

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

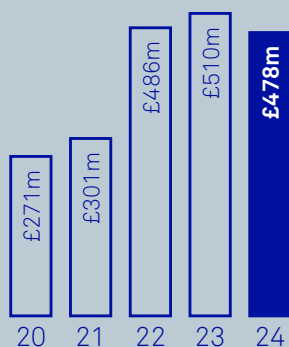
**SEVERFIELD PLC ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 MARCH 2024**



SUSTAINABLE GROWTH IN NUMBERS

Our high-quality order book is well-diversified and contains a good mix of projects across the Group's key market sectors with a growing amount in Europe.

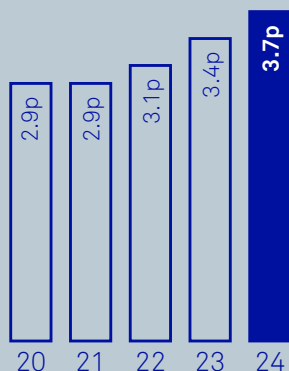
ORDER BOOK (UK AND EUROPE)



➔ Read more about [our order book](#) on pages 14 to 15

The Group's strong cash generation allows a progressive dividend policy whilst maintaining funding flexibility to fulfil the Group's strategy.

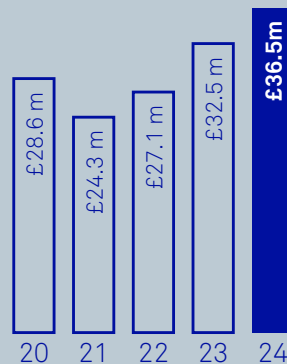
DIVIDEND PER SHARE



➔ Read more about [our dividends](#) on page 50

Strong underlying profit before tax growth of 13 per cent in 2024 and 6 per cent annual compound growth since 2020, highlighting both organic growth and growth from selective acquisitions.

UNDERLYING¹ PROFIT BEFORE TAX



¹ Underlying results are stated before non-underlying items. See note 33 for APM definitions.

➔ Read more about [our performance](#) on pages 40 to 51

Profit before tax, which includes the impact of non-underlying expenses of £13.5m (2023: £5.4m), has decreased by £4.1m to £23.0m.

PROFIT BEFORE TAX ('PBT')



➔ Read more about [our performance](#) on pages 40 to 51

WELCOME TO OUR ANNUAL REPORT 2024

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.



KEVIN WHITEMAN
Chair

“It has been an absolute privilege to be the Chair of Severfield. I am pleased to be leaving a business in great shape, which is performing strongly, and which has a clear strategy for further sustainable growth.”



ALAN DUNSMORE
Chief Executive Officer

“The Group demonstrated the importance of its diversified activities. Strong order books and market leading positions by delivering another year of underlying profit growth against a back drop of some challenging market conditions.”



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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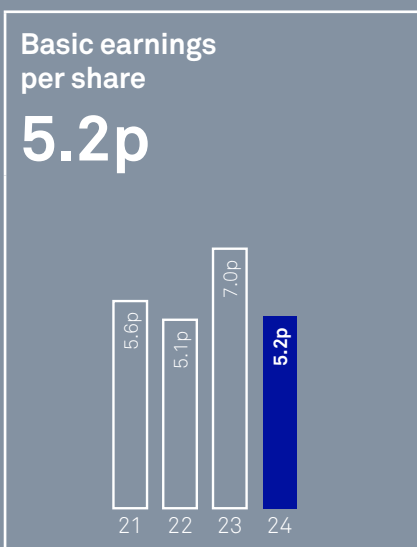
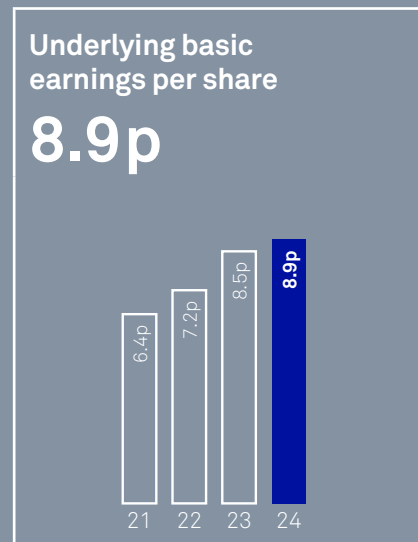
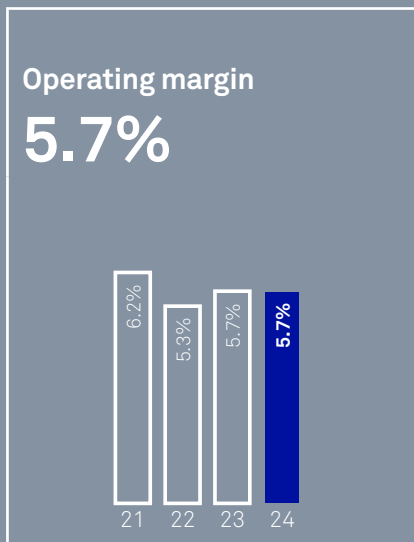
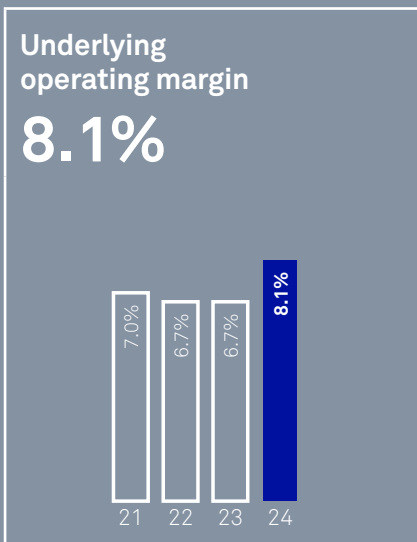
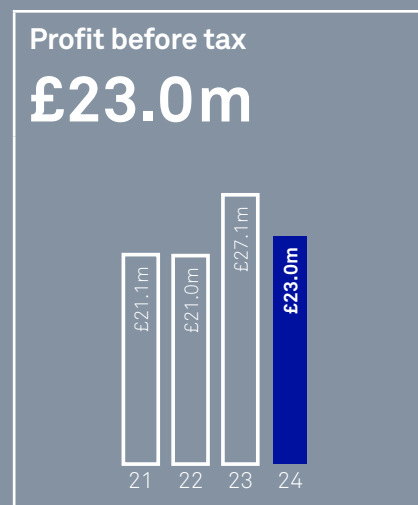
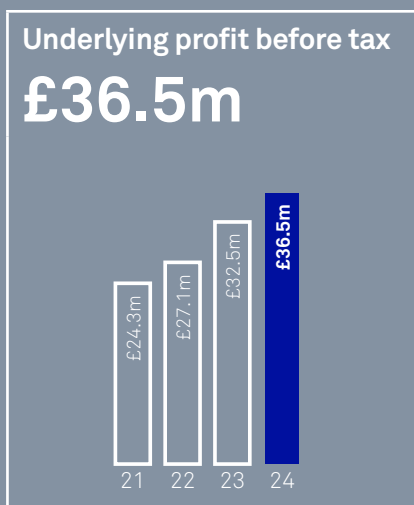
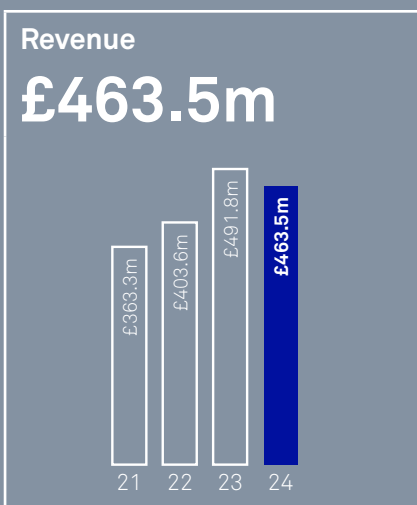
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OUR YEAR IN REVIEW



Except as otherwise stated '2023' and '2024' refers to the 52-week period ended 25 March 2023 and the 53-week period ended 30 March 2024 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 £13.5m (2023: £5.4m), including the amortisation of acquired intangible assets of £5.4m (2023: £3.3m), legacy employment tax charge £4.4m (2023: £nil), impairment of fixed assets £4.5m (2023: £nil), unwind of discount on contingent consideration of £0.3m (2023: £0.6m), fair value change in contingent consideration of £1.1m credit (2023: £0.3m credit), and net acquisition-related expenses of £nil (2023: £1.8m). See note 33 for APM definitions.

¹ Scope 1 and Scope 2 emissions, using a market-based approach. Increase due to the inclusion of VSCH, acquired in April 2023.

OPERATIONAL HIGHLIGHTS

- Revenue of £463.5m (2023: £491.8m)
- Underlying¹ profit before tax up 13 per cent to £36.5m (2023: £32.5m), ahead of expectations due to strong operational delivery
- Profit before tax, including non-underlying items, was £23.0m (2023: 27.1m)
- Underlying¹ basic earnings per share up 5 per cent at 8.9p (2023: 8.5p)
- Basic earning per share of 5.2p (2023: 7.0p)
- Total dividend increased by 9 per cent to 3.7p per share (2023: 3.4p per share), includes proposed final dividend of 2.3p per share (2023: 2.1p per share)
- Year-end net debt (on a pre-IFRS 16 basis¹) of £9.4m (2023: net funds of £2.7m), includes Voortman acquisition loan of £15.2m, and reflects an operating cash conversion¹ of 110% (2023: 145%)
- High-quality, diversified UK and Europe order book of £478m at 1 June 2024 (1 November 2023: £482m), includes higher proportion of European orders
- Momentum and value is building in JSSL – increased share of profit of £1.9m (2023: £1.3m), record EBITDA of £13m and output of over 100,000 tonnes, Gujarat expansion expected to commence in H2
- Record India order book of £181m at 1 June 2024 (1 November 2023: £165m)
- £10m share buyback programme launched in April 2024 to return surplus capital to shareholders

¹ See note 33 for APM definitions

ESG

- The Group was awarded 'AAA' under MSCI's ESG rating for the third year running
- Achieved CDP 'A' score for leadership on climate change mitigation and 'A-' for supply chain engagement, as well as maintaining our 'very good' BES 6001 responsible sourcing accreditation
- Science-Based Target initiative ('SBTi') Net Zero targets approved
- 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 fourth year running
- Procured 100 per cent of our energy from renewable sources at all UK-owned facilities
- Measured 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' apprenticeships

➔ Read more about **our operating performance** on pages 40 to 47

VIEW FROM THE CHAIR



“Despite the challenging market conditions, the Group has delivered another year of strong performance – testament to the talent of our people and success of our strategy”

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

2024 was another strong year for the Group, reflecting the quality of our operations and the talent and commitment of our people. Despite some market headwinds, the diversified nature of our operations and our market-leading positions have enabled us to continue making significant strategic progress, particularly in Europe. The Group continues to win new, high-quality work across all areas of the business and this gives us a strong platform for success in future years.

The Group's underlying¹ profit before tax grew by 12 per cent to £36.5m (2023: £32.5m), ahead of our previous expectations, and this has been supported by strong cash generation with operating cash conversion in the year of 110 per cent (2023: 145 per cent). Our strong cash position and positive cash flow supports the Group's future growth by enabling us to make the best decisions and by giving potential clients assurance of our long-term solvency and availability of cash resources. Statutory operating profit, which includes non-underlying items, was £26.4m (2023: £30.2m).

Our total dividend for the year has increased by 9 per cent to 3.7p per share, reflecting our results, strong balance sheet and the board's confidence in the Group's long-term prospects. Furthermore, encouraged by our cash position, we launched our share buyback programme in April 2024 to repurchase up to £10m of our ordinary shares, to further enhance returns to our shareholders.

Board changes

This is my last report to you as Chair of Severfield and I am pleased to be handing over to Charlie Cornish with the Group in a strong position and in good hands. Charlie joined the board as a non-executive director in May 2024 and will succeed me as Chair when I step down from the board at the AGM on 30 July 2024, having completed my nine-year tenure. 2024 also saw the retirement of Tony Osbaldiston after nine years on the board, and the departures of Rosie Toogood, who took up a senior executive role at Wates, a major customer, and Ian Cochrane, previously our Chief Operating Officer, who left us to pursue other interests. I thank them all for contributions to the board and to the Group's success.

Markets and strategy

In the UK and Europe, we have a prominent position in market sectors with strong growth potential. Our Nuclear and Infrastructure division is well-placed to meet the demand for ongoing state-backed investment, including the requirement for clean and domestically generated energy, such as nuclear power, and improved transport infrastructure. In our Commercial and Industrial division, we continue to see some significant opportunities, both in the UK and continental Europe, where we are making good progress with our European growth strategy, supported by the acquisition of VSCH. This includes projects in support of a low-carbon economy such as battery plants, energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with data centres, where demand is being fuelled by the growth in Artificial Intelligence applications.

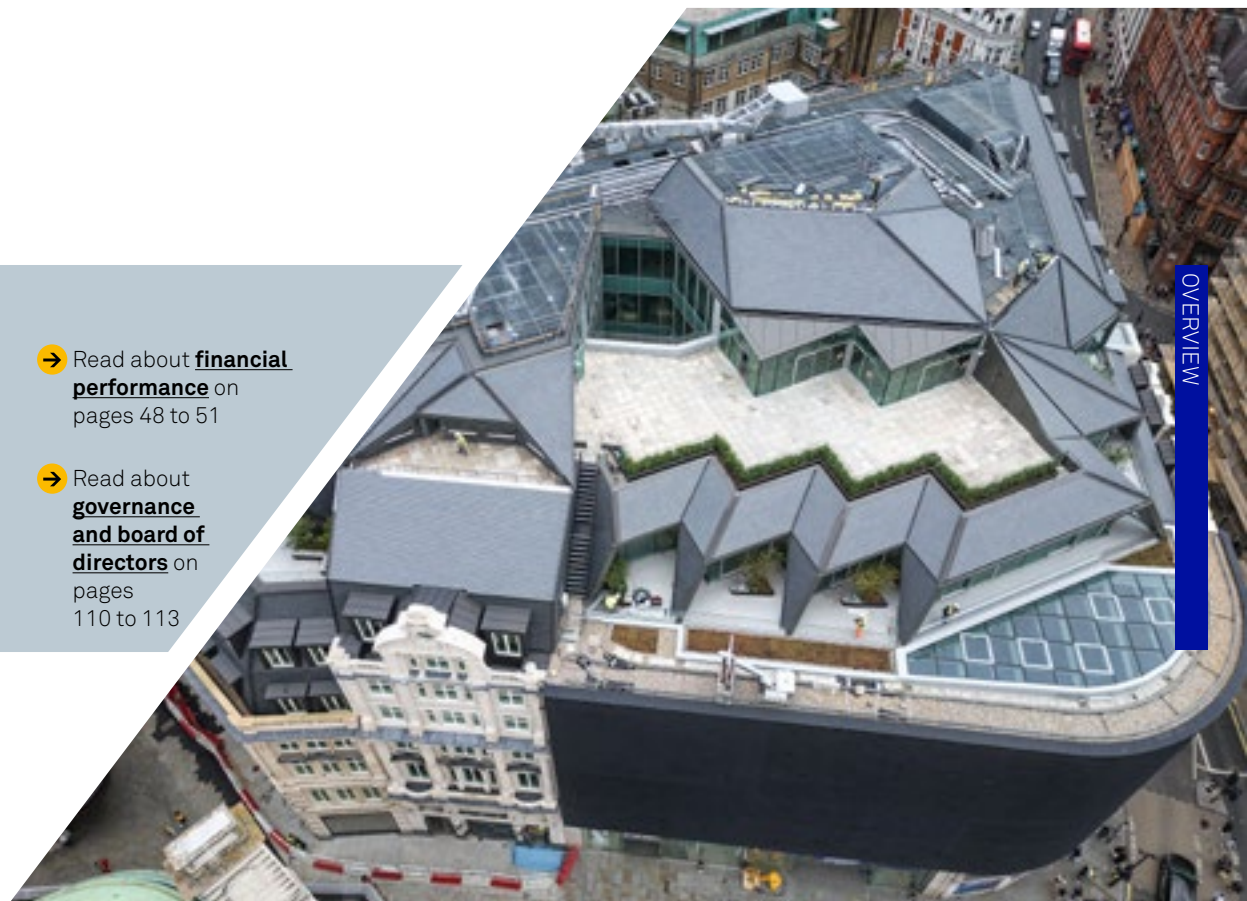
Creating value in JSSL remains a key strategic objective of the board. In India, momentum is building and a growing order book and pipeline, and the large number of identified growth opportunities reflect a continuing strong demand for structural steel.

→ Read about **strategy** on pages 30 to 33

→ Read about **financial performance** on pages 48 to 51

→ Read about **operating performance** on pages 40 to 47

→ Read about **governance and board of directors** on pages 110 to 113



With these foundations, and with the land in Gujarat, to develop a new manufacturing facility and to expand the geographical footprint of the business, now secured, the business is very well-positioned to take advantage of a strongly growing economy, which will drive the success and long-term value of the business.

