the carrying amount of trade payables approximates to their fair value.

The average credit period taken for trade purchases, calculated on a count-back basis to make appropriate allowance for monthly revenue phasing, is 34 days (2024: 36 days).

20. Provisions

	Legacy employment tax	Loss provisions	Bridge remedial provisions	Total
Balance at 26 March 2023	–	–	–	–
Provisions made	4,413	8,446	–	12,859
Provisions used	(1,040)	–	–	(1,040)
Balance at 30 March 2024	**3,373**	**8,446**	**–**	**11,819**
Provisions made	–	4,445	43,367	47,812
Provisions released	(1,373)	–	–	(1,373)
Provisions used	–	(4,133)	(16,036)	(20,169)
Balance at 29 March 2025	**2,000**	**8,758**	**27,331**	**38,089**
Non current	–	3,085	4,496	**7,581**
Current	2,000	5,673	22,835	**30,508**

Legacy employment tax charge

During the prior year, HMRC raised an assessment for historical income tax and national insurance ('NIC') liabilities. The Group disputed the charge, but reached a final settlement with HMRC, during the year, reducing the liability to £2.0m and therefore recorded a credit of £1.4m in non-underlying items.

20. Provisions continued

Loss provisions

The Group has provided for certain losses where the costs of fulfilling our obligations under construction contracts exceed the current forecast revenue. These are assessed in line with the details set out in our critical accounting judgement, in note 2, and the criteria stipulated in IFRS 15.

Bridge remedial provisions

The provision for bridge remedial costs relates to the Group's ongoing bridge testing and remedial programme and reflects management's best estimate of the total expected costs associated with all the affected bridge projects together with an assessment of third-party consequential costs and claims. The provision is expected to be utilised over the next two years, depending on project timelines and the extent to which the Group is able to recover or challenge the items provided. Our costs have been partly mitigated by a £20,000,000 insurance recovery which has been recognised in 'other receivables'. See note 18 for further details.

The Group is able to reliably estimate the direct costs associated with the testing and remedial programme and certain third-party costs and claims. In the absence of notification of any further consequential costs from third parties and noting that in some instances, such claims may be subject to contractual liability caps, we are not able to reliably quantify any other costs. See note 28 on contingent liabilities for further details.

21. Deferred tax assets and liabilities

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior reporting period:

	2025 £000	2024 £000
Deferred tax liabilities	(12,786)	(13,530)
Deferred tax assets	2,855	3,493
	(9,931)	(10,037)

Deferred tax assets and liabilities are offset against each other in the balance sheet where this is permitted and/or required by IAS 12. Where they are not offset, this is shown as a non-current asset in the balance sheet. At the year end, £1,584,000 (2024: £1,828,000) related to foreign deferred tax assets and deferred tax assets on right of use assets and hence have been classified as non-current assets.

	Excess capital allowances £000	Acquired intangible assets £000	Retirement benefit £000	Trading losses £000	Other £000	Total £000
At 26 March 2023	(10,296)	(1,367)	3,217	341	1,126	(6,979)
Prior year adjustment	(140)	(312)	–	–	(181)	(633)
(Charge)/credit to income statement	(1,402)	1,367	(538)	(341)	(59)	(973)
(Charge)/credit to other comprehensive income	–	–	186	–	(398)	(212)
Acquisition of subsidiary (note 29)	(373)	(1,007)	–	–	140	(1,240)
At 30 March 2024	(12,211)	(1,319)	2,865	–	628	(10,037)
Prior year adjustment	480	–	–	–	15	495
(Charge)/credit to income statement	(395)	659	(572)	702	(321)	73
Exchange adjustments	–	–	–	–	(59)	(59)
(Charge)/credit to other comprehensive income	–	–	(578)	–	175	(403)
At 29 March 2025	**(12,126)**	**(660)**	**1,715**	**702**	**438**	**(9,931)**

22. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern whilst optimising the return to stakeholders. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group monitors capital using the following indicators:

i) Gearing ratio

	2025 £000	2024 £000
Borrowings	(58,800)	(20,000)
Cash and cash equivalents (net of overdraft)	15,520	10,394
Unamortised debt arrangement fees	150	235
Net debt	(43,130)	(9,371)
Equity	188,337	220,751
Net debt to equity ratio	22.9%	4.2%

Equity includes all capital and reserves of the Group attributable to equity holders of the parent. There are no externally imposed capital requirements.

The Group excludes IFRS 16 lease liabilities from its measure of net (debt)/funds as they are excluded from the definition of net (debt)/funds as set out in the Group's borrowing facilities.

ii) Underlying return on capital employed

Underlying operating profit divided by the average of opening and closing capital employed. Capital employed is defined as shareholders' equity after adding back retirement benefit obligations (net of tax), acquired intangible assets and net (debt)/funds.

	2025 £000	2024 £000
Underlying operating profit		
Underlying operating profit (before JVs and associates)	21,653	37,690
Share of results of JVs and associates	101	1,950
	21,754	39,640
Capital employed:		
Shareholders' equity	187,454	220,751
Cash and cash equivalents (net of overdrafts)	(15,520)	(10,394)
Borrowings	58,800	20,000
Net debt (for ROCE purposes)	43,280	9,606
Acquired intangible assets (note 12)	(2,606)	(5,215)
Retirement benefit obligations (net of deferred tax) (note 30)	5,140	8,599
	233,268	233,741
Average capital employed	233,505	226,007
Underlying return on capital employed	9.3%	17.5%

22. Financial instruments continued

Categories of financial instruments

	Carrying value	
	2025 £000	2024 £000
Financial assets		
Cash and cash equivalents	**15,520**	13,803
Trade and other receivables (note 18)	**29,528**	38,788
Derivative financial instruments	**103**	675
Financial liabilities		
Bank overdrafts (including short term borrowings)	**-**	(3,409)
Trade creditors (note 19)	**(41,610)**	(28,690)
Other creditors and accruals (note 19)	**(36,638)**	(38,597)
Lease liabilities	**(20,461)**	(19,073)

The Group's financial instruments consist of borrowings, cash, unamortised debt arrangement fees, items that arise directly from its operations and derivative financial instruments. Cash and cash equivalents, trade and other receivables and trade and other payables generally have short terms to maturity. For this reason, their carrying values approximate to fair value. The Group's borrowings relate principally to amounts drawn down against its revolving credit facility, the carrying amounts of which approximate to their fair values by virtue of being floating rate instruments.

The Group is required to analyse financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

22. Financial instruments continued

Derivative financial instruments and contingent consideration are valued at fair value through profit or loss, and are valued as such on initial recognition. These relate to foreign currency forward contracts measured using quoted forward exchange rates and yield curves matching the maturities of the contracts. These derivative financial instruments are categorised as level 2 financial instruments. Except for derivative financial instruments, the carrying amounts of financial assets and financial liabilities are recorded at amortised cost in the consolidated financial statements.

General risk management principles

The board has overall responsibility for the establishment and oversight of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic, operational and financial risks of the Group is in place to ensure appropriate risk management of its operations. Internal control and risk management systems are embedded in the operations of the divisions.

Financial risks and management

The Group has exposure to a variety of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, which are subject to periodic review by the board of directors.

Credit risk

The Group's primary exposure to credit risk arises from the potential for non-payment or default from construction contract customers, encompassing both trade receivables and contract assets. The degree to which the Group is exposed to this credit risk depends on the individual characteristics of the contract counterparty and the nature of the project. The Group's credit risk is also influenced by the general macroeconomic conditions. The Group does not have significant concentration of risk in respect of amounts due from construction contract customers at the reporting date due to the amount being spread across a wide range of customers. Due to the nature of the Group's operations, it is normal practice for customers to hold retentions in respect of contracts completed. Retentions held by customers at 29 March 2025 were £5,644,000 (2024: £5,332,000).

The Group manages its exposure to credit risk through the application of its credit risk management policies which specify the minimum requirements in respect of the creditworthiness of potential customers, assessed through reports from credit agencies, and the timing and extent of progress payments in respect of contracts. In addition, before accepting any new customer, adequate credit insurance is taken out as reported in note 18. Where credit insurance is difficult to acquire, the executive risk committee determines the appropriate exposure for the Group to take with a customer by typically structuring contracts to require payments on account or limit the amounts that the Group is outstanding at any one time.

Consideration of potential future events is taken into account when deciding when, and how much, to impair the Group's contract assets and trade receivables. The Group does not expect to report credit losses, which would materially impact the income statement. In recent reporting periods, credit losses in the income statement have been immaterial.