A responsible business

The health, safety and wellbeing of our employees remains paramount and is our number one priority. Encouragingly, we have seen a further reduction in our injury rates and have achieved our targets for the year, supported by the ongoing roll out of our Safer@Severfield behavioural safety programme. Our injury frequency rate ('IFR') of 1.23, compares favourably to 1.61 in 2023, and our accident frequency rate ('AFR') has reduced to 0.12, compared to 0.14 in 2023. Despite this good performance, we are not complacent and we are in the process of adopting positive leading indicators to drive further corrective behaviours in our workforce in the future.

During the year, we progressed our efforts to measure and reduce our carbon emissions and I am proud to say that we have achieved a CDP A score for our leadership on climate change mitigation, and retained our AAA environmental, social and governance (ESG) rating from MSCI for the third year running. We have also received validation of our science-based targets, have been verified and accredited as carbon neutral for the fourth year running and have, once again, been recognised in the Financial Times listing of Europe's climate leaders, which showcases corporate progress in fighting climate change.

We have maintained our focus on social value, which has been delivered through a range of Group initiatives such as supporting local supply chain partners, fundraising and volunteering schemes, through paying our colleagues at or above the real living wage, and 'earning and learning' through our gold membership of 'The 5% Club', including increasing our intake of annual apprentices.

Looking forward

Whilst there remains some uncertainty in the wider economy, we are seeing an improvement in market conditions. We have strong order books spread across a wide range of sectors and geographies and are well-positioned in markets with excellent long-term opportunities. As I prepare to step down as Chair, I am pleased to be leaving a business in great shape, which is performing strongly, and which has a clear strategy for further sustainable growth. It has been an absolute privilege to be the Chair of Severfield. It is a unique and dynamic business, driven by the commitment and talent of its outstanding people, who have been key to the Group's enduring success. I leave behind a strong and entrepreneurial management team, led by Alan Dunsmore, with whom I have thoroughly enjoyed working. Finally, I would like to personally thank all of my board colleagues, the shareholders and the wider Severfield team for their continued support over the years.

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

19 JUNE 2024

¹ See note 33 for APM definitions

OUR PURPOSE, STRATEGY AND VALUES

OVERVIEW

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.

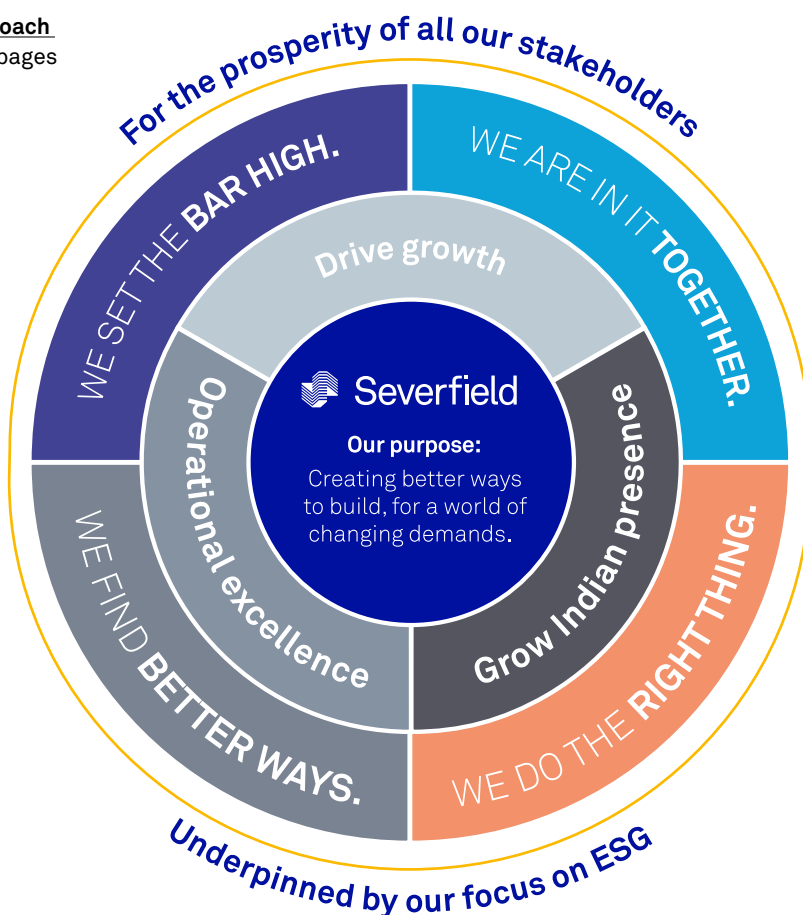
Through the continued focus on **our well-established strategy** to drive growth in our core markets, grow our presence in new and emerging markets and ensure continuous efficiency improvement across all aspects of our business, we are turning our purpose into action, creating long-term value for all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

Over recent years, we have been on a journey with colleagues to develop the values that define us. **'The Severfield Way'** encompassed our new values ('we set the bar high', 'we are in it together', 'we do the right thing' and 'we find better ways') will guide our behaviour and shape our interactions both inside and outside the organisation. They define the high standards by which we conduct ourselves, the decisions we make, and the relationships we cultivate. Upholding our values is non-negotiable, as they personify our commitment to ethical conduct and responsible business practices.

Our sustainability framework is a key enabler to achieving our **leadership on ESG** and continues to be underpinned by the four Ps: 'Planet', 'People', 'Prosperity' and 'Principles of Governance'.

By adhering to our purpose, continuing the delivery of our well-established strategy, and upholding our values, we aim to drive sustainable growth and to fulfil our broader responsibilities to society.

➔ Read about our [approach to sustainability](#) on pages 51 to 91



Our well-established strategy is unchanged – focused on growth, both organic and through selective acquisitions, growing our presence in India through our joint venture (JSSL), and operational improvements.

01

DRIVE GROWTH

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



➔ Read more on page 31

02

GROW INDIAN PRESENCE

Our aim is to build value in JSSL and we remain very positive about the long-term development of the Indian market.



➔ Read more on page 32

03

OPERATIONAL EXCELLENCE

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



➔ Read more on page 33

Our focus on ESG

Our strategic priorities are underpinned by the sustainability framework, which along with our core values, enables us to deliver our strategy. Our sustainability framework outlines why we prioritise different elements of our work and is encapsulated by the 4Ps framework:



Planet

Continue to improve the environmental impact of our processes and projects. Support sustainable construction through circularity, strive for Net Zero and enable efficient business practices.



People

Support our teams to be diverse, engaged, motivated and highly skilled. Engage positively with projects and the local communities in which we work.



Prosperity

Deliver sustainable profitable growth, whilst satisfying our ethical, legal and contractual obligations.



Principles of Governance

Show leadership in delivering a sustainability programme, which considers whole life impact, taking us beyond compliance and ensuring continuous improvements.

➔ Read more on pages 74 to 88

THE SEVERFIELD WAY

THE IMPORTANCE OF CULTURE

The Severfield Way has been designed to harness the skills and expertise of our people and promote the positive culture and ways of working that everyone at Severfield strives to achieve.

Developing The Severfield Way

Severfield is known for its culture of accountability, continuous improvement, and commitment to excellence, with a strong emphasis on health and safety. Our success centres on the collective talent, skills, and experience of our dedicated colleagues across the Group.

We are committed to continuing to make Severfield a great place to work, a place where everyone can perform at their best and help us achieve our business objectives.

The Severfield Way embodies our collective identity and values and is the product of a number of years of proactive colleague engagement, focused on understanding what it was about our dynamic business that our people liked, what they thought our identity was, and crucially, where they thought we could improve.

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 new 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 one of the key driving forces of Severfield's market-leading operations for several years, and The Severfield Way will enhance this. It not only showcases our strengths and the organisational standards we aim to uphold, but also serves as a catalyst for further growth, challenging both our colleagues and leaders to strive for excellence in themselves and the work they do.

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



➔ Read more on pages 10 to 19






WE SET THE BAR HIGH.

“ Our passion drives us to go above and beyond expectations. ”


WE ARE IN IT TOGETHER.

“ Everyone at Severfield understands that we are part of one team. ”

WE FIND BETTER WAYS.

“ We are always looking for opportunities to improve. ”




WE DO THE RIGHT THING.

“ Our focus is on what’s best for each other, our business, our clients, and our communities. ”



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 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.

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.

Our values

Our four core values define how we operate and interact with clients, partners, colleagues, and communities. They serve as guiding principles in our day-to-day activities. Together, we remain committed to upholding these values and working collaboratively to drive success – for Severfield, our team, and beyond.

WE SET THE BAR HIGH.

WE ARE IN IT TOGETHER.

WE FIND BETTER WAYS.

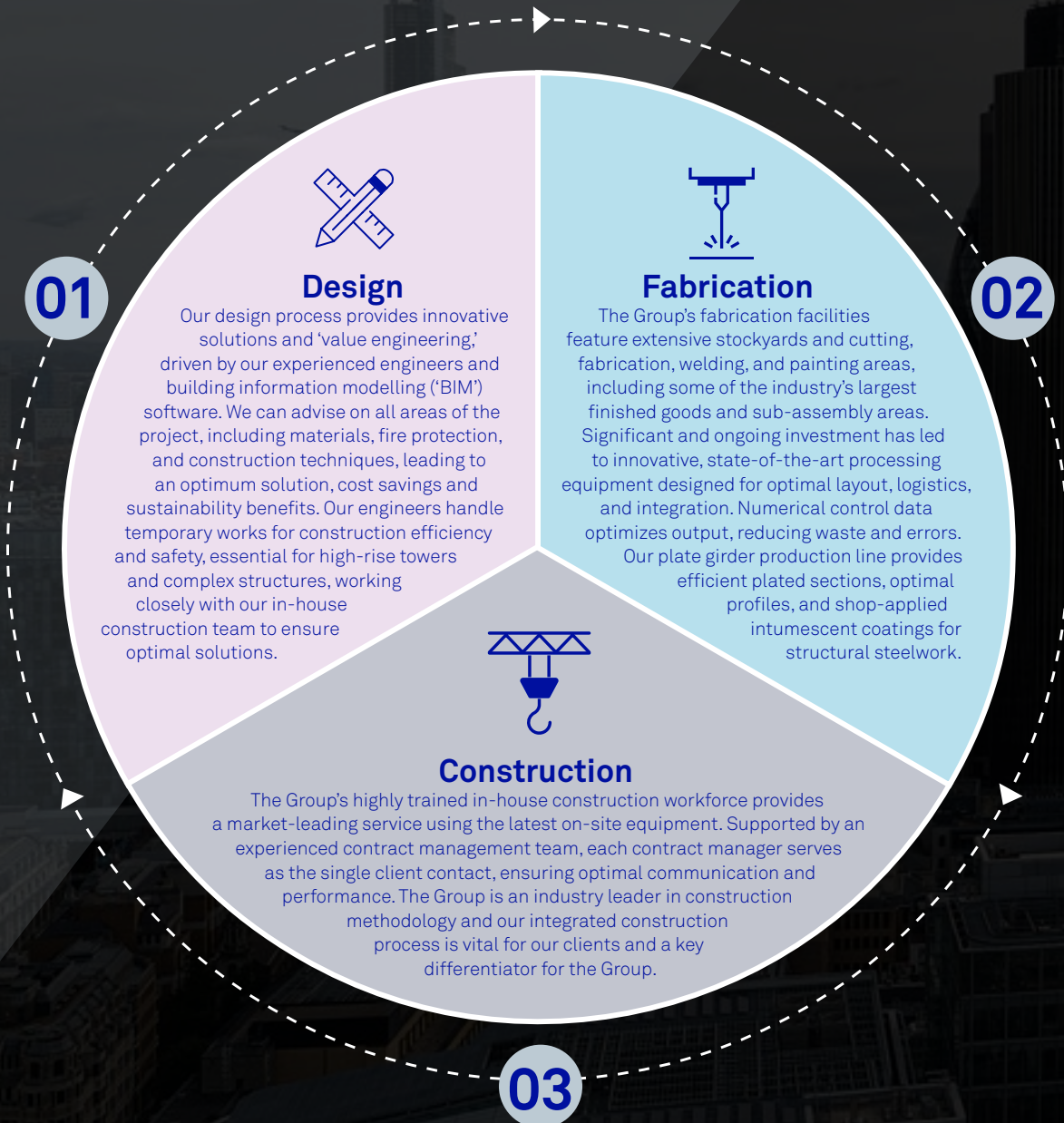
WE DO THE RIGHT THING.



WHAT WE DO

We provide value throughout the entire project life cycle...

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 life cycle. Our in-house design and construction teams work closely together to create the most efficient and safest solutions that match our clients' needs.



Project Horizon

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 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.

...addressing societies' infrastructure needs

Our businesses are well-positioned to win work in markets with positive long-term growth trends including those which are benefiting 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 gigafactories 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 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, 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, 4 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.

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') 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, 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.

Low carbon transport

Significant UK Government investment is planned in public transport, including HS2, Northern Powerhouse rail links, TransPennine upgrades, rail electrification projects 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.

WHERE WE DO IT

Across our construction operations we provide unrivalled capacity, capability and technical expertise to the industry.

CORE CONSTRUCTION SECTORS



Commercial & Industrial

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

The division has manufacturing sites in three locations: Dalton, Lostock and Enniskillen. 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 wider geographical area, including Europe.

Voortman Steel Construction Holding B.V. ('VSCH') acquired April 2023 (Netherlands)

Acquired in April 2023, VSCH is headquartered in Rijssen, the Netherlands, and is a leading high-end steel construction company, with business activities in Europe. VSCH specialises in steel, industrial and energy construction, as well as design and build solutions. Over recent years, VSCH has transformed itself from a bulk steel constructor to a provider of high-end tailor-made steel solutions, produced in its cutting-edge manufacturing facilities.

Dalton	UK employees: 1,264
Sherburn	Europe employees: 184
Lostock	
Enniskillen, Northern Ireland	
Zevenbergen, Netherlands	
Rijssen, Netherlands	
Maassluis, Netherlands	



Nuclear & Infrastructure

Across three locations, our Nuclear & 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.

Carnaby

Lostock

Cardiff

Glasgow

Total employees: 197

The acquisition of VSCH, which has recently been combined with our existing European business, is strengthening our market position in Europe. Our joint venture operation in India is also fundamental in helping the Group achieve our strategic growth objectives.



Modular Solutions

The Modular Solutions division consists of the growing modular product ranges of Severfield Modular Solutions ('SMS') (formerly Severfield (Products & Processing) 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 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.

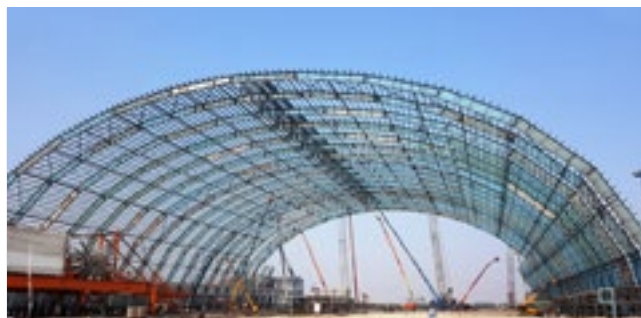
Construction Metal Forming, the Group's 50:50 joint venture in Monmouthshire, South Wales, is a specialist designer, manufacturer, innovator and installer of profiled MetFloor® metal decking. The modern manufacturing facility in South Wales houses three dedicated roll forming production lines, for the 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.

Sherburn

140 employees

Monmouthshire

89 employees



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.100,000 tonnes (excluding subcontracted work).

OUR DIVERSIFIED PORTFOLIO

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.





We have extensive experience in multiple market sectors, which supports the business through changes in spending patterns and fluctuations in macroeconomic conditions. In other words, we have a balanced portfolio with market sector, geographical and client diversification.

CORE CONSTRUCTION SECTORS

Commercial and industrial

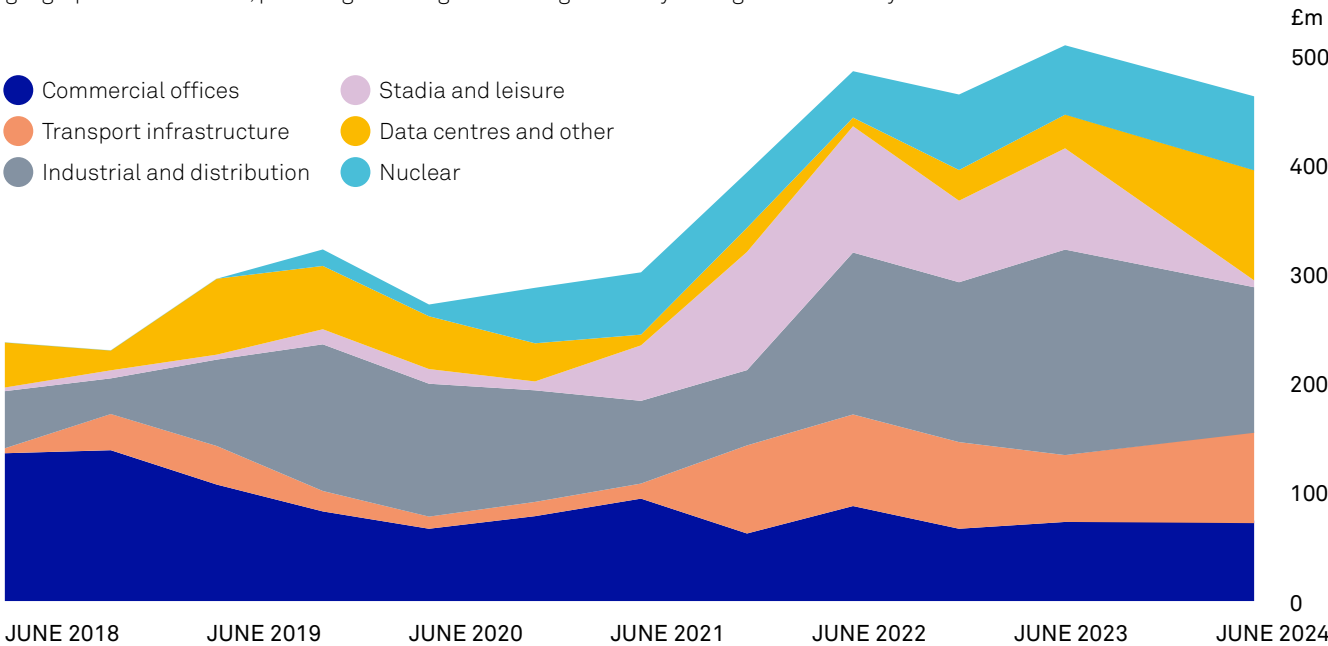
		
Commercial Offices	Industrial and distribution	Data centres
		
Retail	Health and education	Stadia and leisure

Nuclear and infrastructure

	
Nuclear	Power and energy
	
Transport infrastructure	Process industries

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.



Division/Sector	June 2024 £478m	Nov 2023 £482m	Future trend for Severfield
Commercial and industrial:			
Industrial and distribution	30%	37%	►
Stadia and leisure	1%	2%	►
Commercial offices	15%	21%	▲
Data centres and other	19%	6%	▲
Health and education	–	1%	▲
Retail	–	–	▲
TOTAL	65%	67%	
Nuclear and infrastructure:			
Transport infrastructure	18%	17%	►
Nuclear	15%	13%	▲
Power and energy	1%	2%	▲
Process industries	–	–	▲
TOTAL	34%	32%	
Modular Solutions			
UK	68%	87%	
Europe and Ireland	32%	13%	

A DIVERSE, HIGH-QUALITY ORDER BOOK

“The order book contains a good mix of projects across the Group’s key market sectors, with an increasing amount in Europe – providing us with good earning visibility for 2025 and beyond”



OUR PROJECTS

Our projects cover a diverse range of market sectors and geographies, with an increasing amount of work in continental Europe.

PROJECTS

- 1 V&A Museum, Dundee
Health and education
- 2 Everton FC, Liverpool
Stadia and Leisure
- 3 Envision Nissan Battery Plant, Sunderland
Industrial and distribution
- 4 R8 Kings Cross, London
Commercial offices
- 5 Excel Arena, London
Stadia and leisure
- 6 Titanic, Belfast
Stadia and leisure
- 7 Google Headquarters, London
Commercial offices
- 8 30 Grosvenor Square, London
Commercial offices
- 9 Argyle Street, Glasgow
Commercial offices
- 10 The Shard, London
Commercial offices
- 11 Co-op Live, Manchester
Stadia and leisure
- 12 Allerdene Bridge, Gateshead
Transport infrastructure
- 13 Large warehouse, Bristol
Industrial and distribution
- 14 Iport, Doncaster
Industrial and distribution
- 15 Symmetry Park, Rugby
Industrial and distribution
- 16 Panattoni Interchange Park, Rotherham
Industrial and distribution
- 17 Wilton Park, Dublin
Commercial offices
- 18 Pinewood studios, London
Stadia and Leisure
- 19 P4 Datacentre, Peterborough
Data centres and other
- 20 Sky Studios, Hertfordshire
Stadia and leisure
- 21 Nuclear decommissioning, Sellafield
Nuclear
- 22 AWE – Project Mensa, Aldermaston
Nuclear
- 23 Lonza, Switzerland
Industrial and distribution

- 24 Large data centre, Finland
Data centres and other
- 25 Large data centre, Belgium
Data centres and other
- 26 Large warehouse, Germany
Industrial and distribution
- 27 JSW HSM 3, Bellary
Industrial and distribution
- 28 Phoenix H10, Hyderabad
Commercial offices
- 29 Colt Data Centre, Mumbai
Data centres and other
- 30 Ctrl S Data Centre, Chennai
Data centres and other

OUR OFFICES AND SITES

- A Dalton
- B Sherburn
- C Enniskillen
- D Bridlington
- E Bolton
- F Rijssen
- G Maassluis
- H Monmouthshire and Chepstow
- I Bellary, India
- J York
- K Glasgow
- L Zevenbergen

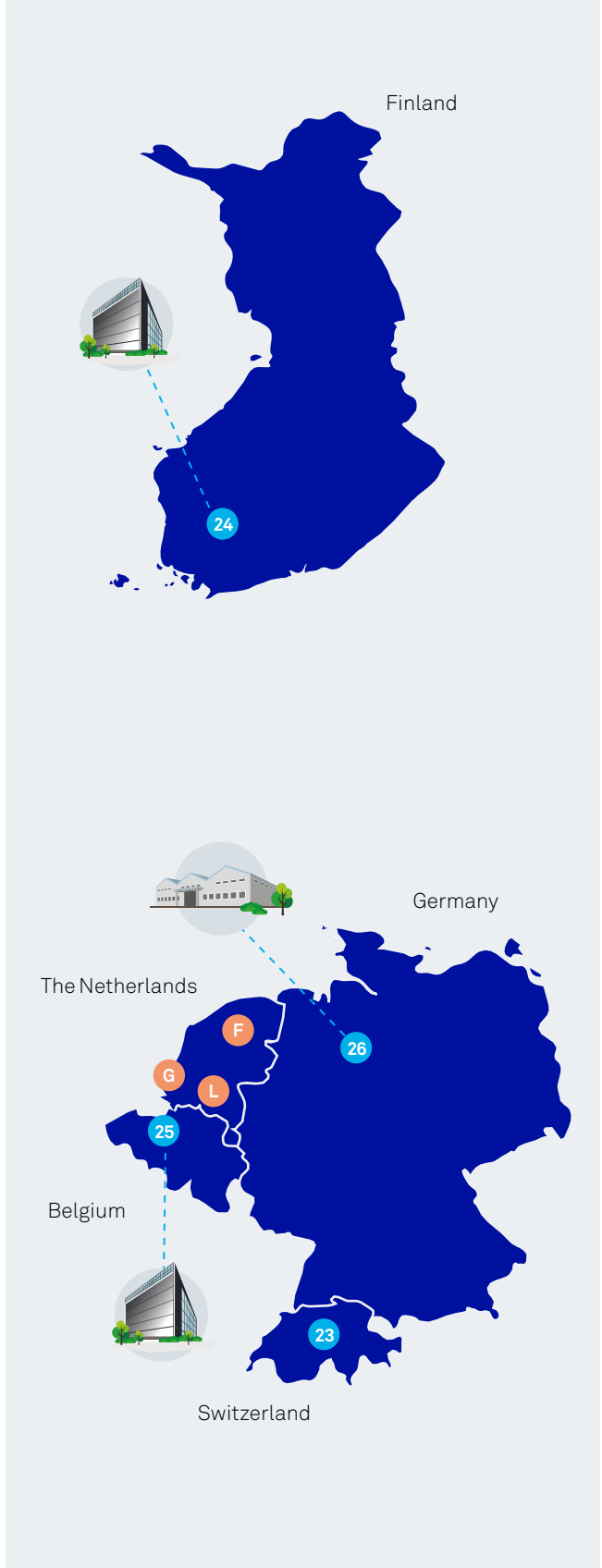
UNITED KINGDOM AND IRELAND



INDIA



EUROPE



GREATER LONDON



OUR COMPELLING INVESTMENT CASE

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

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.
- This was reinforced by the acquisition of Voortman Steel Construction Holdings B.V. ('VSCHE'), strengthening our market position in Europe, giving us a manufacturing presence and access to new high-growth sectors.
- We continue to strive to diversify, looking for new market areas where the business has not operated in the past and taking advantage of our existing capacity and expertise.
- 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.
- We are in a prominent market position in the 'green' high-growth markets of the future, as the UK and world aim to deliver on Net Zero commitments.

02

RESILIENT BUSINESS THROUGH ECONOMIC CYCLES

- We have significant sector, geographical and client diversity, insulating us from 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 good earnings visibility from our high-quality order books and a strong pipeline of opportunities in the UK and Europe across all of our chosen 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 invested over £70m in capital expenditure over the last ten years, keeping our production facilities and operations at the cutting edge. This will continue as we further automate our production processes through the use of robotics and other innovative methods.

04

DELIVERING STRONG RETURNS, CASH GENERATION AND PROGRESSIVE DIVIDENDS

- ROCE is an important metric for us and our five-year average ROCE is greater than 15 per cent.
- Our operations 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 growth.
- We recently announced a share buyback programme to return up to £10m to shareholders.

05

ALL UNDERPINNED BY A STRONG FOCUS ON SUSTAINABILITY

- Awarded 'AAA' under MSCI's ESG rating.
- Achieved CDP 'A' list rating, recognising our transparency on climate-related disclosures.
- In 2024, we received validation from the SBTi ('Science Based Targets initiative') of our Net Zero targets for reducing GHG emissions.
- We have delivered progress against our SBTi targets, achieving a 10 per cent reduction in emissions in the year.
- Our market-leading approach to ESG has been recognised in our listing in the Financial Times Europe Climate Leader's report for the fourth year running.
- Member of the United Nations 'Race to Net Zero' Campaign.
- We are a SteelZero signatory – making the commitment to procure 100 per cent low-carbon steel by 2050.
- Our manufacturing and construction operations are accredited as carbon neutral by Achilles.

STRATEGIC REPORT



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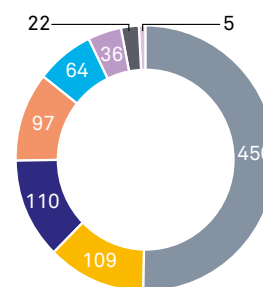
OUR MARKET SECTORS

We have the design skills, engineering skills and experience to handle complex projects over a diverse range of market sectors, whether for work, industry, leisure, transport or to provide essential infrastructure.

OUR CORE CONSTRUCTION SECTORS

Our sectors	Tonnes	Percentage
All industrial (including distribution)	450	50%
Power and energy	109	12%
Commercial offices	110	12%
Transport infrastructure (including bridges)	97	11%
Health and education	64	7%
Other	36	4%
Leisure	22	3%
Retail	5	1%
	893	100%

The market sectors targeted by the Group, and their estimated size in tonnes during the 2023 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. Our growing bridge business has a strong reputation and extensive experience in the successful delivery of all types of bridgework, including major transport routes such as HS2.


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), Ely Southern Bypass, M8 footbridge, Barking Riverside bridge, M42 Bridge, A1 Birtley to Coalhouse, Highways England, Network Rail and HS2 bridge packages.



COMMERCIAL AND INDUSTRIAL

<p>COMMERCIAL OFFICES</p> <p>10–20%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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.</p>
<p>INDUSTRIAL AND DISTRIBUTION</p> <p>10–20%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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.</p>
<p>STADIA AND LEISURE</p> <p>40–50%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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.</p>
<p>RETAIL</p> <p><5%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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.</p>
<p>DATA CENTRES AND OTHER</p> <p>20–30%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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).</p>
<p>HEALTH AND EDUCATION</p> <p><5%</p> <p> Group market share</p>	<p>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.</p>	<p>Successes</p> <p>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.</p>

Key: Global market future trends  Upward trend  Downward trend  No change

THE MARKETS WE SERVE

THE UK AND EUROPE

£478m

UK & Europe order book

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.

Performance in 2024

The Group has a production capacity of approximately 150,000 tonnes per annum, which includes 130,000 in the UK and 20,000 in Europe. In 2024, the Group's output was c.100,000 tonnes, which compared to c.115,000 tonnes in 2023. The reduction largely reflects a changing mix of work, the pause in the construction of the Sunset Studios project and the decrease in output for the distribution sector, reflecting some challenging market conditions, especially in the UK.

Group revenue reduced by 6 per cent to £463.5m (2023: £491.8m). The lower output, combined with the impact of lower steel prices, has resulted in a fall in Group revenue, which was partly offset by new revenue from VSCH. Despite this, the Group increased underlying profit by £4.1m to £36.5m, due to good project execution and maintained a strong order book of £478m (1 November 2023: £482m), giving us good earnings visibility for 2025. The order book contains a good mix of projects across various sectors and an increased share of work in continental Europe and Ireland, such as data centres in the Netherlands, Belgium and Sweden. The statutory profit before tax, which includes non-underlying items, was £23.0m (2023: £27.1m).

MARKET DEVELOPMENTS



The market has shown resilience amidst some global uncertainty as structural steel continues to be an integral part of the construction sector in the UK and most of Europe. Total UK consumption of constructional steelwork in 2023 was slightly lower than in 2022, at 893,000 tonnes (2022 calendar year: 894,000 tonnes), reflecting reduced demand in the industrial sector, particularly for large distribution warehouses, offset by growth in the commercial offices and power and energy sectors to meet the increasing demand for these structures as we move towards a greener future. The BCSA are forecasting for the market to remain broadly flat in 2024, with growth generated by large infrastructure projects, and with 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. Similar to the UK, demand in 2023 was impacted by some challenging market conditions, in part driven by an unstable geopolitical landscape, and high inflation and interest rates. The market is expected to grow over the next couple of years, catering for demands from the green transition and national infrastructure spending.

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.

Sustainable steel for the future

All construction materials have some environmental impact and when assessing sustainability, it is important to measure all of steel's impacts, including the atmosphere, the environment, means of disposal, and durability. Decarbonisation of the steel industry is an important part of reaching the Government's target to achieve Net Zero greenhouse gas emissions in the UK by 2050.

Steel manufacturing continues to improve its energy use and levels of greenhouse gas emissions and steel products exhibit a decisive life cycle advantage versus many

other construction materials (including concrete) since they can continually be recycled. Steel structures can last for many years, making them cost-effective as well as sustainable and since steel is often fabricated off-site, it can reduce on-site labour, cycle time and construction waste. In addition, it is also recognised that steel is an important part of a low-carbon economy, being needed to make wind turbines, electric vehicles, energy efficient products and infrastructure.



OUTLOOK



The outlook is positive and our businesses are well-positioned in markets with excellent long-term opportunities in sectors which will benefit from the green energy transition. Whilst there remains some uncertainty in the wider economy, we are seeing an improvement in market conditions and a trading environment which is generally becoming more manageable and predictable.

We are continuing to see good project opportunities in the UK where tendering activity has increased following the recent reduction in inflation, stabilisation of interest rates and improved economic outlook. The picture is similar in Europe and our European revenues are also expected to increase as we continue to make progress with our European growth strategy, supported by the acquisition of VSCH, which has provided us with a manufacturing footprint in Europe.

In both the UK and EU, we are seeing significant opportunities for battery gigafactories to support domestic zero carbon vehicle production, with a number of facilities currently being planned or considered. The UK Government has allocated up to £1bn in funding to support investment, whilst the EU has announced up to €4bn for new factories to produce car batteries, heat pumps and solar panels.

Other projects in the pipeline include energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, also in support of a low-carbon economy, together with stadia and leisure projects, TV and film studios and commercial offices.

The UK Government continues to recognise the importance of major infrastructure projects on boosting growth and achieving key sustainability targets. 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, provide significant contract opportunities for the Group such as:

- HS2 London to Birmingham
- Northern Powerhouse Rail
- Road Investment Strategy
- Rail enhancements including the TransPennine Route Upgrades.
- New nuclear production facilities at Hinkley Point C and Sizewell C
- Other areas including carbon capture, small modular reactors and hydrogen production

We are also seeing a growing Scope of work at Sellafeld 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.

Similar to the UK, the 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, including the €29bn Netherlands 'Infrastructure investment' plan, as well as Europe wide investment by the EU, such as the €5bn 'Connecting Europe' programme and the continued COVID-19 recovery and resilience plans.

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, together with the high barriers to entry for competitors.

The demand for data centres in the UK and EU is expected to continue, fuelled by the ever-growing demand for data and the emergence of new artificial intelligence. This increased demand for data, which has resulted in some significant new projects being brought to market, is also driving higher energy use and consequently new energy infrastructure. The Group's manufacturing scale, speed of construction and on-time delivery capabilities, leaves us well-positioned to win work for such projects, all of which are likely to be designed in steel.

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.

ORDER BOOK

The high-quality UK and Europe order book at 1 June stands at £478m (1 November 2023: £482m), including 32 per cent of the order book now representing projects in continental Europe and Ireland (1 November 2023: 13 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 good earnings visibility for the 2025 financial year and beyond.