The Group manages the collection of retentions through its post-completion project monitoring procedures and ongoing contact with customers so as to ensure that potential issues that could lead to the non-payment of retentions are addressed as soon as they are identified.

Amounts outstanding from construction contract customers are due with reference to the payment terms for each particular contract but the majority would be receivable within four months from the end of the reporting period. Amounts due for settlement after 12 months are disclosed in note 18.

22. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The ultimate responsibility for liquidity risk rests with the board.

The Group generates cash through its operations and aims to manage liquidity by ensuring that it will always have sufficient financing facilities to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Forecast and actual cash flow is continuously monitored.

The Group maintains a £60 million revolving credit facility (RCF) with HSBC Bank PLC and Virgin Money, which now matures in December 2027 following a one-year extension from its original maturity date of December 2026. The facility provides liquidity to support the Group's working capital needs and ongoing growth strategy.

The RCF is subject to a minimum liquidity covenant from July 2025 to February 2026 (inclusive). From March 2026 onwards, the facility is subject to three financial covenants tested on a quarterly basis: net debt to EBITDA and interest cover testing on a quarterly basis; and debt service (cash flow) cover which is tested at both the half-year and full-year reporting dates.

During the year ended 29 March 2025, the Group was subject to all three covenants: net debt to EBITDA; interest cover; and debt service (cash flow) cover. The Group remained comfortably within all covenant thresholds throughout the period and, facilitated by the extended facility agreement, is not forecast to breach any covenant requirements over the next 12 months.

As at 29 March 2025, £15,000,000 (2024: £56,591,000) of this facility was not drawn but available, providing £30,520,000 of headroom. Up to £15,000,000 of this facility is available by way of an overdraft (2024: £15,000,000).

In accordance with IFRS 7, the following tables detail the Group's remaining contractual maturity for its financial liabilities at the reporting date. The amounts are gross, undiscounted and include contractual interest payments.

	Maturity analysis						
	Carrying value £000	Less than 3 months £000	3 months to 1 year £000	1–2 years £000	2–5 years £000	5+ years £000	Total £000
Liabilities – 2025							
Trade and other payables	**78,314**	**72,927**	**5,257**	**130**	**–**	**–**	**78,314**
Financial liabilities – leases	**20,461**	**1,040**	**3,028**	**4,641**	**6,570**	**10,202**	**25,481**
Borrowings	**58,800**	**1,792**	**5,212**	**49,232**	**3,966**	**–**	**60,202**
	157,575	**75,759**	**13,497**	**54,003**	**10,536**	**10,202**	**163,997**
Liabilities – 2024							
Trade and other payables	67,287	61,185	4,923	619	560	–	67,287
Financial liabilities – leases	19,073	1,436	2,727	3,248	6,245	9,996	23,652
Borrowings	20,000	1,900	5,537	7,003	8,199	–	22,639
	106,360	64,521	13,187	10,870	15,004	9,996	113,578

The Group's debt facility consists of the revolving credit facility of which £45,000,000 is drawn and the overdraft facility of which £nil is drawn. This agreement expires in December 2027. In addition £13,800,000 is outstanding on the acquisition term loans, which is repayable in instalments until December 2027. Interest on both agreements is charged at a floating rate based on SONIA plus a variable margin.

The Group's RCF is classified as a non-current liability as the facility is committed through to December 2027, and the Group has a right to defer settlement of any outstanding amounts for at least 12 months from the reporting date, in accordance with the criteria set out in IAS 1. The details of the associated covenants and compliance are disclosed in the section above the table.

22. Financial instruments continued

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans	Lease liabilities	Revolving credit facility
Balance at 31 March 2024	20,000	19,073	–
Changes from financing cash flows			
Payments of borrowings	(6,200)	–	–
New borrowings	–	–	45,000
Interest paid	(1,241)	(897)	(1,249)
Payments of lease liabilities	–	(3,208)	–
Total changes arising from financing cash flows	**(7,441)**	**(4,105)**	**43,751**
Other changes			
Interest expense	1,241	897	1,249
New leases	–	4,803	–
Lease disposals	–	(15)	–
Exchange adjustments	–	(192)	–
Total other changes	**1,241**	**5,493**	**1,249**
Balance at 29 March 2025	**13,800**	**20,461**	**45,000**

Market risk

The Group's activities expose it primarily to the market risks of foreign currency exchange rates and interest rates. The Group has entered into certain derivative financial instruments to manage its exposure to foreign currency risk.

Market risk exposures are monitored and are supplemented by sensitivity analysis. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The Group seeks to minimise the effects of currency risks by using derivative financial instruments when appropriate to hedge these risk exposures against contracted sales. The use of financial derivatives is governed by the Group's policies approved by the board of directors. The Group does not enter into, or trade, financial instruments, including derivative financial instruments for speculative purposes.

The carrying value of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Euro	**(14,847)**	(14,574)	**17,336**	35,314
US dollar	**(31)**	(5)	**15**	16
	(14,878)	(14,579)	**17,351**	35,330

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22. Financial instruments continued

Foreign currency sensitivity analysis

The Group only has material exposure to Euro and USD denominated financial assets and liabilities.

The following table details the Group's sensitivity to a 10 per cent increase and decrease in sterling against the relevant foreign currencies. Ten per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and derivative financial instruments and adjusts their translation at the year end for a 10 per cent change in foreign currency rates. A positive number below indicates an increase in profit and other equity where sterling strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of sterling against the relevant currency, there would be an equal and opposite impact on the profit and other equity, and the balances below would be negative.

	US dollar currency impact		Euro currency impact	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Profit or loss and equity	**2**	1	**2,741**	230

At present, the Group's translation exposure to the Indian rupee via its Indian joint venture is not significant. As the business grows, this exposure is expected to become more significant.

Forward foreign exchange contracts

It is the Group's policy to enter into forward foreign exchange contracts to cover future Euro and US Dollar currency receipts on relevant contracts.

The Group uses forward foreign currency contracts to hedge currency risk associated with expected future sales or purchases for which the Group has firm commitments. The terms of the forward foreign currency contracts are negotiated to match the terms of the commitments. During the year, the Group has applied cash flow hedge accounting to these forward foreign currency transactions. As at 29 March 2025, derivatives designated as cash flow hedges were an asset of £103,000 (2024: £675,000) and recognised total losses of £721,000 (2024: gains of £925,000) in equity and gains of £149,000 (2024: losses of £274,000) in profit and loss in the year.

At 29 March 2025, the Group had forward exchange contracts of 29.9m Euros (2024: 18.5m Euros) at an average exchange rate of €1.18/£ (2024: €1.14/£), which mature within 12 months of the year end. In addition, the Group had forward exchange contracts of 51m SEK (2024: 498m SEK) at an average exchange rate of 13.34 (2024: 13.34), which mature within 12 months of the year end.

Interest rate risk management

The Group is exposed to interest rate risk as described under the market risk paragraph earlier in this note. The Group does not currently hedge any of its interest rate exposure.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the gross amount of liability outstanding at balance sheet date was outstanding for the whole period. A 0.5 per cent increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.5 percentage points higher and all other variables were held constant, the Group's profit for the year ended 29 March 2025 and the Group's equity at that date would decrease by £214,000 (2024: £172,000). If the £60,000,000 facility is fully utilised, the exposure increases by £75,000. This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

23. Share-based payments

The Group operates a share-based incentive scheme for the Company's executive directors (being both board directors and certain members of the executive committee) and selected senior management. These awards will, under normal circumstances, vest subject to continued service and the achievement of performance conditions over a three-year period. Further details are given in the audited section of the directors' remuneration report on pages 118 to 142. The Group recognised a total charge of £1,194,000 (2024: £1,589,000) relating to its performance share plan and Sharesave scheme.

Performance share plan

The vesting of awards under PSP is subject to performance conditions set by the remuneration committee. The Group recognised a total credit of £110,000 for the year (2024: charge £428,000) with a corresponding entry to reserves. The weighted average fair value of share options granted during the year was £0.66 per share. Three outstanding awards had been granted to 29 March 2025:

During the year ended 25 March 2023, the remuneration committee granted 3,204,413 ordinary shares of 2.5p each at £nil value.

The vesting of these awards was dependent on the Group's underlying earnings per share performance over the three-year period from 25 March 2023 to 29 March 2025. The following vesting schedule applies:

Underlying EPS performance for year ended 29 March 2025	% of award vesting
Equal to less than 7.50p	0%
Equal to 8.80p or better	100%
Between 7.50p and 8.80p	between 25% and 100%

The assumptions used to measure the fair value of the shares granted are as follows:

Share price on date of grant	£0.62*
Exercise price	nil
Expected volatility (using historical performance)	108%
Risk-free rate	4.3%
Dividend	3.3p
Actual life	three years

* Granted on 17 June 2022.