THE MARKETS WE SERVE

Creating value in India remains a key strategic objective of the board.

INDIA

£181m

A record order book
(as at 1 June 2024)

£1.9m

Group after-tax share profit

£13.2m

EBITDA

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.

2024 performance

In 2024, the Indian joint venture (JSSL) delivered another step up in profitability. Momentum is building in JSSL and this is evident in the Group's increased after-tax share of profit of £1.9m (2023: £1.3m) and a record EBITDA of £13.2m (2023: £11.5m). The improved performance reflects a better mix of work and good contract execution which has resulted in a higher operating margin of 8.0 per cent (2023: 6.5 per cent). Financing expenses of £5.5m (2023: £5.5m) are unchanged from the previous year, as a result of a continued high borrowings, partly driven by the impact of inflation on working capital, and in the cost of letters of credit which are linked to higher steel prices. These higher financing costs result in JSSL's operating profit of £10.5m (2023: £8.9m), which has increased by c.20 per cent year-on-year, reducing to a profit before tax of £5.0m (2023: £3.4m).

Total output for 2024 was in excess of 100,000 tonnes, including sub-contracted work, for the second year running, an output equivalent to that of the Group's operations in the UK and Europe. Despite these high activity levels, JSSL's health and safety record remained excellent with no lost time

incidents ('LTI') 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 ten-year period. This means that since 2020, JSSL has achieved over 20m LTI-free hours and 41m hours with only one LTI over a ten year period. 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.

India's construction industry, and the use of steel within construction, is growing rapidly, fuelled by the government's emphasis on infrastructure development, increased foreign investment, rapid urbanisation, and the sector's own expansion. The Indian population is also growing, and as the economy is expected to grow this should help create structural tailwinds. Investments in power, transport infrastructure, industrial, hospitality commercial real estate and housing projects are expected to further stimulate industry expansion in future years. The focus on investments in the renewable energy sector is in line with the government's target to increase renewable energy capacity

by 2030, resulting in additional growth opportunities for the sector. Foreign direct investment (FDI) is another 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 it is projected to grow at a compound annual growth rate of 6 per cent from 2024 to 2033, reaching US\$ 1.4 trillion by 2033.

There have also been a variety of reforms to accelerate the rate of construction. The Real Estate (Regulation and Development) Act, which came into force in 2017, aimed to increase transparency, accounting and efficiency. There have been a variety of other changes in legislation and policy, including RERA, the National Disaster Management Act and Ease of Doing Business initiative. The government's simplification of GST also aims to strengthen the real estate sector, making it more resilient and accessible.

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 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 order book of £181m (1 November 2023: £165m), which now contains two large commercial projects in Delhi for DLF India, an important strategic client. In terms of mix, 71 per cent of the order book represents higher margin commercial work, with the remaining 29 per cent representing industrial projects (1 November 2023: commercial work of 64 per cent, industrial work of 36 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 future profitable growth.

Current and future operations

JSSL's operations are based on a 65-acre site in Bellary, Karnataka. 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 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.100,000 tonnes (c.150,000 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.

Depending on mix, the in-house capacity of the Bellary facility is c.100,000 tonnes per annum. 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, in 2024, JSSL acquired a plot of land in Gujarat, in the west of India, to develop a new manufacturing facility and to expand the geographical footprint of the business. As Bellary is now approaching its maximum capacity, initial work on this expansion is expected to commence in the second half of the year and capacity will be added incrementally to support the expected future market growth.

Outlook

Momentum is building in JSSL and the company is benefiting from a bright market outlook as the construction sector continues to grow rapidly and the switch from concrete to steel in 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 capability and capacity and its established network of suppliers and contractors, and with the land for expansion in Gujarat now secured, 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 JSSL.

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.



WE CREATE VALUE ACROSS THE ENTIRE PROJECT LIFECYCLE



01 Design

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



02 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.



03 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.


THE VALUE WE CREATE
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 focused on sustainable growth and maximising profits for our shareholders – through organic growth from expansion into new sectors, markets and geographies or selective acquisitions.

Reinvestment into the business

Training and development for our workforce, operational excellence and Project Horizon, selective acquisitions and R&D.

Employees

We offer our employees stable and secure employment in a growing business and with opportunities to develop and progress. All our employees are paid in excess of the National Living Wage.

Suppliers

We develop long-term relationships with our suppliers. They play an instrumental role in achieving successful project delivery.

Customers

Our customers are key to our success and we are committed to delivering our projects to the highest of standards to ensure customer satisfaction.

Local communities

We are committed to serving our communities through local recruitment, fundraising through the Severfield Foundation or community initiatives, partnering and volunteering.

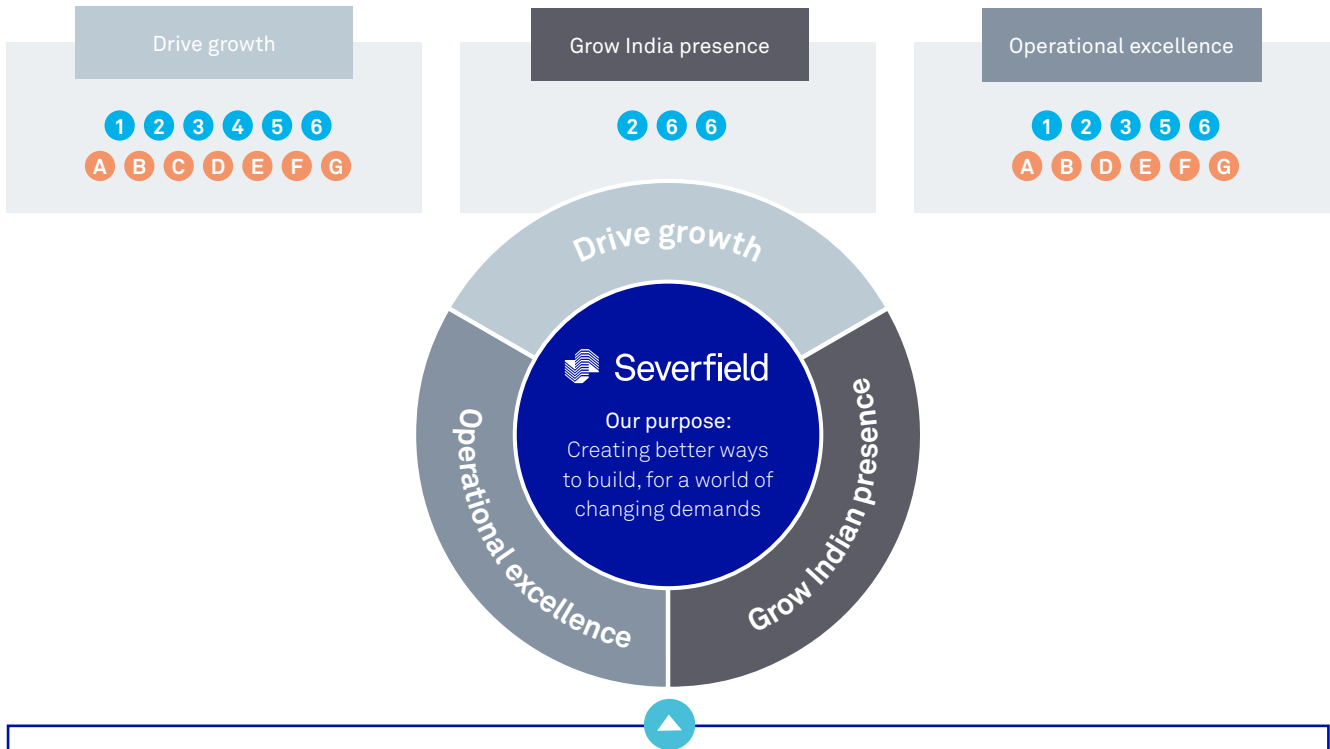
Shareholders

The Group is cash generative and reinvests to drive further growth and cash generation. Our well-established strategy drives shareholder value and we have a progressive dividend policy, to ensure that shareholder returns increase in line with profit growth.

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.



Our strategic priorities are underpinned by the Sustainability Framework ('The 4Ps'), which along with our core values, enable us to deliver our strategy. Our Sustainability Framework drives us to take a responsible and sustainable approach to managing and growing our business, which aims to create value for all our stakeholders.



Planet



People



Prosperity



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

DRIVE GROWTH

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

STRATEGIC PRIORITIES

Increase UK market share

Growing profitable market share in areas where the business already operates.

Enter new UK market sectors

Looking for new market areas where the business has not operated in the past, taking advantage of our existing capacity and capabilities.

Growth in Europe

Continue to win more work in Europe, supported by the recent acquisition of VSCH, and to build strong, lasting relationships with new and existing European clients.

ACHIEVEMENTS IN 2024

The Group achieved an underlying¹ profit before tax of £36.5m (2023: £32.5m) an increase of 12 per cent from last year. Statutory operating profit, which includes non-underlying items, was £26.4m (2023: £30.2m).

The Group's strong contract execution and new profit from VSCH has supported continued profit growth despite some difficult market conditions in some sectors. This highlights the importance of our client, geographic and sector diversity.

The high-quality UK and Europe order book at 1 June 2024 stands at £478m (1 November 2023: £482m). The order book includes a growing proportion of work in continental Europe, driven by our recent acquisition of VSCH and our focus on winning work in these markets.

VSCH is integrating well into the Group's operations and they have now adopted the Severfield brand. VSCH is providing us with greater access to growing European market sectors and strengthening our market position in Europe. VSCH has now been combined with our existing European business, under the leadership of a new Managing Director, who is part of the Group Executive Committee, providing an operational and strategic platform for further sustainable growth in Europe.

We have made good progress in growing our Severstor revenues and client base, leading to our Modular Solution division achieving a profit for the first time in 2024. In combination with the growing product ranges and client base of CMF, the outlook is positive for this growing division.

¹ See note 33 for APM definitions

OBJECTIVES FOR 2025

Grow Group revenue and maintain our strong balance sheet and the quality of the order book.

In our core construction operations, increase our market share in existing market sectors where the Group already has specialist expertise (at good margins and with acceptable levels of risk). This includes some significant growth opportunities in the non-cyclical sectors of nuclear (new and decommissioning), bridges and transport infrastructure, as well as in the recovering distribution sector and the growing data centre sector driven by advancements in AI.

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.

Grow the Severfield brand and develop our client base in Europe, supported by the growth opportunities (including access to the high-growth electricity sector) afforded by VSCH.

Continue to identify further selective acquisition opportunities, to further enhance the services we can offer in both the UK and Europe.

GROW INDIAN PRESENCE

Our aim is to build value in JSSL and we remain very positive about the long-term development of the Indian market.

STRATEGIC PRIORITIES

Building value in India

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 which is expected to continue growing significantly in the coming years.

ACHIEVEMENTS IN 2024

Achieved a record EBITDA of £13.2m (2023: £11.5m), a 15 per cent increase on a strong prior year. This translated to a 46 per cent increase in the Group's share of after-tax profits of £1.9m (2023: £1.3m).

JSSL reported a high-quality order book of £181m at 1 June 2024 (1 November 2023: £165m), with a good mix of higher-margin commercial projects, reflecting the growing underlying demand for structural steel in India.

Achieved output of over 100,000 tonnes, including sub-contracted work, for the second year running. In 2024, JSSL acquired a plot of land in Gujarat, in the west of India, to develop a new manufacturing facility and to expand the geographical footprint of the business. Once built, this will further increase JSSL's production capacity to meet the growing demand for steel in India and in selected near markets.

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 two recent commercial project awards from DLF India.

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

OBJECTIVES FOR 2025

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.

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.

Leverage the increased Bellary factory capacity and maximise operational efficiencies as JSSL continues to increase its production volumes to support market growth.

Commence work on the new Gujarat site in the west of India, with a plan to grow capacity incrementally to align with a sustainable growth plan and market demand.

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

Drive operational improvements and efficiencies

The objective is to improve our level of automation and digitisation (through Project Horizon) and to further enhance the Group's risk assessment, operational and contract management processes (through our ongoing operational improvement programme).

Invest in market-leading technology

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

ACHIEVEMENTS IN 2024

Through Project Horizon, our digital transformation programme, we plan to implement over 110 projects and initiatives to modernise and further standardise systems and processes. During the year we have completed 22 projects, some of which are stand alone and some of which are foundational to establish a platform for future long-term projects.

We have also grown and embedded our dedicated project team, which is funded through annual savings to date. Completed 'stand alone' projects include an automated quality assurance system (SAM), to improve tracking and client reporting, the integration of pricing, design and production databases to drive production and planning efficiencies and new systems for purchase order approvals. Completed 'foundational' projects include construction site assets and resource tracking tools and the use of barcoding for steel to improve traceability through production and onto sites.

During the year we have invested £11.4m (2023: £6.3m) in capital projects at our manufacturing sites, ensuring we have the latest and most efficient machinery, safest production environment and the capacity and capability to deal with the current demands from our ongoing and future contracts.

We have fully embedded our divisional structure, facilitating a better front end experience for clients, better and more co-ordinated project delivery capabilities and more streamlined and efficient production processes. The centralisation of our Group manufacturing capability, allows us to plan and fabricate in the most efficiently way across all of the Group's production facilities, making best use of the Group's production capacity and expertise.

OBJECTIVES FOR 2025

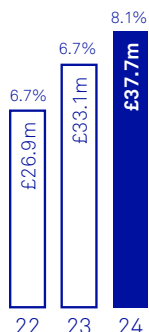
Continue with our operational improvement initiatives to maintain the Group's focus on business improvement and efficiencies, further optimising processes within our factories and production lines.

Roll out further Project Horizon initiatives and workflows – we have further projects ongoing or planned to either generate cost savings or create additional capacity in our workforce to help us deliver on our growth aspirations. These include looking at new and innovative ways of working, the optimisation of our software systems to reduce manual tasks and greater insight and real time information at our production facilities.

Further investment in capital expenditure across the Group to make our businesses more competitive and operationally efficient. We will continue to invest in excess of depreciation.

KEY PERFORMANCE INDICATORS

1. UNDERLYING OPERATING PROFIT AND MARGIN¹



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 increased by £4.6m (14 per cent) over the prior year, reflecting strong operational delivery and the acquisition of VSCH.

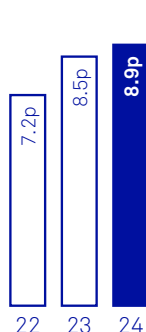
Stakeholder linkage

- 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 increased by 5 per cent, reflecting the increase in underlying profit.

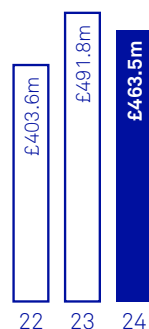
Stakeholder linkage

- 2
- 3

Strategic pillar

- A
- B
- C

3. REVENUE GROWTH²



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 £28.3m (6 per cent) compared to last year, mainly reflecting the softness in the distribution market, the cancellation of Sunset Studios and the reduction in steel prices.

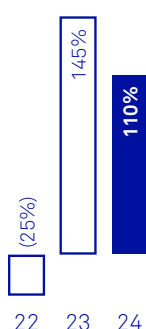
Stakeholder linkage

- 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 110 per cent, which is well ahead of our target conversion rate of +85 per cent.

Stakeholder linkage

- 2
- 3
- 5

Strategic pillar

- A

Stakeholder linkage

- 1 Clients
- 2 Employees
- 3 Shareholders
- 4 Communities
- 5 Suppliers

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

Underlying ROCE has increased by 170 basis points to 17.5 per cent, reflecting increased underlying profitability. This is above our benchmark of 10 per cent.

Stakeholder linkage

3

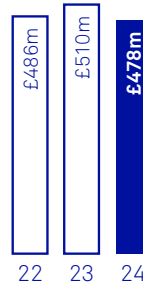
Strategic pillar

A B C

Strategic Pillar

- A Drive growth
- B Grow India presence
- C Operational excellence

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 high-quality UK and Europe order book stands at £478m at 1 June 2024 (November 2023: £482m). The high-quality order book gives us good earnings visibility and leaves us well-positioned to deliver our strategic objectives.

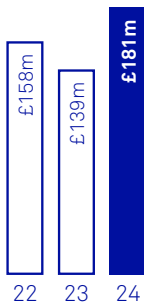
Stakeholder linkage

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 stands at £181m, and contains a good proportion of higher margin commercial work of 71 per cent (November 2023: £165m and 64 per cent commercial work).

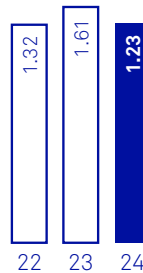
Stakeholder linkage

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 1.61 to 1.23 showing our commitment to continually improving safety at Severfield and focusing on leading indicators in our pursuit of 'no harm'.

Stakeholder linkage

1 2 3 4 5

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

2 Revenue includes Voortman, which was acquired in April 2023

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 stakeholders group in this year's revised materiality assessment (see pages 58 to 59)

Our culture

We believe that a healthy corporate culture is vital to the creation and protection of long-term value. The success of our business model is driven by our culture, which is founded on our values: The Severfield Way. The Severfield Way gives colleagues clarity on our collective ways of working and expected behaviours so that we can continue to deliver effectively and efficiently for our customers, working together with a clear, shared purpose, to create better ways to build, for a world of changing demands.

Our culture is characterised by a respect for our talented people, a desire to deliver the best possible outcomes for our colleagues, customers and partners, the encouragement of openness and transparency, a collaborative approach towards working with our customers and our supply chain, and a regard for the value we can bring to local communities and the environment. All new employees receive a formal induction and are made aware of our core values and culture.

We believe that through our recruitment, performance management and reward processes, we support and encourage behaviours consistent with the Group's purpose, values, strategy and culture. These principles are driven by the board and embedded in the culture and operations of all Group companies.

→ Information on our performance against our safety, health, environmental and people objectives can be found in our 2024 'building a responsible and sustainable business' report

SHAREHOLDERS

Why we engage

We have c. six million 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

- Completed consultation on our proposed remuneration policy changes and implemented the new policy with overwhelming shareholder support at the AGM.
- 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 interim and final dividends in each case in accordance with our progressive dividend policy.
- After the end of the year, we implemented a share buyback programme in order to seek to improve capital returns to shareholders.



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.

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

- Help with the cost-of-living crisis.
- To work in a safe, suitable and respectful environment.
- Investment in personal and professional development.
- Consistent and fair treatment across all aspects of our people practices.
- Access to healthcare support for both physical and mental health concerns.

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.
- 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 attendance management policies 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. Throughout 2024 we introduced more video content so as to better engage with our diverse workforce. Our executive committee reviewed engagement levels with the platform on a monthly basis.
- Skyline, our Company magazine (produced three times a year) continued to go from strength to strength and is now available in Dutch for our colleagues in the Netherlands.
- For our UK-based colleagues, we offered the opportunity to save for three years under our SAYE scheme to encourage them to engage with business performance and progress.



ENGAGING WITH OUR STAKEHOLDERS

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 (pages 63 to 73)

LOCAL COMMUNITIES

Why we engage

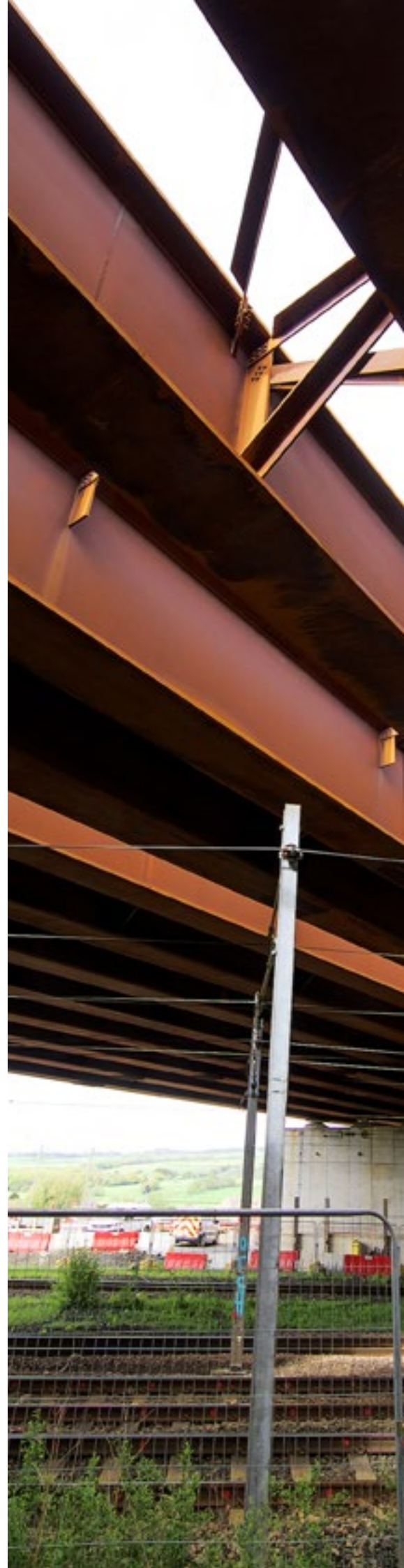
Engagement with the wide range of communities in which the Group operates is an important part of our purpose.

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 86.
- 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 developed our approach to social value through the TOMs framework.
- We have introduced a volunteering policy to provide opportunities for colleagues to do more to support local charities.
- 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 report ('TCFD') on page 60.





OUR OPERATIONAL PERFORMANCE



ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

OPERATING REVIEW

Introduction

The Group has had another successful year in 2024. We have reported underlying profits of more than £36m, delivered strong operating cash generation, made further strategic progress in Europe on the back of the Voortman ('VSCH') acquisition, and have secured a significant amount of new work across all areas of the business. This strong performance is reflected in our high-quality order books of £478m in the UK and Europe and £181m in India, providing us with good earnings visibility for the remainder of the 2025 financial year and beyond.

The Group delivered further underlying profit growth in 2024 against a backdrop of some challenging market conditions, particularly in the UK. The combination of our significant market sector, geographical and client diversification, the strength of our operations and management teams, our expert capabilities in engineering and construction and our strong financial position, underpin the performance and resilience of the Group.

In 2024, we increased our underlying profit before tax by 13 per cent to £36.5m (2023: £32.5m), a result which includes the acquisition of VSCH, which is providing us with greater access to growing European market sectors and strengthening our market position in

Europe. VSCH, which has recently been combined with our existing European business, is integrating well into the Group's operations and has now adopted the Severfield brand, increasing our visual identity in Europe.

We have maintained a strong financial position throughout the year, enabling us to continue to support ongoing investment in the business, grow the core dividend and provide us with the platform to launch our share buyback programme to further increase returns to our shareholders. The Group continues to be highly cash generative, with operating cash conversion in the year of 110 per cent (2023: 145 per cent). This resulted in net debt (on a pre-IFRS 16 basis) at the year-end of £9.4m (2023: net funds of £2.7m), including the outstanding VSCH acquisition loan of £15.2m (2023: £nil). Our strong balance sheet and consistent cash generation provides the Group with the flexibility to continue to invest in both organic and inorganic growth opportunities.

In 2024, the Indian joint venture ('JSSL') recorded output of more than 100,000 tonnes, including sub-contracted work, for the second year running. This high level of activity, an improved mix of work and good contract execution is evident in the Group's higher after-tax share of profit of £1.9m (2023: £1.3m), which reflects a record EBITDA of £13.2m. With the new land in Gujarat now acquired, we expect to start work on a new manufacturing facility in the second

half of the year, leaving the business well-positioned to take advantage of a very encouraging outlook in India. We remain very positive about the long-term trajectory of the market and of the value creation potential of JSSL.

The board considers the dividend to be a significant component of shareholder returns and we have either increased or maintained dividends every year, since the dividend was reintroduced in 2015. Based on the Group's continued progress, our strong cash position and confidence in the future prospects of the business, the board is once again recommending an increase in the final dividend to 2.3p per share, resulting in a total dividend for the year of 3.7p per share (2023: 3.4p per share), an increase of 9 per cent on the prior year.

Strategy

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



The Group delivers steel superstructures through its Core Construction Operations, separated operationally into a Commercial and Industrial division (bringing together the Group's strong capabilities in the industrial and distribution, commercial offices, stadia and leisure, data centres, retail, and health and education market sectors), which now includes VSCH, 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 modular product ranges of Severfield Modular Solutions ('SMS') (previously Severfield (Products and Processing)/'SPP') and of Construction Metal Forming ('CMF'), our specialist cold rolled steel joint venture business.

Outlook

The Group is performing well, the outlook is positive and our businesses are well-positioned to win work in markets with positive long-term trends, providing us with a strong platform to fulfil our strategic growth aspirations. Whilst there remains some uncertainty in the wider economy, we are seeing an improvement in market conditions. All this, together with our high-quality order books, diversified activities and operational delivery capabilities, mean that we are well-placed for the future and on track to deliver a result for 2025 which is in line with our expectations.

Results overview

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
<i>Underlying operating margin</i>	–	8.1%	–

2023 (£m)	Revenue	UOP*	UPBT*
Core Construction Operations	476.8	33.7	33.7
Modular Solutions	22.8	(0.6)	(0.1)
India	–	–	1.3
Central items/eliminations	(7.8)	–	(2.5)
Group	491.8	33.1	32.5
<i>Underlying operating margin</i>	–	6.7%	–

* The basis for stating results on an underlying basis is set out on pages 180 and 181. A reconciliation of the Group's underlying results to its statutory results is provided in note 33.

Revenue of £463.5m (2023: £491.8m) represents a decrease of £28.3m (6 per cent) compared to the prior year. This reflects a decrease in revenue from our Core Construction Operations, mainly representing a reduction in steel prices and lower production activity, offset by new revenue from VSCH, in the first year of its acquisition.

Underlying operating profit (before JVs and associates) of £37.7m (2023: £33.1m) represents an increase of £4.6m (14 per cent) over the prior year. This reflects an increase in profit from our Core Construction Operations of £3.7m, which includes new profit

from VSCH and continued contract execution improvements, which have helped offset the impact of lower revenue in the year. The higher profits also include improved profitability of £0.9m from SMS, within Modular Solutions, reflecting the first time that this business has reported a profit for the full year. Statutory operating profit was £26.4m (2023: £30.2m), which includes non-underlying items of £13.5m (2023: £5.4m) representing the amortisation of acquired intangible assets, asset impairment charges and a legacy employment tax charge offset by a net acquisition-related credit.

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The share of profit from the Indian joint venture in the year was £1.9m (2023: £1.3m), reflecting an improved work mix and good contract execution. Within Modular Solutions, CMF contributed a share of profit of £0.1m (2023: £0.5m), the reduction in profitability reflecting the softer market conditions in the distribution sector during the year and some under-recovery of overheads as the business ramps up its recently expanded production operations in Wales.

The Group's underlying profit before tax was £36.5m (2023: £32.5m), an increase of 13 per cent compared to the previous year. The statutory profit before tax was £23.0m (2023: £27.1m).

Operational review UK and Europe

The Group's established approach to strong risk management, commercial discipline and careful contract selection has been particularly important to enable the business to navigate the challenging market conditions of the last financial year. This approach is reflected in our high-quality UK and Europe order book of £478m at 1 June (1 November: £482m), of which £384m 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. The composition of the order book reflects the continued strengthening of our market position in Europe, supported by the acquisition of VSCH, which has recently been combined with our existing European business. 32 per cent of the order book now represents projects in continental Europe and Ireland (1 November 2023: 13 per cent).

In the second half of the year, we have continued to secure a significant value of new work (c.£280m). We are also continuing to see good project opportunities in the UK, Ireland and continental Europe, where we are making good progress with our European growth strategy. In the distribution and infrastructure sectors, we are seeing an increase in tendering activity although pricing remains competitive for some projects.

Looking further ahead, many of our chosen markets continue to have a favourable outlook – the Group has a prominent position in market sectors with strong growth potential and is well-positioned to win projects in support of a low-carbon economy and to deliver energy security. These include opportunities in both Commercial and Industrial and Nuclear and Infrastructure, such as battery plants, energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with work in the transport, nuclear and power and energy sectors given our capability to deliver major infrastructure projects.

Project Horizon

Last year, the Group launched Project Horizon, our digital transformation project. The objective is to maximise the automation of our estimating, design, production, and contract delivery processes to improve client service and deliver efficiency and capacity benefits. Workflows comprise over 100 short, medium, and long-term individual projects and initiatives designed to modernise and further standardise processes and systems across the Group.

As part of Project Horizon, we continue to make good progress with drawing and design automation, which includes automated connection design and planning tools. Other projects either being worked on or completed in the last year include an automated quality assurance reporting system, which improves tracking and client reporting, new systems for purchase order approvals, the use of barcoding for steel to improve traceability, better integration between estimating and production processes to improve factory planning and to drive efficiencies, construction site asset and construction resource tracking tools, together with ongoing work on artificial intelligence to improve administrative processing times.

To date, based on the original plan, we have successfully completed 22 projects and a further 22 of the 54 projects that we have classified as short to medium term are currently ongoing.

Three additional projects have now been added to the plan, increasing the total number of short to medium-term projects to 57. 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.

Clients

We continue to invest to meet the needs of our clients, building our capabilities, developing new technologies and driving efficiency across our production facilities, to ensure our growth ambitions are fully supported. We remain focused on measures that matter most to our clients, providing value-added results, whilst balancing time and cost objectives, with an emphasis on building strong and long-standing client partnerships.

Our unique capability to deliver complex design and engineering solutions, our capacity and speed of fabrication and our management of the integrated construction process is vital for our clients and a key differentiator for the Group. This is fundamental to our success and has been critical to securing new work, developing our client base and growing our revenues over recent years. This year we have delivered challenging programmes for clients, reduced costs and minimised waste through both our pre-tender value engineering and also post-award engineering solutions and developed innovative building solutions for reuseable temporary works and pre-assembled sections to work in live operating environments. In addition, when market pressures stretched existing budgets or caused delays, or when we were asked to accelerate existing construction programmes, our operational delivery capabilities allowed us to help clients deliver changes to these programmes quickly and efficiently, to provide them with problem-solving solutions and to ensure that programme milestones were achieved.

Core Construction Operations

£m	2024	2023	Change
Revenue	449.2	476.8	-6%
Underlying operating profit (before JVs and associates)	37.4	33.7	+11%
Underlying profit before tax	37.4	33.7	+11%
Revenue:			
Commercial and Industrial	361.8	382.1	-5%
Nuclear and Infrastructure	87.4	94.7	-8%

Revenue of £449.2m (2023: £476.9m) represents a decrease of £27.7m (6 per cent) compared to the prior year. This reflects lower activity levels and a reduction in steel prices of £87.1m offset by revenue from VSCH of £59.5m. Underlying operating profit of £37.4m was up 11 per cent on the prior year (2023: £33.7m), which mainly represents profit from VSCH. Excluding VSCH, underlying profitability has remained broadly unchanged from the prior year as continued contract execution improvements have helped offset the impact of lower revenue in the year.

Commercial and Industrial

Revenue has decreased by 5 per cent to £361.8m (2023: £382.1m), predominantly due to the impact of the cancellation of the Sunset Studios project and softer market conditions in the distribution sector, which affected the number of projects coming to market during the year. This was partly offset by revenue from VSCH. The removal of Sunset Studios (c.£50m) from the order book was driven by the client-driven decision to pause construction on this planned new contract in July 2023.

During the year, work progressed on the new stadium for Everton F.C., the Envision Battery Plant in Sunderland, a manufacturing facility for BAE in Scotland, and the LHR 11 data centre, a commercial office at 81 Newgate and the Excel Arena, all in London. We also continued our work on the SeAH Wind monopile manufacturing facility, which forms part of the UK's fast-growing alternative energy sector, a focus of the latest Government Energy Strategy. The 800-metre-long building at the Teesworks site will be the world's largest monopile facility when complete and is the first of its kind in the UK, with annual production of up to 200 monopiles,

which form the foundations of offshore wind turbines.

The Commercial and Industrial order book at 1 June of £312m (1 November: £326m) includes a significant amount of new work, which we have secured over recent months, particularly in Europe. This includes a package of data centres in Sweden, two new data centres for Google in Belgium and the Netherlands, a petrochemical project for Ineos in Belgium, and a logistics project for DHL in Lyon. In the UK, project wins included two commercial offices, including the Edge Building at London Bridge, which is set to be London's most sustainable office tower, and several distribution centres, reflecting a market that is showing signs of recovery. We have also successfully secured additional work at SeAH Wind and at Envision. The majority of our work continues to be derived through either negotiated, framework or two-stage bidding procurement processes, in line with the risk profile of the work being undertaken.

We continue to see some large opportunities including projects in markets which are benefitting from the green energy transition, such as energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with stadia and leisure projects, TV and film studios and commercial offices in London and the regions. We are also seeing opportunities for new battery gigafactories to support domestic zero carbon vehicle production in the UK and EU, including the new Jaguar Land Rover facility in Somerset, the Northvolt facility in Sweden and a further gigafactory in Sunderland for Nissan.

Demand for data centres in the UK and EU is also expected to continue,

fuelled by cloud computing, 5G and the recent advancement of Artificial Intelligence ('AI') applications, which are driving even greater dependence on data centre infrastructure. 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.

Strategic targets: we are targeting future revenue growth in line with GDP, enhanced by the acquisition of VSCH, with margins of 8–10 per cent (6–8 per cent based on recent high steel prices).

Nuclear and Infrastructure

Revenue has decreased by 8 per cent to £87.4m (2023: £94.7m). This reflects some softer market conditions in the infrastructure business during the year offset by the normal revenue timing differences inherent within our nuclear operations. During the period, we continued to work on several HS2 bridge packages for the Balfour Beatty Vinci ('BBV') and Effage Kier ('EKFB') consortia, road and rail bridges and some large propping packages for Silvertown Tunnel and at Old Oak Common for HS2. From a nuclear perspective, ongoing contracts include work at Hinkley Point and some large projects at Sellafield and in Berkshire for AWE.