The Black Scholes pricing model was used, with the above assumptions, to produce a grant date fair value of £1,564,000. Subsequently, in line with IFRS 2, an annual charge/(credit) is calculated based on the expected number of options to vest when factoring in changes to non-market conditions. For FY25 ,this credit was £528,000 (FY24: charge £1,000), which reflects the fact that 0% of the awards will vest.

23. Share-based payments continued

Restricted share plan

During the year ended 30 March 2024, the remuneration committee granted 1,480,979 ordinary shares of 2.5p each at £nil value.

The vesting of these awards will be dependent on the Group achieving the five performance underpins as agreed by the remuneration committee and disclosed on page 135.

The assumptions used to measure the fair value of the shares granted are as follows:

Share price on date of grant	£0.70*
Exercise price	nil
Expected volatility (using historical performance)	111%
Risk-free rate	4.8%
Dividend	3.4p
Actual life	three years

* Granted on 15 September 2023.

The Black Scholes pricing model was used, with the above assumptions, to produce a grant date fair value of £1,020,000. Subsequently, in line with IFRS 2, an annual charge is calculated based on the expected number of options to vest when factoring in changes to non-market conditions. For FY25, this charge was £110,000 (FY24: £340,000).

During the year ended 29 March 2025, the remuneration committee granted 1,605,563 ordinary shares of 2.5p each at £nil value.

The vesting of these awards will be dependent on the Group achieving the five performance underpins as agreed by the remuneration committee and disclosed on page 135.

The assumptions used to measure the fair value of the shares granted are as follows:

Share price on date of grant	£0.76*
Exercise price	nil
Expected volatility (using historical performance)	116%
Risk-free rate	3.8%
Dividend	3.7p
Actual life	three years

* Granted on 20 June 2024.

The Black Scholes pricing model was used, with the above assumptions, to produce a grant date fair value of £924,000. Subsequently, in line with IFRS 2, an annual charge is calculated based on the expected number of options to vest when factoring in changes to non-market conditions. For FY25, this charge was £308,000 (FY24: £nil).

Reconciliation of share awards outstanding under the performance/restricted share plans are as follows:

	2025 Number	2024 Number
Outstanding at the beginning of the year	**6,005,563**	8,496,227
Granted during the year	**1,605,424**	1,480,979
Vested during the year	**(1,577,954)**	(2,825,886)
Lapsed during the year	**(2,946,631)**	(1,145,757)
Outstanding at the end of the year	**3,086,402**	6,005,563

23. Share-based payments continued

Save As You Earn share option plan ('Sharesave')

The plan, which was established in 2015 and expires in 2025, is open to all employees on the UK payroll. Participants may elect to save up to £500 per month over the life of the plan under three-yearly savings schemes, each with a separate savings contract.

Under the 2022 Sharesave scheme, options were granted by the Company to participating employees to buy shares at a discount of 20 per cent from the then market price. At the end of the 2022 Sharesave scheme in 2025, these options will become exercisable for a period of six months. A charge of £359,000 (2024: £359,000) was recognised in the current period in relation to the 2022 Sharesave scheme.

Under the 2023 Sharesave scheme, options were granted by the Company to participating employees to buy shares at a discount of 20 per cent from the then market price. At the end of the 2023 Sharesave scheme in 2026, these options will become exercisable for a period of six months. A charge of £481,000 (2024: £481,000) was recognised in the current period in relation to the 2023 Sharesave scheme.

Under the 2024 Sharesave scheme, options were granted by the Company to participating employees to buy shares at a discount of 20 per cent from the then market price. At the end of the 2024 Sharesave scheme in 2027, these options will become exercisable for a period of six months. A charge of £464,000 (2024: £nil) was recognised in the current period in relation to the 2024 Sharesave scheme.

Reconciliation of share awards outstanding under the Sharesave plan are as follows:

Save As You Earn option plan ('Sharesave')

	2025 Number	2024 Number
Outstanding at the beginning of the year	6,120,063	7,308,555
Granted during the year	2,628,173	3,489,038
Lapsed during the year	(2,470,636)	(2,603,678)
Vested during the year	(1,112,911)	(2,073,852)
Outstanding at the end of the year	**5,164,689**	6,120,063

24. Share capital

	2025 £000	2024 £000
Issued and fully paid:		
296,181,987 ordinary shares of 2.5p each (2024: 309,538,321 ordinary shares of 2.5p each)	7,405	7,739

The ordinary shares carry no right to fixed income. There are no share options outstanding as at 29 March 2025 (2023: nil).

During the year, 13,356,334 shares were repurchased and cancelled as part of the share buy back programme at a nominal cost of £334,000. The total consideration paid for the shares was £9,262,000.

The nominal value of the shares cancelled, totalling £0.3m, was deducted from share capital. The excess of the consideration paid over the nominal value, amounting to £9.0m, was deducted from retained earnings.

25. Other reserves

	Share-based payment reserve £000	Shares held in trust	Shares held in trust	Revaluation reserve	Capital redemption reserve £000	Hedge accounting reserve £000	Currency translation reserve £000	Total £000
At 26 March 2023	5,851	–	–	–	139	(1)	(30)	5,959
Share-based payments	(1,234)	–	–	–	–	–	–	(1,234)
Shares acquired by employee benefit trust	–	(4,500)	–	–	–	–	–	(4,500)
Shares utilised	–	2,973	–	–	–	–	–	2,973
Share of other comprehensive income of JVs and associates accounted for using the equity method	–	–	–	869	–	–	–	869
Gains taken to equity on cash flow hedges	–	–	–	–	–	1,239	–	1,239
Reclassification adjustments on cash flow hedges	–	–	–	–	–	(314)	–	(314)
Exchange difference on foreign operations	–	–	–	–	–	–	(264)	(264)
At 30 March 2024	4,617	(1,527)	–	869	139	924	(294)	4,728
Share-based payments	(920)	–	–	–	–	–	–	**(920)**
Treasury shares purchased	–	–	(9,262)	–	–	–	–	**(9,262)**
Shares cancelled	–	–	9,262	–	334	–	–	**9,596**
Shares utilised	–	1,317		–	–	–	–	**1,317**
Gains taken to equity on cash flow hedges	–	–	–	–	–	808	–	**808**
Reclassification adjustments on cash flow hedges	–	–	–	–	–	(1,529)	–	**(1,529)**
Exchange difference on foreign operations	–	–	–	–	–	–	(5,663)	**(5,663)**
At 29 March 2025	**3,697**	**(210)**	**–**	**869**	**473**	**203**	**(5,957)**	**(924)**

Reconciliation of share-based payment transactions in the statement of changes in equity:

	Year ended 29 March 2025		Year ended 30 March 2024	
	Other reserves	**Retained earnings**	Other reserves	Retained earnings
Share-based payment charge[1]	**1,194**	**–**	1,589	–
Tax paid on vesting of 2020 award[1]	**(705)**	**–**	(1,196)	–
SAYE cash received[2]	**706**	**–**	1,380	–
Awards vested/lapsed in the year	**(2,115)**	**2,115**	(3,007)	3,007
Equity-settled share-based payments	**(920)**	**2,115**	(1,234)	3,007
Purchase of own shares[2]	**–**	**–**	(4,500)	–
Allocation of owned shares on vesting	**1,317**	**(1,317)**	2,973	(2,973)
Total reserves movements	**397**	**798**	(2,761)	34

1 Operating cash flows

2 Cash flows from financing activities

25. Other reserves continued

During the prior year, the Company instructed the employee benefit trust to purchase shares for a total value of £4,500,000, which were used in the vesting of the PSP and SAYE schemes during the year. A reconciliation of shares held in the trust is shown below:

	£000	Shares
Brought forward 26 March 2023	–	–
Purchased in the year	4,500	6,705,486
Used during the year	(2,973)	(4,299,077)
Closing 30 March 2024	**1,527**	**2,406,409**
Purchased in the year	–	–
Used during the year	(1,317)	(2,102,238)
Closing 29 March 2025	**210**	**304,171**