The N&I order book at 1 June was £160m (1 November: £152m) of which 54 per cent represents transport infrastructure (1 November: 54 per cent) and 42 per cent represents nuclear projects (1 November: 41 per cent). Notable recent awards include the Black Cat to Caxton Gibbet road improvement scheme for National Highways, some bridge projects for the York Central infrastructure scheme, secondary steelwork packages at Hinkley Point and 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.

The markets in which we operate are showing signs of continued growth backed by government supported spending that prioritises modern and reliable infrastructure to support

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economic growth and help tackle climate change. In the UK, with an election announced on 4 July, the requirement for clean and domestically generated energy and improved transport infrastructure is a stated priority for the incumbent Conservative party and Labour party opposition. Investment in transport and energy are both key components of the green energy transition and of the government's £775bn National Infrastructure and Construction Pipeline, published in February 2024. The Group is well-placed to meet this demand for ongoing state-backed investment, 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 the power networks, together with areas such as offshore wind, carbon capture, nuclear (including small modular reactors and Sizewell C) and hydrogen production. We remain well-positioned to win work from these structural opportunities given our in-house expertise and unmatched scale and capability to deliver major infrastructure projects, together with the high barriers to entry for competitors.

In the UK transport sector, the government's decision to cancel the northern section of HS2 connecting Birmingham and Manchester has not impacted our order book, nor our outlook for the business, and we continue to make good progress with several HS2 station opportunities in the pipeline including at Old Oak Common and Birmingham Interchange. We also welcome the UK Government's reaffirmed commitment to HS2 at Euston and to deliver Northern Powerhouse rail, all of which is likely to have a significant steelwork content. Aligned to the cancellation of the northern section of HS2, the government recently announced Network North, a £36bn plan to improve roads, buses and railways in the north of England, which could also introduce new opportunities for the Group.

Strategic targets: our medium-term target is to grow revenues to over £125m, representing a doubling of 2022 revenues, with margins of 8–10 per cent (6–8 per cent based on recent high steel prices).

Modular Solutions

£m	2024	2023	Change
Revenue	21.5	22.8	-6%
Underlying operating profit (before JVs and associates)	0.3	(0.6)	+0.9
Share of results of CMF*	0.1	0.5	-0.4
Underlying profit before tax	0.3	(0.1)	+0.4

* In 2024, CMF reported revenue of £29.1m (2023: £40.6m) and a profit before tax of £0.2m (2023: £1.0m)

Modular Solutions consists of the growing modular product ranges of SMS and CMF. With CMF, 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).

Although revenue of £21.5m (2023: £22.8m) represents a slight decrease compared to the prior year, for the first time, Modular Solutions has reported an underlying operating profit for the full year (2023: loss of £0.6m), reflecting an improved mix of higher-margin Severstor products. Divisional underlying PBT of £0.3m (2023: loss of £0.1m) also includes the post-tax share

of profit of CMF of £0.1m (2023: £0.5m). The reduction in profitability at CMF reflects the softer market conditions in the distribution sector during 2024, and some under-recovery of overheads as the business continues the ramp up of its recently expanded production operations in Wales.

We have continued to make significant progress in growing our Severstor revenues and client base, including in the power, rail and oil and gas sectors. This is reflected in the expansion of our pipeline of opportunities within growth markets including renewables and data centres, aided by new product development including the development of steel framing solutions for modular building manufacturers.

CMF's growing product range includes load bearing frame and deck profiles, purlins and side rail systems, mezzanine floors and bespoke modular solutions supported by the recent expansion, which has increased its cold rolled manufacturing capacity from c.10,000 tonnes to c.30,000 tonnes. During the year, CMF has continued to invest in new product development, its salesforce, and in new factory machinery to grow its client base and to expand into new segments including nuclear and transport infrastructure. 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.

For bulk handling solutions, we have an established foothold in the UK water treatment sector and in the expanding Indian paint manufacturing sector. We continue to introduce new products and services as we target growth in the food processing, water treatment and paint sectors in the UK, India and through our network of agents in the USA.

Strategic targets: our medium-term target is to grow combined SPP and CMF revenues to between £75m and £100m, with margins of greater than 10 per cent. In 2024, the Modular Solutions division delivered total revenue of £50.6m (SMS: £21.5m and CMF: £29.1m).

In 2024, JSSL recorded an output of more than 100,000 tonnes, including sub-contracted work, for the second year running. JSSL has also delivered another step up in profitability in 2024, which is evident in a record EBITDA of £13.2m (2023: £11.5m) and the Group's after-tax share of profit of £1.9m (2023: £1.3m), an increase of 46 per cent over the prior year. This performance mainly reflects an improved mix of work and good contract execution resulting in an operating margin of 8.0 per cent (2023: 6.5 per cent). Financing expenses of £5.5m (2023: £5.5m) are unchanged from the previous year, as a result of a continued high level of borrowings, partly driven by the impact of inflation on working capital, and in the cost of letters of credit, which are linked to higher steel prices. These financing costs result in JSSL's operating profit of £10.5m (2023: £8.9m) reducing to a profit before tax of £5.0m (2023: £3.4m).

INDIA

£m	2024	2023	Change
Revenue	130.8	137.7	-5%
EBITDA	13.2	11.5	+15%
Operating profit	10.5	8.9	+18%
Operating margin	8.0%	6.5%	+150 bps
Finance expense	(5.5)	(5.5)	-
Profit before tax	5.0	3.4	+47%
Tax	(1.2)	(0.8)	-£0.4m
Profit after tax	3.8	2.6	+46%
Group share of profit after tax (50%)	1.9	1.3	+46%



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India's construction sector, and the use of steel within construction, continues to grow rapidly, driven by factors such as an increasing population, urbanisation, and a growing economy. The government is also investing heavily in infrastructure development, which is further driving demand for construction services. This position is evident in a record order book at 1 June of £181m (1 November: £165m), which now contains a mix of higher margin commercial work of 71 per cent (1 November: 64 per cent), including two large commercial projects in Delhi. The expanding market picture is also reflected in an improving pipeline of potential orders and in numerous identified growth opportunities in target markets, including commercial real estate, data centres, warehouses, infrastructure 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 near markets such as Saudi Arabia, building on JSSL's brand and reputation for delivering high-quality steel solutions.

In 2024, JSSL acquired a plot of land in Gujarat, in the west of India, to develop a new manufacturing facility and to expand the geographical footprint of the business. Initial work on this expansion is expected to commence in the second half of the year and capacity will be added incrementally to support the expected future market growth. JSSL is also strengthening its sales and estimating teams, bringing people with new skills into the business and enhancing its supply chain partnerships to support this expansion and to provide the business with the springboard to deliver future profitable growth.

In summary, momentum is building in JSSL and with the land in Gujarat now secured, the business is well positioned to take advantage of a very encouraging outlook in India and a strong underlying demand for structural steel in construction. We remain very positive about the long-term trajectory of the market and of the value creation potential of JSSL.

ESG

ESG remains an important part of our strategic decision making. As a result of decisions made in recent years, the Group remains in a prominent market position in the high-growth markets of the future and is well-positioned to assist in accelerating the journey to Net Zero in its core sectors. To ensure we continue to support the most relevant ESG issues, the Group undergoes periodic materiality assessments and the outcomes of its 2024 assessment reaffirmed the issues that we had previously identified as important to our stakeholders – health and safety, the life cycle of our products, climate change and carbon emissions, talent management, sustainability governance and waste management.

Safety

The Group's top priority remains the health, safety and wellbeing of all our stakeholders. Our safety statistics continue to be industry-leading, whilst we remain focused on continually improving our SHE culture including through the ongoing roll out of our Safer@Severfield behavioural safety programme.

In 2024, we have seen a further reduction in our injury rates, resulting in an injury frequency rate ('IFR') of 1.23, compared to 1.61 in 2023, and an accident frequency rate ('AFR'), which is based solely on the level of RIDDORS (reportable accidents), of 0.12, compared to 0.14 in 2023.

Notwithstanding this, we continue to evaluate new solutions, including the use of technology, to further improve our safety performance, and are in the process of adopting positive leading indicators to drive preventative behaviours in our workforce.

Sustainability

In 2024, the Group was awarded 'AAA' under MSCI's ESG ratings for a third consecutive year and achieved an 'A' score for leadership on climate change mitigation from CDP. We have again achieved a CDP score for supply chain engagement of 'A-' as well as our 'very good' BES 6001 responsible sourcing accreditation, highlighting our continued supply chain engagement to promote sustainability. Other highlights in 2024 include:

- Being third-party verified and accredited as carbon neutral for the fourth year running for Scope 1, 2 and operational Scope 3 GHG emissions for our manufacturing, office and construction operations.
- Received validation from the SBTi (Science Based Targets initiative) of our Net Zero targets, one of the few companies in the UK construction and engineering sector to have achieved this validation.
- Being included in the Financial Times (FT) listing of Europe's climate leaders for the fourth year running, which showcases corporate progress in fighting climate change.
- Procuring 100 per cent of our energy from renewable sources at all UK-owned facilities.

We have continued to maintain our focus on social value, including adopting defined social value objectives for the Group, and having established our baseline, we continue to monitor how much value we deliver annually in line with the National TOMs methodology framework. During the year, social value was delivered by a wide range of activities including supporting local supply chain partners, fundraising and volunteering schemes, through paying our colleagues at or above the real living wage and 'earning and learning' through our gold membership of 'The 5% Club', including increasing our intake of annual apprentices.

As a SteelZero signatory, we have committed to procure 100 per cent low-carbon steel by 2050, with interim carbon reduction targets in place for 2030. We continue to work with the Climate Group and other SteelZero members as the industry continues its transition to low-carbon steel production and, in 2024, we have started to disclose our progress against certain low-carbon steel procurement targets to the Climate Group.

Culture and values

We have recently launched 'The Severfield Way', a framework designed to harness the skills and expertise of our people and promote the positive culture and ways of working that everyone at Severfield strives for. The framework is made up of our new Company values and behaviours, as well as our long-standing purpose – creating better ways to build, for a world of changing demands. Our four new core values – we set the bar high, we are in it together, we find better ways and we do the right thing – are the fundamental beliefs that underpin everything we do and will serve the business well as we continue to implement our successful growth strategy.

Board changes

In April 2024, the Group announced the appointment of Charlie Cornish as non-executive Chair and director of the Company. Charlie will take over as chair after the AGM on 30 July 2024 when Kevin Whiteman steps down from the board, having reached the end of his tenure. Charlie is currently non-executive Chair of Manchester Airports Group ('MAG'), Core Highways Group and Ipsum Group and was previously CEO of MAG for 13 years. He also previously served on the board of United Utilities Group plc for seven years. He has substantial experience of developing strategy and leading large complex businesses across a number of relevant sectors, all of which will be highly beneficial to the Group as it continues to grow and develop. During the year there were several other changes to the Board. Tony Osbaldiston retired, having completed his nine year tenure, and the Group also saw the departures of Rosie Toogood, who took up a senior executive role at Wates, a major customer, and Ian Cochrane, previously the Chief Operating Officer, who left to pursue other interests.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

19 JUNE 2024

OUR FINANCIAL PERFORMANCE



ADAM SEMPLE
CHIEF FINANCIAL OFFICER

FINANCIAL REVIEW

£m	2024	2023	Change
Revenue	463.5	491.8	-6%
Underlying* operating profit (before JVs and associates)	37.7	33.1	+14%
Underlying* operating margin (before JVs and associates)	8.1%	6.7%	+140 bps
Underlying* profit before tax	36.5	32.5	+13%
Underlying* basic earnings per share	8.9p	8.5p	+5%
Operating profit	26.4	30.2	-13%
Operating margin	5.7%	6.1%	-40 bps
Profit before tax	23.0	27.1	-15%
Basic earnings per share	5.2p	7.0p	-26%
Underlying* return on capital employed ('ROCE')	17.5%	15.8%	+170 bps

* The basis for stating results on an underlying basis is set out on pages 180 and 181. A reconciliation of the Group's underlying results to its statutory results is provided in note 33.

Revenue of £463.5m (2023: £491.8m) was 6 per cent lower than the prior year due to a reduction in steel prices and lower production activity, offset by new revenue from VSCH, in the first year of its acquisition. Underlying operating profit (before JVs and associates) of £37.7m was 14 per cent higher than the prior year, mainly due to new profit from VSCH, continued contract execution improvements, which have helped offset the impact of lower revenue in the year, and higher profit from SMS, within Modular Solutions. Statutory operating profit, which includes non-underlying items, was £26.4m (2023: £30.2m).

Underlying profit before tax, which is management's primary measure of Group profitability, was £36.5m (2023: £32.5m), 13 per cent higher than the prior year. The statutory profit before tax was £23.0m (2023: £27.1m). The underlying tax charge for the year was £9.1m (2023: £6.2m), which represents an effective tax rate of 26.2 per cent (2023: 20.4 per cent). This broadly equates to the statutory rate in the UK and the Netherlands of between 25 and 26 per cent (2023: statutory rate in the UK of 19 per cent). The total tax charge of £7.1m (2023: £5.5m) includes

a non-underlying tax credit of £2.0m (2023: £0.7m).

Underlying basic earnings per share increased by 5 per cent to 8.9p (2023: 8.5p) based on the weighted average number of shares in issue of 307.1m (2023: 309.5m). Basic earnings per share was 5.2p (2023: 7.0p), reflecting the higher underlying profit after tax offset by an increase in non-underlying items. Diluted earnings per share, which includes the effect of the Group's performance share plan, was 5.1p (2023: 6.9p).



Non-underlying items

Non-underlying items for the year of £13.5m (2023: £5.4m) consisted of the following:

£m	2024	2023
Amortisation of acquired intangible assets	5.4	3.4
Asset impairment charges	4.5	–
Legacy employment tax charge	4.4	–
Acquisition-related credits/charges	(0.8)	2.0
Non-underlying items	13.5	5.4

The asset impairment charges relate to our leasehold facility at Sherburn, currently being operated by SMS. During the year, we were advised of the landlord's intention to terminate the factory lease in November 2025. As a result, an impairment review of property, plant and equipment was performed, resulting in a non-cash charge of £4.5m. Given our growth aspirations for SMS, and the Modular Solutions division as a whole, we have factored this development into our wider footprint review which was already underway prior to the decision to terminate the lease, and we expect to relocate to a new facility in the 2026 financial year.

The legacy employment tax charge relates to an assessment raised by HMRC for historical income tax and national insurance ('NIC') liabilities that are disputed by the Group. In common with many other construction companies, the Group pays its site-based colleagues an income tax and NIC free allowance to cover the costs of accommodation and subsistence that they incur whilst working away from home on construction sites. HMRC is asserting that, as a result of some procedural matters, largely associated with a change in tax legislation in 2016, certain of these payments are subject to income tax and NIC. The Group disagrees with the assessment raised and discussions are ongoing with HMRC to bring this matter to a conclusion. Notwithstanding this, since HMRC has issued formal determinations for the amounts it considers are due, a charge of £4.4m has been recognised, including interest of £0.4m.

The amortisation of acquired intangible assets of £5.4m represents the non-cash amortisation of customer relationships, order books and brand names. These assets are being amortised over a period of 12 months to five years.

Acquisition-related credits of £0.8m represent the unwinding of the discount on, and movements in, the contingent consideration for DAM Structures, which is payable over a five-year period. In the prior year, acquisition-related charges of £2.0m included acquisition and similar transaction costs associated with the VSCH acquisition.

OUR FINANCIAL PERFORMANCE

Cash flow and financing

£m	2024	2023
Operating cash flow (before working capital movements)	41.4	40.1
Cash generated from/(used in) operations	52.4	53.8
Capital expenditure	(11.3)	(6.3)
Operating cash conversion	110%	145%
Net cash balances	10.4	11.3
Net (debt)/funds (pre-IFRS 16 basis)*	(9.4)	2.7
Net (debt)/funds	(28.4)	(10.7)

* 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)

The Group's business model generates surplus cash flows and we have always placed a high priority on cash generation and working capital management. Net debt (pre-IFRS 16 basis) at the year-end was £9.4m (2023: net funds of £2.7m). This included net cash of £10.4m (2023: £11.3m) and term loans of £20.0m (2023: £8.9m), which included the outstanding acquisition loan for VSCH of £15.2m (2023: £nil).

Operating cash flow before working capital movements was £41.4m (2023: £40.1m). Net working capital has improved by £11.0m during the year. Excluding advance payments, year-end working capital represented approximately 4 per cent of revenue (2023: 5 per cent), which is within our normal range of 4 to 6 per cent. Capital expenditure of £11.3m (2023: £6.3m) represents the continuation of the Group's capital investment programme (compared to depreciation in the year of £9.2m (2023: £7.2m), of which £2.7m (2023: £1.8m) relates to right-of-use assets under IFRS 16). This predominantly consisted of new and upgraded equipment for our fabrication lines, an extension of the Dalton factory and general infrastructure improvements. Operating cash conversion (defined in the APMs section – note 33) for 2024 was 110 per cent (2023: 145 per cent), significantly above our KPI target of 85 per cent.