26. Net cash flow from operating activities

	2025 £000	2024 £000
Profit/(loss) before tax	**(17,512)**	23,020
Adjustments:		
Net finance expense (note 7)	**3,791**	3,395
Depreciation of property, plant and equipment (note 13)	**7,217**	6,480
Depreciation of right-of-use assets (note 14)	**2,729**	2,683
Gain on disposal of other property, plant and equipment	**(413)**	(92)
Fixed asset impairment (notes 5,13)	**–**	4,543
Amortisation of intangible assets (note 12)	**2,699**	5,489
Movements in pension scheme (note 30)	**(2,296)**	(2,152)
Share of results of JVs and associates (note 15)	**(101)**	(1,950)
Share-based payments (note 25)	**489**	392
Exchange adjustments	**100**	(373)
Operating cash flows before movements in working capital	**(3,297)**	41,435
(Increase)/decrease in inventories	**(161)**	1,729
(Increase)/decrease in receivables	**(30,597)**	31,232
Increase/(decrease) in payables	**27,999**	(21,962)
Cash (used in) / generated from operations	**(6,056)**	52,434
Tax received/(paid)	**5,534**	(7,298)
Net cash flow (used in) / from operating activities	**(522)**	45,136

	2025 £000	2024 £000
Cash (used in) / generated from operations	**(6,056)**	52,434
Proceeds on disposal of other property, plant and equipment	**909**	408
Purchases of land and buildings	**(32)**	(410)
Purchases of other property, plant and equipment	**(7,796)**	(10,911)
	(12,975)	41,521
Underlying operating profit (before JVs and associates)	**21,653**	37,690
Operating cash conversion	**(60%)**	110%

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27. Analysis of net debt

	2025 £000	2024 £000
Borrowings	**(13,800)**	(20,000)
Cash and cash equivalents (net of overdraft)	**15,520**	10,394
Revolving credit facility	**(45,000)**	–
Unamortised debt arrangement fees	**150**	235
	(43,130)	(9,371)

The Group excludes IFRS 16 lease liabilities from its measure of net debt/funds as they are excluded from the definition of net debt as set out in the Group's borrowing facilities. See note 33 for APM definitions.

28. Contingent 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.

During the year, the Group identified a number of bridge structures that did not comply with the clients' weld specification requirements. These issues relate primarily to 12 bridge projects, either ongoing or completed within the past four years, and stem from a specific bridge design specification and sub-optimal welding procedure selections. The impact was further exacerbated by limitations in the specified weld testing regimes applied to these projects.

As a result, the Group has recognised a non-underlying charge of £43.4 million, representing the estimated cost of testing and remediation across all affected projects, and a further £9.2 million for provisions against receivables relating to certain variation orders, as well as third-party consequential costs and claims. Of this total, £19.0 million has been incurred to date, with the balance reflected either as a provision (see note 20) or as a reduction in contract assets. A corresponding insurance recovery of £20.0 million has been recognised within other receivables in respect of this obligation (see note 18 for further details).

The Group is able to reliably estimate the direct costs associated with the testing and remedial programme and certain third-party costs and claims. In the absence of notification of any further consequential costs from third parties and noting that in some instances, such claims may be subject to contractual liability caps, the current expectation is that any further costs will remain with the respective parties. Whilst the amounts provided represent management's best estimate based on the information available at this time, the financial impact of any future claims or adjustments to cost estimates is currently uncertain and these potential liabilities are subject to potentially material change based on new information, future developments, or changes in circumstances.

All estimates and obligations will remain under review until the assessment of all affected structures has been finalised. In addition to the PI insurance recoveries already agreed and recognised, the Group will also be pursuing all other potential avenues of recovery, including further possible insurance recoveries and contributions to our costs by third parties. However, no amounts have been recognised in respect of these further potential recoveries at this stage as these are not yet certain.

The Company and its subsidiaries have provided unlimited multilateral guarantees to secure any bank overdrafts and loans of all other Group companies. At 29 March 2025, this amounted to £nil (30 March 2024: £nil). The Group has also given performance bonds in the normal course of trade.

29. Business combinations

Summary of prior year acquisition

On 3 April 2023, the Company acquired 100 per cent of the share capital of VSCH.

VSCH is profitable, cash generative and provides a manufacturing base in Europe, allowing Severfield to benefit from VSCH's strong reputation in the Netherlands and its growing pipeline of opportunities.

The board believes that the acquisition is enhancing the Group's reputation and presence in the European market, building on its existing European business, and is helping to accelerate Severfield's European growth strategy.

The acquisition provides Severfield with immediate access to new and attractive market sectors, providing the Group with further market and geographical diversification outside its core UK operations. VSCH is highly regarded by its clients and is presenting Severfield with a number of opportunities for further profitable growth, including access to a wider European client base and a platform to offer a wider range of services to its existing clients.

The net consideration of €25.7m (£22.6m) comprises:

	£000
Gross consideration	26,348
Net cash acquired (excluding payments in advance)	(3,797)
Net consideration	**22,551**

VSCH was acquired for an initial gross consideration of £26,348,000, including cash and cash equivalents of £3,797,000, which has been funded by a combination of Group cash reserves and a new term loan.

The fair value of the assets and liabilities recognised as a result of the acquisition are as follows:

	£000
Non-current assets	
Investment in joint ventures	94
Property, plant and equipment	4,578
Right of use assets	5,041
	9,713
Current assets	
Inventories	146
Contract assets, trade and other receivables	8,367
Cash and cash equivalents (excluding payments in advance)	3,797
	12,310
Total assets	**22,023**
Current liabilities	
Trade and other payables	(9,577)
Lease liabilities	(212)
	(9,789)
Non-current liabilities	
Lease liabilities	(4,829)
Deferred tax liabilities	(233)
Total liabilities	**(14,851)**
Net assets	7,172
Net cash acquired (excluding payments in advance)	(3,797)
Net identifiable assets acquired	**3,375**
Identified intangible assets	3,902
Deferred tax on intangibles	(1,007)
Goodwill	16,281
Net assets acquired	**22,551**

29. Business combinations continued

Goodwill of £16,281,000 represents the ability and skill of employees and management, know-how and the quality of goods and services provided, which do not meet the criteria to be separately recognised in accordance with IFRS3 (Revised) 'Business combinations'. The goodwill arising from the acquisition is not expected to be deductible for income tax purposes.

Analysis of amounts disclosed in the cash flow statement in connection with the acquisition:

	2023 £000
Gross initial cash consideration	26,348
Net cash acquired (including payments in advance)	(3,797)
Total cash outflow – investing activities	**22,551**

Acquisition-related costs of £1,816,000 were fully expensed in the period ended 25 March 2023 as non-underlying operating costs.

30. Retirement benefit obligations

Defined contribution schemes

The Group operates two defined contribution retirement benefit schemes. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

The total cost charged to income of £6,142,000 (2024: £4,792,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 29 March 2025, contributions of £1,204,000 (2024: £950,000) due in respect of the current reporting period had not been paid over to the schemes.

Defined benefit schemes

The Group has a defined benefit scheme, which is now closed to new members and no defined benefit membership rights will accrue under the scheme.

The scheme exposes the Group to actuarial and other risks, the most significant of which are considered to be:

Investment risk	The present values of the scheme liabilities are calculated using a discount rate determined by reference to corporate bond yields; if the return on scheme assets is below this rate, it will create a plan deficit. The Group holds a significant proportion of growth assets (bonds, gilts and equities) to leverage the return generated by the scheme.
Interest risk	A decrease in the corporate bond interest rate will increase the scheme liabilities, although this will be partially offset by an increase in the return on the scheme's assets.
Longevity risk	The present values of the scheme liabilities are calculated by reference to the best estimate of the mortality of scheme participants, which reflect continuing improvements in life expectancy. An increase in the life expectancy of the scheme participants will increase the scheme's liabilities.

The latest actuarial valuation of the Atlas Ward Pension Scheme, carried out with an effective date of 5 April 2023, showed a funding deficit. In order to make good the deficit, a Schedule of Contributions was put in place requiring employer contributions of £2,689,186 per annum. from 5 April 2023 until 30 November 2028, increasing by 3.2% per annum. on 6 April 2024 and each subsequent 6 April. In addition, the employer meets the cost of the Scheme's expenses. The next actuarial valuation of the Scheme is due to have an effective date of 5 April 2026.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation was carried out at 29 March 2025 by Mr Chris Hunter, Fellow of the Institute of Actuaries. The future liabilities are based on liabilities calculated as at the latest triennial valuation of 5 April 2023 and rolled forward using an approximate method allowing for benefit payments out of the scheme. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

30. Retirement benefit obligations continued

	2025 %	2024 %
Key assumptions used:		
Discount rate	5.7	4.8
Inflation (RPI)	3.3	3.4

When considering mortality assumptions, a life expectancy to 85 at age 65 has been used for the year ended 29 March 2025 (2024: 85). For the year ended 29 March 2025, the Group updated the allowance for future mortality improvements from the CMI 2022 model to the CMI 2023 model. The 2022 and 2023 models include partial allowance (weights of 25% and 15% respectively) for mortality experience in 2022 and 2023 to reflect emerging evidence that current rates may now be more indicative of future experience.