In April 2023, the Group completed the acquisition of VSCH for a net cash consideration of €25.7m (£22.6m), on a cash free basis. The total cash consideration was €29.5m (£26.3m) including VSCH's cash and cash equivalents of €4.3m (£3.8m), which was funded by a combination of Group cash reserves of £3.6m and a term loan of £19.0m, repayable over a five-year period. In addition, contingent consideration of £1.2m was paid in relation to the acquisition of DAM Structures, taking the total contingent consideration paid to date to £2.7m. The maximum contingent consideration is £8.0m, payable if certain work-winning targets in the railway and steel piling sectors are achieved over a five-year period, ending in April 2026.

The Group has a £60m revolving credit facility ('RCF') with HSBC Bank and Virgin Money, which matures in December 2026. This provides the Group with long-term financing to help support its growth strategy. The RCF is subject to three financial covenants, namely interest cover, net debt to EBITDA and debt service (cash flow) cover. In addition to the RCF, amortising term loans have been used to fund previous acquisitions, of which £20m remained outstanding at 30 March 2024.

Dividends and capital allocation

The Group has a progressive dividend policy. 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.

The board is recommending an increased final dividend of 2.3p per share (2023: 2.1p), payable on 11 October to shareholders on the register at the close of business on 6 September. This together with the interim dividend of 1.4p per share (2023: 1.3p), will result in a total dividend of 3.7p per share (2023: 3.4p). Looking ahead, as in previous years, the board expects the interim dividend to be approximately one-third of the prior year's full dividend.

Consistent with the framework set out, in April 2023 the Group announced a share buyback programme to repurchase up to £10m of ordinary shares, subject to market conditions. The board is satisfied with the progress of this buyback programme, with a total of 1,370,000 shares purchased and cancelled during the post balance sheet period, at a cost of £1.0m.

Return on capital employed

The Group adopts ROCE as a KPI to help ensure that its strategy and associated investment decisions recognise the underlying cost of capital of the business. The Group's ROCE is defined in the APMs section (see note 33). For 2024, ROCE was 17.5 per cent (2023: 15.8 per cent), which exceeds the Group's minimum threshold of 10 per cent through the economic cycle.

Pensions

The Group's net defined benefit pension liability at 30 March 2024 was £11.5m (scheme liabilities of £34.0m offset by scheme assets of £22.5m), a decrease of £1.4m from the 2023 liability of £12.9m. The deficit has reduced as a result of a higher discount rate, reflecting a rise in bond yields, and employer deficit contributions, offset by higher than expected inflation. All other pension arrangements in the Group are of a defined contribution nature.

Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on the going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The following factors were considered as relevant:

- The UK and Europe order book and the pipeline of potential future orders;
- The Group's cash position and its borrowing facilities (see note 22), which are committed until December 2026, including both the level of those facilities and the three financial covenants attached to them (interest cover (>4x), net debt to EBITDA (<3.0x) and cash flow cover (>1x)); and
- The current market trading conditions and the potential impact of significant downside risks linked to our principal risks on the Group's profits and cash flows.

The directors have reviewed the Group's forecasts and projections for 2025 and for at least 12 months from the date of approval of the financial statements, including sensitivity analysis to assess

the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This 'severe but plausible' scenario is based on the combined impact of securing only 25 per cent of budgeted uncontracted orders for the next 12 months, one-off contract losses, a deterioration of market conditions and other downside factors. Given the strong previous performance of the Group, this scenario is only being modelled to stress test our strong financial position and demonstrates the existence of considerable headroom in the Group's covenants and borrowing facilities in this 'severe but plausible' scenario.

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

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

19 JUNE 2024



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 27 March 2027.

Assessment period

The directors have determined that a three-year period, ending on 27 March 2027, 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 timeframe, which in turn enables more accurate forecasting. In making their assessment, the directors took account of the Group's strategy, strong financial position, forward order book of £478m, encouraging pipeline of opportunities, recent and planned investments and the availability and covenants associated with our main committed bank facilities which mature in December 2026. For the purposes of viability, it is assumed that an equivalent facility is available to the Group past the maturity date.

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, which uses the Group's budgeted position, and a highly pessimistic 'severe but plausible' scenario, being the combined impact on the 'base case' of securing only 25% of orders for the next 12 months, one-off contract losses, a deterioration of market conditions and other downside factors. Given the continued strong performance of the Group in FY24, in the face of

some challenging market conditions, this downside scenario is only being modelled to 'stress test' our strong financial position and demonstrate the considerable 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 92) 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, mispricing a contract (at tender), the failure to mitigate onerous contract terms, business disruption caused by a cyber-attack, a prolonged period of industrial action, and the impact of a serious health and safety incident. The impact of these were modelled through a reduction in revenue and operating margin of 25 per cent, a deterioration in working capital (the extension of customer payment terms by one month/ retraction of supplier payments terms by one month), 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 £20m.

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. The range of scenarios tested was considered in detail by the directors, taking into account the probability of occurrence and the effectiveness of any likely mitigation actions, including adjustments to our strategic plan and the reduction of any non-essential or committed capital expenditure, operating expenditure, bonuses and dividend payments.

Based on the results of this analysis, there are no individual or combination of plausible scenarios that are considered to have a material impact on the Group's viability. The directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS



“During the year Severfield has pressed ahead with our sustainability strategy and has further enhanced our green credentials.”

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

A message from the CEO

As the UK's market leader in the design, fabrication and construction of structural steel we recognise that we play a vital role in creating spaces and infrastructure that help communities to thrive, but we must do so in a way that limits our impact on the environment, through reducing carbon emissions and the use of finite resources. During the year, Severfield has pressed ahead with our sustainability strategy and has made further enhancements to our green credentials.

We received validation from the SBTi (Science Based Targets initiative) of our near-term, long-term, and overall Net Zero targets for reducing GHG emissions. The targets support our Net Zero roadmap and align with the Paris Climate Agreements aim to limit global warming by 1.5°C. As one of the few companies in the UK construction and engineering sector to have all three of our targets fully verified by SBTi, our commitment to reducing our impact on climate change has never been clearer.

We have been recognised for our leadership in corporate transparency by achieving an 'A list' rating from Carbon Disclosure Project ('CDP') and we will disclose progress against the SBTi targets on an annual basis through our CDP reporting, ensuring that we maintain the momentum we have achieved in setting these targets.

We have also refreshed our materiality assessment this year, to ensure that the important ESG issues previously identified by our stakeholders remain relevant. This helps us plan and shape our business for the future.

To ensure we maintain our focus on biodiversity, we have undertaken a risk assessment and value chain mapping exercise to ensure we consider all aspects of sustainability.

Progress against our objectives and ESG strategy has been recognised through various achievements and awards during the year, including being awarded 'AAA' under MSCI's ESG rating for the third year running, being listed in the FT's Climate Leaders for the fourth year running and maintaining our 'carbon neutral' accreditation with Achilles.

As part of our colleague engagement, we have introduced new training on carbon awareness to embed our sustainable way of thinking throughout the organisation and across all levels. Our colleagues have also been given the opportunity to formally volunteer in our local communities. After a successful pilot, all colleagues are now given a day per year for volunteering activities, whether that's engaging with schools and our future generations or volunteering for local charities through our Foundation.

Over the past year, we have built on the Group's existing strong foundations by integrating VSCH into our reporting and sustainability strategy. As a business, ESG continues to be at the forefront of our strategic decision making and as a result of our hard work, the Group is well-positioned to meet our sustainability targets and to support our clients to build the green infrastructure of tomorrow.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

19 June 2024



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 agenda and embed ESG principles into our corporate strategy.

Our sustainability framework outlines why we prioritise different elements of our work encapsulated by our four sustainability pillars 'Planet', 'People', 'Prosperity' and 'Principles of Governance', each informed by our people, customers, suppliers and stakeholders.

We illustrate our achievements over the last year against each pillar of the sustainability framework in the table on pages 72 and 73. Progress against each of the pillars is fundamental to achieving our long-term strategic objective to deliver sustainable growth.

In line with the Global Reporting Initiative ('GRI') Standards, our sustainability framework and reporting are structured around our most material sustainability issues.

OUR APPROACH TO SUSTAINABILITY



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

2024 COMPANY HIGHLIGHTS

Environment

Science Based

NET ZERO

targets approved



CDP 'A LIST'

for climate leadership achieved



100% RENEWABLE ENERGY

procured for all UK owned facilities

CARBON NEUTRAL

since 2021



ISO 14001

certified since 2007

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 2,329 weeks of

TRAINING OPPORTUNITIES

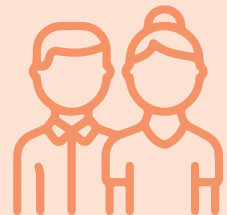
provided via NVQ in 2024



More than 3,070 weeks of

APPRENTICESHIPS

provided in 2024



The Severfield Foundation

DONATED OVER £67,000



100% of our workforce is paid

THE REAL LIVING WAGE

or above



8 DECENT WORK AND ECONOMIC GROWTH



Governance

Carbon emissions externally

VERIFIED BY 3RD PARTY



Supply Chain Sustainability School

GOLD member



Steel Construction Sustainability Charter

GOLD

RESPONSIBLE PROCUREMENT

committed to EPDs, FSC, PEFC.



STEELZERO MEMBERSHIP

committed to procure 100% Net Zero steel by 2050



SUSTAINABILITY STEERING COMMITTEE

governing our ESG strategy



Suite of

ESG POLICIES

in place



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

MATERIALITY ASSESSMENT

Prioritising the right sustainability issues, based on inputs from our key stakeholders is crucial. In 2024, Severfield undertook a full materiality assessment to ensure we are focussing on the issues that matter most to our stakeholders.



After each stage of the process, the priority of each issue is assessed and adjusted where necessary.

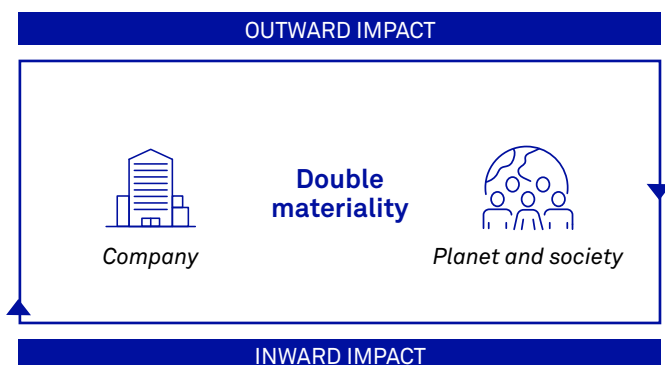
Our approach

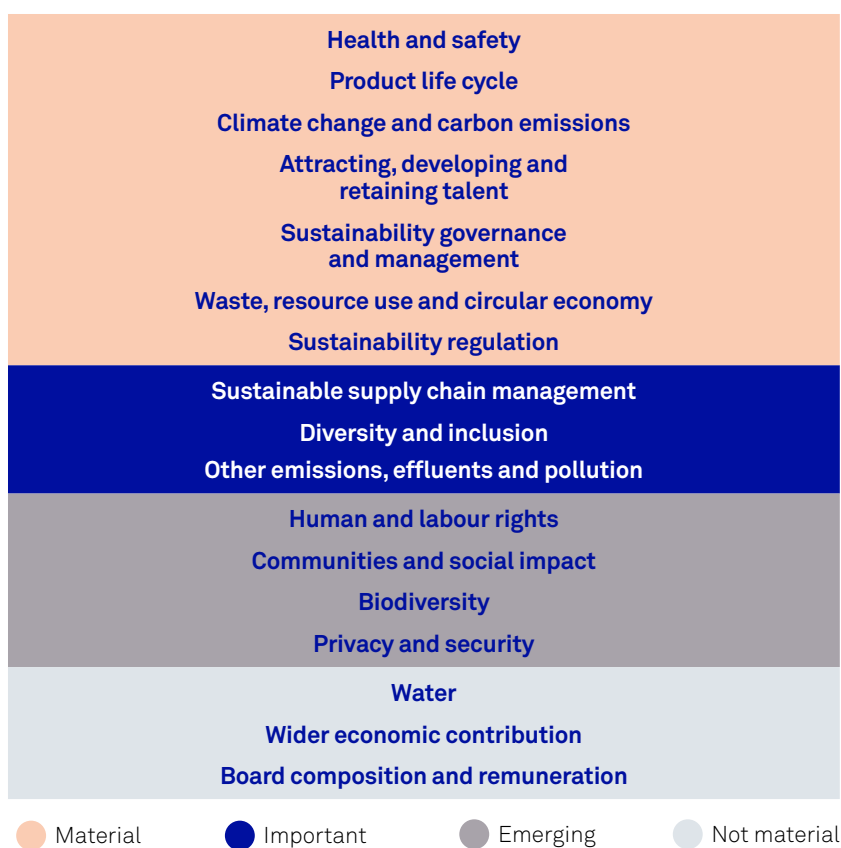
The materiality assessment is subsequently used to ensure our business strategy remains closely aligned with our stakeholders' economic, environmental, social and governance drivers. Our review involved comprehensive engagement with internal and external stakeholders to understand the issues that mattered to them.

We partnered with Black Sun, a global group of engagement specialists, to carry out a 'double materiality' assessment. The aim was to identify and assess the impact of the most material ESG issues on our business, as well as assessing the impact of our business on the environment and society.

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

Working with Black Sun, we identified a comprehensive set of material issues to our business and the stakeholder groups that we would approach to evaluate them. Stakeholders included a broad range of areas, such as employees, suppliers, NGOs, investors, clients and industry organisations, ensuring it represented a diverse range of views and backgrounds. Through questionnaires and subsequent interview discussions these material issues were ranked to create a hierarchy, which was approved by our sustainability committee.





Material issues for stakeholders

The results from the assessment above are illustrated in the hierarchy table. It confirmed that key material issues identified from our previous assessment had not changed significantly, with health and safety continuing to be of highest importance for all of our stakeholders.

The ranking of 'climate change and carbon emissions' remained similar to our last assessment. The category has however been split, to identify 'product lifecycle' separately, which also features as a critical issue. The product life cycle is something we are already addressing as part of our sustainability strategy (see page 55 for further details).

The results showed an increase in the importance of two categories, namely 'attracting, developing and retaining talent' and 'waste'. The first category was previously referred to as 'employee engagement', but it was considered appropriate to include talent to encompass a comprehensive approach to effectively managing human resources. The importance of attracting, developing and retaining talent was something primarily identified through our internal stakeholders.

The second category involves the responsible handling, reduction and disposal of waste materials via reusing, recycling and regenerating materials and products, which our stakeholders ranked as more material than last time.

The last material issue 'sustainability regulation', highlights the requirement from of our stakeholders for responsible and ethical business practices.

The material issues identified already form part of either our 4Ps Sustainability Framework or principal risks, reaffirming that the Group is focussing on the right areas. The Group will continue to make enhancements to ensure material issues that are important to our stakeholders, are fully integrated into Our Business Plan and risk management framework.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

We are committed to the recommendations of the TCFD, to provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities and to help communicate our strategy, sustainability framework, targets and our progress against these.

The board 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. To help achieve this, we are committed to the disclosure recommendations of the TCFD, providing our stakeholders with transparent information on material climate-related risks and opportunities that are relevant to our business.

The information set out on pages 54 to 91 of our annual report and accounts provides key climate-related information that is aligned with the 11 recommendations, covering four thematic areas, as 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 64 and 65, 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.

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 30 March 2024.

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	118 to 120	Continue to review and assess governance around climate-related risks and opportunities.
		Board at a glance	112 to 120	
	Management role	Building a responsible and sustainable business	54 to 88	
STRATEGY	Risks and opportunities	How we manage risk	92 to 104	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	54 to 88	
	Resilience of strategy			
RISK MANAGEMENT	Risk identification and assessment process	How we manage risk	92 to 104	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	78 to 80	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, Alan Dunsmore, is actively engaged and takes responsibility for the Group's strategic direction and progress on climate-related issues. He assumes overall board-level responsibility for climate-related matters and he also chairs 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 111, the board possess 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.

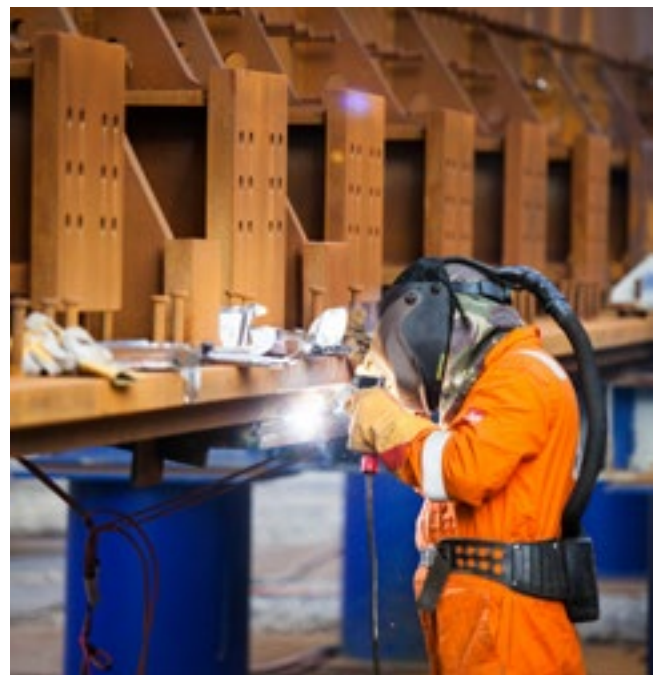
All board reporting at Severfield is underscored by a focus on climate change, sustainability and ESG. The board is updated on climate-related matters on a monthly basis and is briefed on any other key changes throughout the year. Where relevant, we also arrange in-depth briefings

from industry subject experts so as to draw attention to material ESG matters throughout the year.