The discount rate and RPI inflation assumptions for the 2025 disclosures in this note have been calculated using a cash flow weighted single-equivalent approach based on the iBoxx Corporate AA index yield curve and the Bank of England's inflation yield curve, respectively, in line with the prior year.

Impact on scheme liabilities of changes to key assumptions:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 3% (2024: 3%)
Rate of mortality	Reducing by 10%	Increase by 2% (2024: 2%)
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 2% (2024: 2%)

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2025 £000	2024 £000
Interest cost	1,570	1,517
Interest income	(1,091)	(987)
	479	530

The charge for the year has been included in operating costs. Actuarial gains and losses have been reported in the statement of comprehensive income. The cumulative actuarial gains and losses recognised amount to a loss of £18,032,000 (2024: £20,345,000).

The actual return on scheme assets were a loss of £643,000 (2024: gain of £693,000).

The amount included in the balance sheet arising from the Group's obligations in respect of the defined benefit retirement scheme is as follows:

	2025 £000	2024 £000
Present value of defined benefit obligations	(29,610)	(34,003)
Fair value of scheme assets	22,755	22,539
	(6,855)	(11,464)

30. Retirement benefit obligations continued

The major categories of scheme assets as a percentage of the total scheme assets are as follows:

	2025 £000	2024 £000	2025 %	2024 %
Equities	**3,488**	3,337	**15.3**	14.8
Bonds and gilts	**10,183**	6,378	**44.7**	28.3
Cash	**1,468**	4,067	**6.5**	18.1
Property	**2,050**	1,876	**9.0**	8.3
LDI funds	**5,176**	6,521	**22.8**	28.9
Other	**390**	360	**1.7**	1.6
	22,755	22,539	**100.0**	100.0

Bonds and gilts include a mixture of corporate and government bonds and fixed and index-linked gilts. Approximately 6 per cent of bonds have a sub-investment grade credit rating (BB+ or lower) and approximately 75 per cent of gilts are index-linked, with 25 per cent being fixed.

Movements in the present value of defined benefit obligations were as follows:

	2025 £000	2024 £000
At start of year	**(34,003)**	(33,933)
Interest cost	**(1,570)**	(1,517)
Actuarial gains/(losses)	**4,047**	(451)
Benefits paid	**1,916**	1,898
At end of year	**(29,610)**	(34,003)

Actuarial gains arising from changes in demographic assumptions, changes in financial assumptions and gains or losses arising from experience were gains of £71,000 (2024: £1,084,000), gains of £3,930,000 (2024: losses of £317,000) and gains of £46,000 (2024: losses of £1,218,000), respectively. The large gain in 2025 on 'changes in financial assumptions' is driven by an increase in the discount rate. The present value of defined benefit obligations at the year end is as follows:

	2025 £000	2024 £000
Liability in respect of deferred members	**(12,985)**	(15,237)
Liability in respect of pensioner members	**(16,625)**	(18,766)
	(29,610)	(34,003)

Movements in the fair value of scheme assets were as follows:

	2025 £000	2024 £000
At start of year	**22,539**	21,062
Interest income	**1,091**	987
Return on plan assets	**(1,734)**	(294)
Employer contributions	**2,775**	2,682
Benefits paid	**(1,916)**	(1,898)
At end of year	**22,755**	22,539

During the course of 2025, bond yields increased, which increased the discount rate. This has been reinforced by lower assumed future price inflation. The present value (PV) of the Schemes liabilities are explicitly linked to both bond yields and inflation, with the net effect being a decrease to the PV of the liabilities. The scheme's investment strategy also adopts a liability driven investing (LDI) strategy, which invest in bonds/bond type instruments in order to hedge a proportion of the expected movement in the value of the liabilities. Correspondingly, the return on scheme assets was lower than assumed during the period.

30. Retirement benefit obligations continued

The Group expects to contribute £238,000 (2024: £231,000) per month to its defined benefit pension scheme in the year to 28 March 2026.

History of experience of gains and losses:

	2025	2024	2023	2022	2021
Experience (losses)/gains on scheme assets (£000)	**(1,734)**	(294)	(9,834)	(60)	2,222
Percentage of scheme assets	**(7.6%)**	(1.3%)	(46.7%)	(0.2%)	8.0%
Experience gains/(losses) on scheme liabilities (£000)	**4,047**	(451)	1,350	157	419
Percentage of the present value of scheme liabilities	**13.7%**	(1.3%)	4.0%	0.4%	0.8%
Total amount recognised in the consolidated statement of comprehensive income (£000)	**2,313**	(745)	(701)	5,938	(4,906)
Percentage of the present value of scheme liabilities	**7.8%**	(2.2%)	(2.1%)	13.6%	(9.8%)

The weighted average period over which benefits are expected to be paid, or the duration of the liabilities, is currently 12 years (2024: 12 years). Annual increases are provided to pensions in payment at the lower of RPI and 5% for the majority of members.

The Scheme's investments include holdings in the BNY Mellon Real Return Fund (formerly the Newton Real Return Fund), non-Liability Driven Investment (LDI) funds managed by Legal & General, and the M&G Alpha Opportunities Fund. The underlying securities within these funds are quoted on recognised stock exchanges and have identifiable market prices. In contrast, the Scheme's investments in Legal & General's LDI Funds and the abrdn Life PLL Pooled Property Fund are not publicly quoted and do not have readily observable market prices.

The Scheme invests in several pooled LDI funds, through unit-linked insurance policies, with Legal & General and Aberdeen Standard which themselves invest in a combination of gilts, gilt repos (synthetic gilts) and swap-based instruments of varying duration and interest rate/inflation characteristics. The composition of the funds is designed so as to hedge a proportion of the Scheme's liabilities and specifically the sensitivity of the liabilities to both changes in interest rates and longer-term inflation expectations. Such funds adopt a moderate degree of leverage (on average x2) and as such depending on market movements the funds may call and/or distribute additional capital in order to maintain leverage within a particular range set by the pooled fund manager.

The schemes operate under trust law and are managed and administered by trustees on behalf of the members in accordance with the terms of the trust deed and rules and relevant legislation. Defined benefit contributions are determined in consultation with the trustees, after taking actuarial advice. The trustees are responsible for establishing the investment strategy and ensuring that there are sufficient assets to meet the cost of current and future benefit.

The recognition of a pension scheme surplus is determined by IAS 19 and applying IFRIC 14, which is an interpretation providing further guidance about when a surplus can be recognised. The Group considers that ,under the Pension scheme rules, the group has an unconditional right to a refund of surplus after all pension payments have been made. Hence, if the scheme was ever in a surplus, it would be recognised accordingly.

During the year the pension schemes principal employer was transferred to another company within the group. The pension schemes assets and liabilities were transferred at fair value. The scheme continues to benefit from a parent company guarantee from Severfield plc.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. The Company and pension trustees have considered the implications of the Virgin Media case for the Atlas Ward Pension Scheme by reviewing the deeds of amendments executed during the period impacted by the case. It has been concluded that none of the deeds executed between the Scheme commencement date on 1 May 1998 and Scheme closure to future accrual on 5 April 2024 related to pension benefit changes and therefore the case has no impact. The defined benefit obligation has been calculated on the basis of the pension benefits currently being administered, and the directors do not consider it necessary to make any adjustments as a result of the Virgin Media case. Furthermore, the DWP has recently announced that the UK Government intend to introduce legislation to address the potential issue raised by the case. This development further supports our conclusion it will have no impact.

31. Related party transactions

	Directors		Key management	
	2025 £000	2024 £000	**2025 £000**	2024 £000
Short-term employee benefits	**1,107**	1,138	**2,128**	2,640
Contributions into the pension schemes	**73**	79	**110**	93
Share based payments	**(116)**	200	**(40)**	137
Total income statement charge	**1,064**	1,417	**2,198**	2,870
PSP awards vesting based on respective performance year[1]	**–**	550	**–**	316
Gain on exercise of share options[2]	**596**	1,076	**320**	430

1 2024 relates to the 2021 PSP awards vesting June 2024, with a 2024 performance period. 2023 relates to the 2020 PSP award vested December 2023, with a 2023 performance period.

2 2024 relates to the gain on exercise of 2020 share options. No share options were exercised in 2023.

Short-term employee benefits include salary, bonus, national insurance contributions, the provision of company cars, fuel for company cars, car allowances and private medical insurance.

Further detail on directors' remuneration is provided in the audited part of the directors' remuneration report on page 133.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associated undertakings are disclosed below.

During the year, the Group purchased services in the ordinary course of business from Fabsec Limited ('Fabsec') at a cost of £40,000 (2024: £48,000). The amount due to Fabsec at 29 March 2025 was £117,000 (2024: £117,000).

During the year, the Group has purchased services from Construction Metal Forming Limited ('CMF') at a cost of £8,710,000 (2024: £9,085,000). The amount due from and to CMF at 29 March 2025 was £697,000 (2024: £nil) and £nil (2024: £2,126,000), respectively.

During the prior year, the Group incurred additional operating costs in relation to the day-to-day running of its Indian joint venture ('JSSL') of £nil (2024: £234,000), those costs were recharge to JSSL in the prior year. The Group also made sales to JSSL of £386,000 (2024: £nil). The amount due to and from JSSL at 29 March 2025 was £27,000 (2024: £nil) and £nil (2024: £132,000), respectively.

32. Subsequent events

Subsequent to the year end, on 18 July 2025, the Group successfully negotiated an amendment and extension to its existing £60m Revolving Credit Facility ('RCF') with its lenders, HSBC Bank and Virgin Money. The facility's maturity has been extended to 31 December 2027, providing the Group with liquidity and financial flexibility, during this current period of challenging trading conditions.

On 18 July 2025, the Group entered into a share purchase option agreement with JSW Steel, its partner in the Indian joint venture, JSSL (in which the Group and JSW each currently hold a 50 per cent interest), granting it the right, but not the obligation, to dispose of an interest of up to 24.9 per cent in JSSL for up to £20m, exercisable, at its sole discretion, at any time on or before 31 March 2026. The option reflects the Board's prudent approach to strategic planning and provides the Group with additional financial flexibility. The Board confirms there is no current intention to exercise the option and any decision to do so, and to dispose of any of its shareholding in JSSL, would only be made following a rigorous business case assessment. JSSL remains a strategically important venture for the Group and the Board continues to believe in its long-term value creation potential within the Indian market and remains committed to its successful partnership with JSW.

As the refinancing and the share purchase option agreement were both agreed after the reporting date and do not provide evidence of conditions that existed at the balance sheet date, it has been treated as a non-adjusting event under IAS 10 Events After the Reporting Period.

33. Alternative performance measures

The Group provides alternative performance measures, including underlying operating profit and underlying profit before tax, to enable users to better understand the performance and earnings trends of the Group. The Group's alternative performance measures are not defined by IFRS and are therefore considered to be non-GAAP measures. The measures may not be comparable to similar measures used by other companies and they are not intended to be a substitute for, or superior to, measures defined under IFRS.

In order 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 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.
Operating cash conversion	Cash generated from operations after net capital expenditure (before interest and tax) expressed as a percentage of underlying operating profit (before JVs and associates) (see note 26).	Measure of how successful we are in converting profit to cash through management of working capital and capital expenditure. Widely used by investors and analysts.
Underlying return on capital employed	Underlying operating profit divided by the average of opening and closing capital employed. Capital employed is defined as shareholders' equity excluding retirement benefit obligations (net of tax), acquired intangible assets and net funds (see note 22)	Measures the return generated on the capital we have invested in the business and reflects our ability to add shareholder value over the long term. We have an asset–intensive business model and ROCE reflects how productively we deploy those capital resources.
Economic value generated and distributed	Economic value generated reflects Group revenue. Economic value distributed is operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.	A basic indication of how the Group has created wealth for its stakeholders and an important ESG measure.

Reconciliations to IFRS measures

Underlying operating profit (before JVs and associates)	Note	2025 £000	2024 £000
Underlying operating profit (before JVs and associates)		**21,653**	37,690
Non-underlying operating items	5	**(35,475)**	(13,225)
Share of results of JVs and associates	15	**101**	1,950
Operating profit/(loss)		**(13,721)**	26,415

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33. Alternative performance measures continued

Underlying profit before tax	Note	2025 £000	2024 £000
Underlying profit before tax		18,133	36,545
Non-underlying items	5	(35,645)	(13,525)
Profit/(loss) before tax		(17,512)	23,020

Underlying basic earnings per share	Note	2025 £000	2024 £000
Underlying net profit attributable to equity holders of the parent Company	10	12,938	27,469
Non-underlying items after tax	5	(27,025)	(11,568)
Net profit/(loss) attributable to equity holders of the parent Company		(14,087)	15,901
Weighted average number of ordinary shares	10	302,512,024	307,131,912
Underlying basic earnings per share		4.28p	8.94p
Basic earnings per share		(4.66)p	5.18p

Net debt (pre-IFRS 16)	Note	2025 £000	2024 £000
Borrowings		(13,800)	(20,000)
Cash and cash equivalents		15,520	10,394
Revolving credit facility		(45,000)	–
Unamortised debt arrangement costs		150	235
Net debt (pre-IFRS 16)	27	(43,130)	(9,371)
IFRS 16 lease liabilities	22	(20,461)	(19,073)
Net debt (post-IFRS 16)		(63,591)	(28,444)

Economic value generated and distributed	Note	2025 £000	2024 £000
Revenue	3	450,913	463,465
Economic value generated		450,913	463,465
Operating costs	4	464,735	439,000
Non-underlying operating items	5	(35,475)	(13,225)
Underlying operating costs		429,260	425,775
Payments to providers of capital		4,160	3,715
Non-underlying finance expense	5	(170)	(300)
Underlying payments to providers of capital		3,990	3,415
Payments to government		5,275	9,076
Economic value distributed		438,525	438,266

Five Year Summary

Year ended 29 March 2025

	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
Results					
Revenue	**450,913**	463,465	491,753	403,563	363,254
Underlying* operating profit (before JVs and associates)	**21,653**	37,690	33,067	26,881	25,470
Underlying* profit before tax	**18,133**	36,545	32,476	27,098	24,331
Non-underlying items before tax	**(35,645)**	(13,525)	(5,369)	(6,098)	(3,224)
Profit/(loss) attributable to equity holders of Severfield plc	**(14,087)**	15,901	21,566	15,601	17,304
Assets employed					
Non-current assets	**254,284**	259,304	228,397	230,054	230,076
Net current assets/(liabilities)	**23,721**	15,813	27,572	17,383	22,247
Non-current liabilities	**(95,045)**	(54,366)	(38,251)	(43,477)	(61,394)
Net assets	**182,960**	220,751	217,718	203,960	190,929
Key statistics					
Earnings per share:					
Basic – underlying*	**4.28p**	8.94p	8.48p	7.22p	6.43p
Basic	**(4.66)p**	5.18p	6.97p	5.05p	5.63p
Diluted – underlying*	**4.28p**	8.85p	8.39p	7.19p	6.43p
Diluted	**(4.66)p**	5.13p	6.90p	5.03p	5.63p
Dividends per share	**1.4p**	3.70p	3.40p	3.10p	2.90p
Dividend cover (times) – underlying* basis	**3.1**	2.4	2.4	2.4	2.2
Share price – high	**65.64p**	76.20p	75.49p	84.80p	79.90p
– low	**21.60p**	48.10p	46.65p	62.60p	51.20p

* The basis of stating results on an underlying basis is set out on page 164.

Financial Calendar

Preliminary announcement of full-year results	24 July 2025
Publication of annual report	28 July 2025
Annual general meeting	2 September 2025
Announcement of interim results (provisional)	25 November 2025

Company Balance Sheet

Year ended 29 March 2025

	Note	Year ended 29 March 2025 £000	Year ended 30 March 2024 £000
Non-current assets			
Tangible assets	2	**54,243**	54,778
Intangible assets		**127**	167
Right-of-use asset	3	**1,829**	1,713
Investments	4	**181,607**	181,607
Debtors – amounts falling due after one year	5	**34,498**	18,091
		272,304	256,356
Current assets			
Debtors – amounts falling due within one year	5	**3,423**	8,060
Cash at bank		**1,994**	–
		5,417	8,060
Current liabilities			
Bank overdraft		**–**	(4,541)
Trade and other payables	6	**(90,806)**	(100,699)
Provisions	7	**(2,000)**	(3,373)
Financial liabilities – borrowings		**(6,200)**	(6,200)
Financial liabilities – leases		**(395)**	(327)
		(99,401)	(115,140)
Non-current liabilities			
Trade and other payables	6	**(130)**	(1,095)
Financial liabilities – borrowings		**(52,600)**	(13,800)
Financial Liabilities – leases		**(1,511)**	(1,458)
		(54,241)	(16,353)
Total assets less liabilities		**124,079**	132,923
Capital and reserves			
Share capital		**7,405**	7,739
Share premium		**88,522**	88,522
Other reserves		**3,586**	3,189
Profit and loss account		**24,566**	33,473
Equity and total shareholders' funds		**124,079**	132,923

The Company reported a profit for the financial year ended 29 March 2025 of £10,387,000 (2024: £5,361,000).

The financial statements were approved by the board of directors on 24 July 2025 and signed on its behalf by:

CHARLIE CORNISH
NON-EXECUTIVE DIRECTOR AND CHAIR

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

Severfield plc
Registered in England No.1721262

Company Statement of Changes In Equity

Year ended 29 March 2025

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 30 March 2024	**7,739**	**88,522**	**3,189**	**33,473**	**132,923**
Total comprehensive income for the year	**–**	**–**	**–**	**10,387**	**10,387**
Equity-settled share-based payments	**–**	**–**	**(920)**	**2,115**	**1,195**
Purchase of own shares	**–**	**–**	**(9,262)**	**–**	**(9,262)**
Cancellation of own shares	**(334)**	**–**	**9,262**	**(8,928)**	**–**
Allocation of owned shares	**–**	**–**	**1,317**	**(1,317)**	**–**
Dividends paid	**–**	**–**	**–**	**(11,164)**	**(11,164)**
At 29 March 2025	**7,405**	**88,522**	**3,586**	**24,566**	**124,079**

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 26 March 2023	7,739	88,522	5,950	38,792	141,003
Total comprehensive income for the year	–	–	–	5,361	5,361
Equity-settled share-based payments	–	–	(1,234)	3,007	1,773
Purchase of own shares	–	–	(4,500)	–	(4,500)
Allocation of owned shares	–	–	2,973	(2,973)	–
Dividends paid	–	–	–	(10,714)	(10,714)
At 30 March 2024	7,739	88,522	3,189	33,473	132,923

Notes to the Company Financial Statements

Year ended 29 March 2025

1. Significant accounting policies

Basis of accounting

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'). In preparing these financial statements, the Company applies the recognition measurement and disclosure requirements of UK-adopted international accounting standards, but makes amendments where necessary in order to comply with the Companies Act 2006, and as set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and related notes, related party transactions and comparative period reconciliations. In addition, disclosures in relation to share capital (note 24), share premium and dividends (note 9) have not been repeated here as there are no differences to those provided in the consolidated financial statements.

Except as noted below, the Company's accounting policies are consistent with those described in the consolidated financial statements of Severfield plc.

Profit of the parent Company

The Company has taken advantage of section 408 of the Act and consequently the statement of comprehensive income (including the profit and loss account) of the parent Company is not presented as part of these accounts.

Audit fees

The Company has taken the exemption granted under SI 2008/489 not to disclose non-audit fees paid to its auditor.

Employees

Directors' remuneration and details of their share-based payments are disclosed in the audited part of the directors' remuneration report on page 133 and in notes 6 and 23 to the consolidated financial statements.

Investments

Investments in subsidiaries, joint ventures and associates are stated at cost less, where appropriate, provisions for impairment.

Amounts owed by subsidiary undertakings

The Company holds intercompany loans with subsidiary undertakings, which are repayable on demand. None of these loans are past due nor impaired. Expected credit losses on these balances are not considered material. The carrying value of these loans approximates to their fair value.

2. Tangible fixed assets

	Land and buildings £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 31 March 2024	66,129	1,898	–	68,027
Additions	–	141	–	141
Disposals	–	–	–	–
At 29 March 2025	**66,129**	**2,039**	**–**	**68,168**
Accumulated depreciation				
At 31 March 2024	12,919	330	–	13,249
Charge for the year	504	172	–	676
Disposals	–	–	–	–
At 29 March 2025	**13,423**	**502**	**–**	**13,925**
Carrying amount				
At 29 March 2025	**52,706**	**1,537**	**–**	**54,243**
At 30 March 2024	53,210	1,568	–	54,778

The Company's land and buildings include those which are occupied and used by some of the Company's subsidiary undertakings. The rental income from these assets in the current year was £600,000 (2024: £600,000), which is set at a rate only to cover certain of the costs of maintaining the properties.

3. Right-of-use assets

	Long leasehold land and buildings £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 31 March 2024	794	1,284	45	2,123
Additions	462	–	75	537
Disposals	–	–	(45)	(45)
At 29 March 2025	**1,256**	**1,284**	**75**	**2,615**
Accumulated depreciation				
At 31 March 2024	86	300	24	410
Charge for the year	122	256	21	399
Disposals	–	–	(23)	(23)
At 29 March 2025	**208**	**556**	**22**	**786**
Carrying amount				
At 29 March 2025	**1,048**	**728**	**53**	**1,829**
At 30 March 2024	708	984	21	1,713

4. Investments

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries, joint ventures and associated undertakings, including their country of incorporation, as at 29 March 2025, is disclosed below. All of these had a reporting period ended 29 March 2025, except where indicated.

Name of undertaking	Incorporated in	Class of capital
100% owned by Severfield plc		
Severfield Commercial & Industrial Limited (formerly Severfield (UK) Limited)	England and Wales	Ordinary
Severfield Commercial & Industrial (NI) Limited(i) (formerly Severfield (NI) Limited)	Northern Ireland	Ordinary
Severfield (Design & Build) Limited	England and Wales	Ordinary
Severfield Modular Solutions Limited (formerly Severfield (Products & Processing) Limited)	England and Wales	Ordinary
Severfield Europe Holdings B.V.(vii)	Netherlands	Ordinary
Severfield (Nuclear & Infrastructure) Limited	England and Wales	Ordinary
Severfield International Limited	England and Wales	Ordinary
Severfield Mauritius Limited(iii)	Mauritius	Ordinary
Severfield Infrastructure Limited	England and Wales	Ordinary
Leeds 27 Limited**	England and Wales	Ordinary
100% owned by Severfield Europe Holdings B.V.		
Voortman Design and Build B.V.(vii)	Netherlands	Ordinary
Severfield Steel Construction Netherlands B.V.(vii)	Netherlands	Ordinary
Severfield Europe B.V.(ii)	Netherlands	Ordinary
Severfield Steel Projects B.V.(vii)	Netherlands	Ordinary
Severfield De Haven B.V.(vii)	Netherlands	Ordinary
Severfield Sales & Projects Management B.V.(vii)	Netherlands	Ordinary
Severfield International Steel Projects B.V.(vii)	Netherlands	Ordinary
50% owned by Severfield plc		
Construction Metal Forming Limited*(iv)	England and Wales	Ordinary
50% owned by Severfield Mauritius Limited		
JSW Severfield Structures Limited(v)†	India	Ordinary
50% owned by Severfield Steel Projects B.V.		
Bouwcombinatie Van Wijnen(vii)†	Netherlands	Ordinary
33% owned by Severfield plc		
Fabsec Limited*(vi)	England and Wales	Ordinary

* Companies with a reporting period ended 31 December 2024
** Dormant company
‡ Unless otherwise stated, the registered office address for each of the above is Severs House, Dalton Airfield Industrial Estate, Dalton, Thirsk, North Yorkshire YO7 3JN
† Companies with a reporting period ended 31 March 2025

Registered office classification key:

(i) Fisher House, Main Street, Ballinamallard, Enniskillen, Co Fermanagh BT94 2FY
(ii) Hoge Mosten 12, 4822 NH Breda, Netherlands
(iii) Felix House, 24 Dr. Joseph Rivière Street, Port Louis, Mauritius
(iv) Millennium House, Severn Link Distribution Centre, Newhouse Farm Industrial Estate, Mathern, Chepstow NP16 6UN
(v) 401 Grande Palladium, 4th Floor, 175 CST Road, Kalina, Santacrus East, Mumbai, India, 400098
(vi) Unit 561 Avenue E East, Thorp Arch Estate, Wetherby LS23 7DB
(vii) Plaagslagen 16 7463 PH Rijssen, Netherlands

4. Investments continued

	2025 £000	2024 £000
		Restated
Investment in subsidiaries	172,290	172,290
Investment in joint ventures	9,317	9,317
	181,607	181,607

Investment in subsidiaries

	£000
Cost	
At 31 March 2024 (restated)	172,290
Investment in the year	–
At 29 March 2025	**172,290**
Provision for impairment	
At 29 March 2025	–
Net book value	
At 29 March 2025	**172,290**
At 30 March 2024 (restated)	172,290

During the year, a review of investments was performed and it was identified that £26.2m should be treated as a subsidiary rather than a joint venture and therefore the balances have been restated.

The Group has assessed the risk of impairment in relation to its subsidiaries and joint ventures, taking into account current year trading performance. Based on this assessment, management has concluded that no reasonably possible downside scenario would give rise to an impairment.

5. Debtors – amounts falling due within one year

Current assets	2025 £000	2024 £000
Other debtors	2,367	2,035
Amounts owed by JVs and associates	1,056	252
Corporation tax recoverable	–	5,773
	3,423	8,060

Non-current assets	2025 £000	2024 £000
Amounts owed by subsidiary undertakings	34,498	18,091
	34,498	18,091

Amounts owed by subsidiary undertakings are non-interest bearing and repayable on demand. They are classified as non-current where we don't expect a repayment in the next 12 months. No impairment of the receivable was recorded at 29 March 2025 or 30 March 2024.

Notes to the Company Financial Statements

Year ended 29 March 2025

6. Creditors – amounts falling due within one year

Current liabilities	2025 £000	2024 £000
Other creditors and accruals	11,331	7,611
Amounts owed to subsidiary undertakings	71,605	86,186
Amounts owed to JVs and associates	113	346
Corporation tax liability	1,574	
Deferred tax liability (note 8)	6,183	6,556
	90,806	100,699

Non-current liabilities	2025 £000	2024 £000
Other creditors and accruals	130	1,095
	130	1,095

7. Provisions

	Legacy employment tax	Total
Balance at 31 March 2004	3,373	3,373
Provisions made during the year	–	–
Provisions released during the year	(1,373)	(1,373)
Provisions used during the year	–	–
Balance at 29 March 2025	**2,000**	**2,000**

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

Legacy employment tax charge

During the prior year, HMRC raised an assessment for historical income tax and national insurance ('NIC') liabilities. The Group disputed the charge, but reached a final settlement with HMRC, during the year, reducing the liability to £2.0m and therefore recorded a credit of £1.4m in non-underlying items.

8. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period.

	2025 £000	2024 £000
Deferred tax liabilities	**(6,949)**	(7,027)
Deferred tax assets	**766**	471
	(6,183)	(6,556)

Deferred tax – movement for the year:

	Excess capital allowances £000	Other temporary differences £000	Total £000
At 26 March 2023	(6,779)	509	(6,270)
Current year credit	(248)	(38)	(286)
At 31 March 2024	(7,027)	471	(6,556)
Current year charge	78	295	373
At 29 March 2025	**(6,949)**	**766**	**(6,183)**

Overview
Strategic report
Our governance
Financial statements

Addresses and Advisers

Registered office and Headquarters

Severfield plc
Severs House
Dalton Airfield Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

Operational businesses

Severfield Commercial & Industrial Limited
Severs House
Dalton Airfield
Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

Severfield (Design & Build) Limited
Ward House
Sherburn
Malton
North Yorkshire
YO17 8PZ

Severfield Commercial & Industrial (NI) Limited
Fisher House
Ballinamallard
Enniskillen
Co Fermanagh
BT94 2FY

Severfield Modular Solutions (formerly Severfield (Products & Processing) Limited)
Severs House
Dalton Airfield Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

Severfield Europe B.V.
Hoge Mosten 12
4822 NH Breda
Netherlands

Severfield (Nuclear & Infrastructure) Limited
Elton Street
Bolton
Lancashire
BL2 2BS

Severfield Infrastructure Limited
Severs House
Dalton Airfield Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

JSW Severfield Structures Limited
Office No. 302, Naman Centre
3rd Floor, Plot No. C-31
Bandra Kurla Complex
Bharat Nagar, Bandra East
Mumbai 400 051
India

Construction Metal Forming Limited
Unit 3
Mamhilad Technology Park
Old Abergavenny Road
Mamhilad
Monmouthshire, NP4 0JJ

Severfield Europe Holding B.V. (formerly Voortman Steel Construction Holding B.V.)
Plaagslagen 16,
7463 PH Rijssen
The Netherlands

Advisers

Auditor

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Chartered Accountants
1 Sovereign Square
Leeds, LS1 4DA

Solicitor

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London
E1 6PW

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London
EC2V 6DN

Registrars

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London, EC4V 3BJ

Liberum Capital Limited
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London
EC2Y 9LY

Bankers

HSBC Bank plc
Maingate
Kingsway North
Team Valley Trading Estate
Gateshead, NE11 0BE

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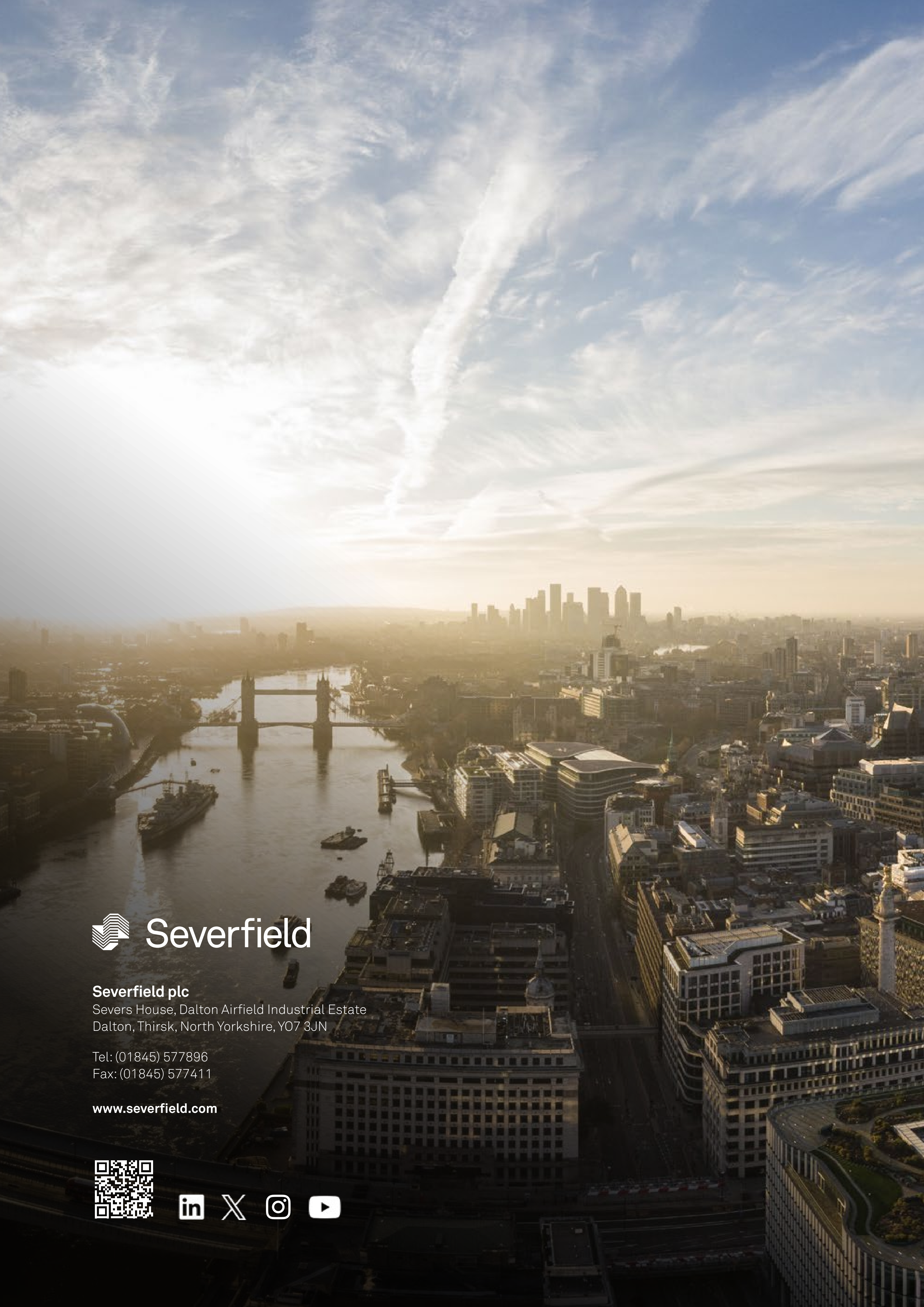

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