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 SHE 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.

- 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 investing in UK-based carbon offsetting projects.
- 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.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

GOVERNANCE

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.



SUPPORTED BY SENIOR MANAGEMENT

Including Group head of ESG and Group head of procurement.



SUSTAINABILITY RISK REVIEW COMMITTEE

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



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.

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 96 to 104.

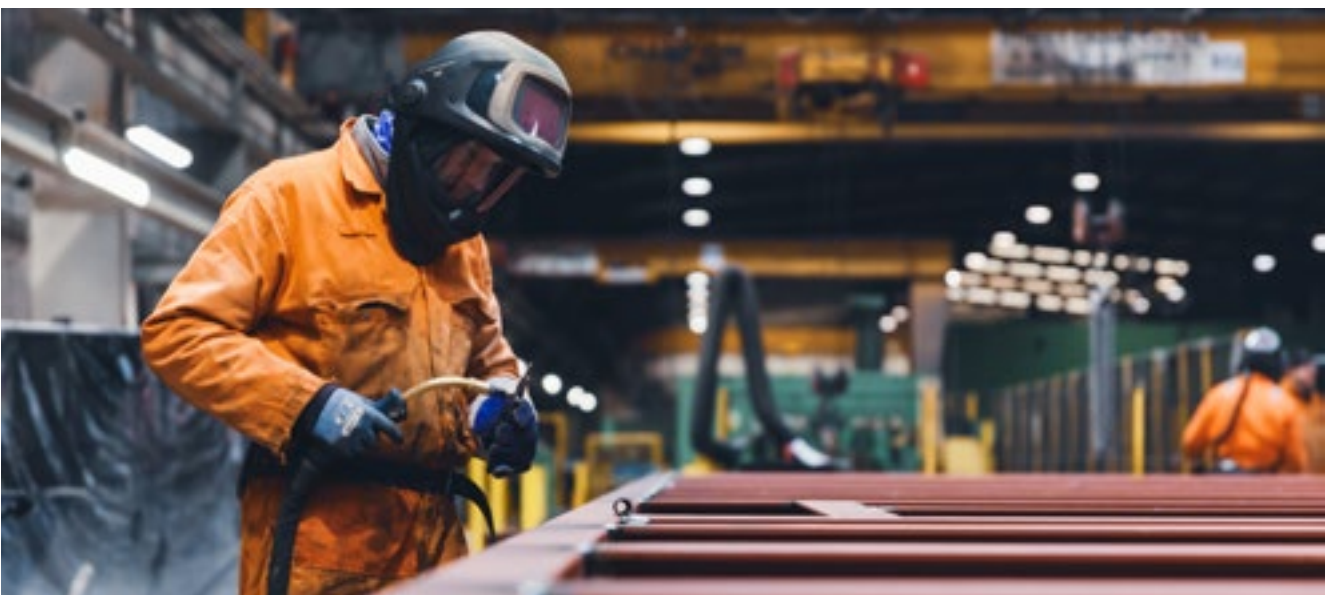
Our approach to ESG risk

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 92 to 95 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 64 and 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.



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The tables below summarise 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.

CLIMATE-RELATED RISKS

Climate risk	Classification	Risk description	Potential impacts to the business	Time horizon
TRANSITION	Policy and legal	Failure to comply with climate-related legislation by not meeting targets or reporting requirements.	<ul style="list-style-type: none"> 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)
	Reputation	Failure to comply with climate-related stakeholder expectations leading to loss of position as market leader and lost opportunities.	<ul style="list-style-type: none"> Loss of position as market leader and reputational damage. Loss of opportunities within our market sectors. Negative share price impact. 	Short-term (<5 years)
	Policy and legal	Failure to meet operational emissions reduction targets or increased costs due to offset costs.	<ul style="list-style-type: none"> 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)
	Market	Steel becomes unsustainable due to high carbon content, or an over demand for low-carbon steel making it unaffordable and projects being cancelled.	<ul style="list-style-type: none"> 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	Acute	Operational disruption/reduced capacity due to extreme weather event, e.g. flooding or wind damage.	<ul style="list-style-type: none"> 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)
	Chronic	Operational disruption/reduced capacity due to increased frequency of extreme weather, e.g. drought.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 67 to 70 for further detail.
Possible	Low	<ul style="list-style-type: none"> Our Group's Net Zero roadmap and sustainability framework continue to be embedded in our business 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	<ul style="list-style-type: none"> 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 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 67 to 70 for further detail.
Unlikely	Low	<ul style="list-style-type: none"> 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 67 to 70 for further detail.
Possible	Negligible	<ul style="list-style-type: none"> 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 67 to 70 for further detail.

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CLIMATE-RELATED OPPORTUNITIES

Opportunity	Classification	Description	Strategy to realise opportunity	Time horizon
GREEN REVENUE STREAMS	Market	<p>Identify new and increase existing revenue streams from green infrastructure and low-carbon projects that support the green energy transition.</p> <p>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.</p> <p>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.</p>	<p>The Group has a strong reputation in existing market sectors that are key to delivering the green energy transition.</p> <p>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.</p> <p>See page 11 for further details.</p>	Long-term (>10 years)
RENEWABLE ENERGY	Energy source	<p>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.</p>	<p>In 2024, 100 per cent of our total purchased and consumed energy was from green tariffs in the UK (for wholly owned facilities).</p> <p>We will expand our target to cover our European operations during 2025. In the meantime, we continue to assess the availability of other renewable energy sources for heating and power as part of our decarbonisation strategy.</p>	Short-term (<5 years)
RESEARCH AND DEVELOPMENT	Products and services	<p>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.</p> <p>Research and development into products and processes will help us to provide innovative solutions that meet the complex and changing needs of our customers.</p>	<p>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.</p> <p>In 2024, we have successfully applied for Innovate UK funding as part of a collaborative project with North Yorkshire Council. The project will look at decarbonisation opportunities within Dalton Industrial Estate in conjunction with other business partners on the site.</p>	Short-term (<5 years)

Climate scenario analysis ('CSA')

During the year, we further developed our CSA in line with TCFD guidance. The CSA focused on how climate-related risks and opportunities, identified through our risk assessment process described on pages 61 and 62, may change in a range of future scenarios and considers the resultant financial impacts arising as a result of mitigations required.

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 63). 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.	<p>Climate change increases the risk of severe weather events such as floods, sea level rise, cyclone, heatwave, wildfire, and water stress.</p> <p>Physical risks could potentially affect Severfield in a range of ways:</p> <ul style="list-style-type: none"> • direct damage to assets; • impacts on supply chains (delays to shipments, delays in the production activities of suppliers); and • delays to projects arising from the supply chain disruption. <p>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.</p> <p>The focus of the modelling is on Severfield's manufacturing sites and considers the impact of the severe weather events referenced above.</p>
Stakeholder expectations and the delivery of low-carbon projects.	<p>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.</p> <p>Whilst our long-term transition plan focuses on a range of measures to achieve decarbonisation (see our Net Zero plan on pages 74 and 76), in the shorter term there will be the need for carbon offsets to offset residual emissions.</p> <p>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.</p> <p>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.</p>
The steel market within the low carbon transition.	<p>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.</p> <p>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 CO₂ 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.</p> <p>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.</p> <p>We are already seeing an increase in customer demand for low-carbon steel, as customers work towards their own Net Zero targets.</p> <p>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 which amplify the increased demand for greener steel.</p>

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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 projects⁷			
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

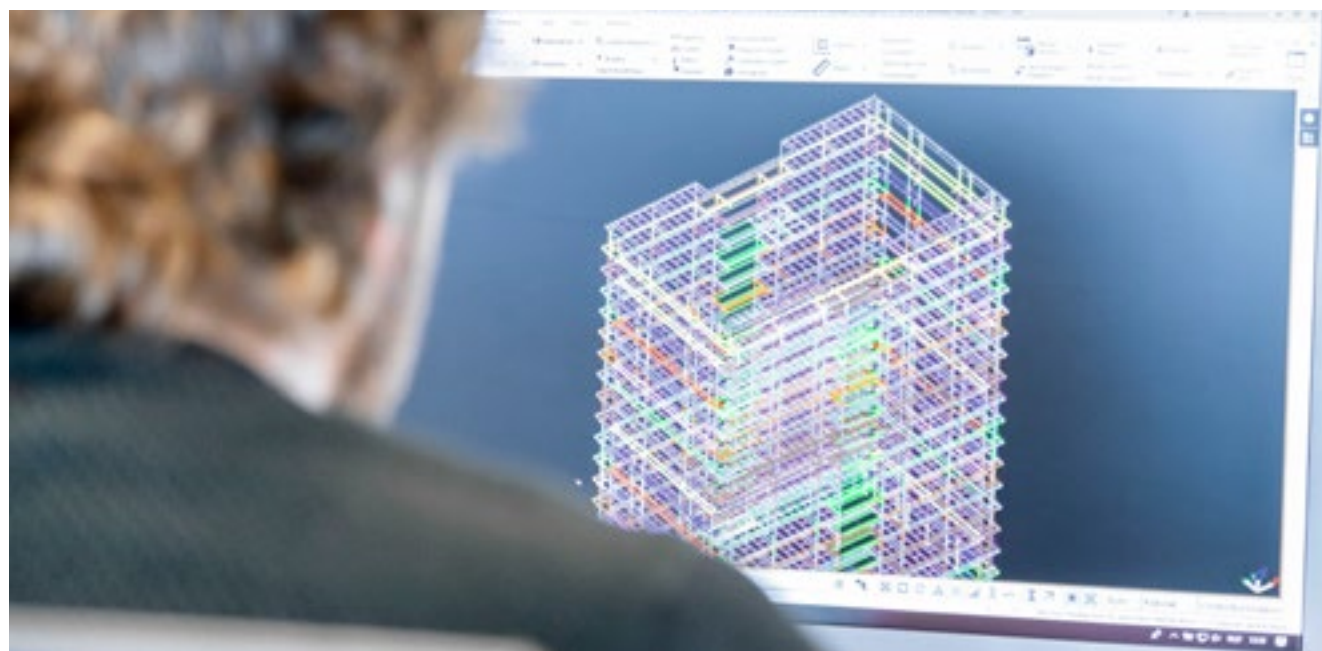
⁴ The Carbon Cost scenario illustrates how the steel sector might decarbonise if coordinated action to support low-CO₂ steelmaking takes hold this decade. This scenario assumes that, at each major investment decision, the steel asset switches to whichever technology offers the lowest total cost of ownership ('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 four time points 2025, 2030, 2040, 2050, which encompass the short, medium and long-term time horizons set out on page 63.



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

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
<p>Long-term flood risk modelling (within an RCP8.5 scenario – see previous page) was undertaken to identify our operations with the highest flood risks.</p> <p>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 / SSP5¹ scenario – see previous page). This included specific manufacturing site locations and also localised flooding, which could impact access roads.</p> <p>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.</p> <p>“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.</p>	<p>Mean loss: <£0.3m per year</p> <p>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.</p> <p>The climate risk relating to the assets assessed, and the associated financial risk is low based on our current modelling approach.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Project risk mitigations are discussed in the risks and opportunities table on pages 64 and 66.</p> <p>We will continue to monitor physical climate impacts within our wider risk management approach.</p>

¹ 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

Stakeholder expectations and the delivery of low-carbon projects

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
<p>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.</p> <p>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.</p> <p>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.</p>	<p>£0.2m for every 100 per cent increase in the price of carbon offset.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

STRATEGY

The steel market within the low-carbon transition

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
<p>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:</p> <p>Baseline – Steel assets switch to the technology with the lowest total cost of ownership at each major investment decision, without a Net Zero constraint.</p> <p>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 CO₂ emission technologies and, therefore, causing higher prices, leading to a demand side change to lower emission technologies.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>We assume that we will adopt a procurement strategy that evolves with the best available technologies.</p>	<p>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).</p>	<p>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.</p> <p>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.</p> <p>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.</p>

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. This is the first year since implementation, therefore some metrics are not available for previous periods. 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 sustainability framework supports the United Nations Sustainable Development Goals ('UN SDGs').

The table below illustrates our key achievements in the year against our four sustainability pillars and our progress against the metrics and targets we use to measure our performance in each area, as well as identifying the seven UN SDGs where the Group can have the biggest impact:

PLANET

Continue to improve the environmental impact of our processes and projects. Support sustainable construction through circularity, strive for Net Zero and enable efficient business practices.







➔ Read more on pages 74 to 80

ACTIVITIES/KPIs	2024 PERFORMANCE
GHG emissions	9% reduction in our Scope 1 and 2 GHG emissions from our SBTi base year of 2022 (using a market-based approach).
CDP global evaluation rating	Achieved CDP 'A' list rating. Maintained CDP supplier engagement leader with the rating of A-.
Other industry accreditations achieved	Awarded 'AAA' under MSCI's ESG rating. Listed on the Financial Times – Europe's Climate Leaders index for the fourth year in a row. Maintained BES 6001 rating of 'very good'.
Green electricity usage	100% of our total purchased and consumed energy was from green electricity tariffs in the UK for wholly owned facilities.
Waste reduction target	Achieved an absolute waste reduction (excluding steel) of 10% against 2021 baseline.
Biodiversity	We have issued a Group-wide biodiversity policy and established biodiversity risk rating for our factories and offices.

PEOPLE

Support our teams to be diverse, engaged, motivated, and highly skilled. Engage positively with projects and the local communities in which we work.

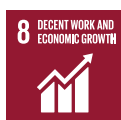


➔ Read more on pages 81 to 87

ACTIVITIES/KPIs	2024 PERFORMANCE
Gender Pay Equality	1.00 male/female normalised hourly rate ratio.
Diversity and Inclusion	9% of our workforce are female (same as 2023). Of our three grade levels below board, female representation is 17%, 17% and 23% respectively. Female % representation across our manufacturing departments is 2%, 8% within project delivery departments and 39% in core services.
Accident frequency rate	15% improvement in 2024 to 0.12 (2023: 0.14).
Incident frequency rate	27% improvement in 2024 to 1.23 (2023: 1.61).
Director safety visits undertaken	We have conducted 99 visits in 2024 (2023: 85).
Percentage of colleagues paid above living wage	100% of colleagues paid at or above the Real Living Wage.
Social value target	In 2024 we have delivered a volunteering pilot at one of our factories. In 2025, we will encourage uptake of our newly launched volunteering policy across the Group.

PROSPERITY

Deliver sustainable, profitable growth whilst satisfying our ethical, legal and contractual obligations.



➔ Read more on pages 80

ACTIVITIES/KPIs

2024 PERFORMANCE

Economic value generated and distributed	£463.5m (2023: £491.8m)
Economic value distributed	£438.3m (2023: £467.5m)
Net investment (capex–depreciation)/dividends	Stable net investment at 44% (2023: 10%).
Supply chain due diligence	100% (2023: 100%) of suppliers subject to annual supply chain contractor due diligence reviews.
New appointments	354 new employees in the year (including 29 apprentices and graduates).
Corporation taxes paid	£6.4m (2023: £3.5m) – £2.9m increase reflects higher profitability in the period and a repayment of overpaid taxes in the 2023 comparative.
Prompt payment reporting	93% (2023: 88%) of invoices paid within agreed payment terms in latest PPC reporting period for our signatory companies.

PRINCIPLES OF GOVERNANCE

Show leadership in delivering a sustainability programme, which considers whole life impact, taking us beyond compliance and ensuring continuous improvements.



➔ Read more on pages 90 to 91

ACTIVITIES/KPIs

2024 PERFORMANCE

Board diversity	12% (2023: 20%) of the Group's board are women.
Board tenure	7.4 years (2023: 7.4 years) average tenure of our board of directors.
Executive committee diversity	10% (2023: 18%) of the Group's executive committee are women.
Coverage of certified environmental management systems	Maintained Group-wide 100% accreditation to: ISO 14001:2015 – Environmental management, ISO 45001:2018 – Occupational health and safety, and ISO 9001:2015 – Quality management system
Key training for senior management	All relevant senior management have been provided with training such as criminal corporate offences ('CCO'), anti-bribery and corruption and tax evasion. To date c.80% have completed this.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PLANET

Why is it important?

Steel is one of the world's most widely used materials and has a significant part to play in a low-carbon future. There are decisive life cycle advantages to using steel in manufacturing, as it can continually be recycled, a key requirement for the 'circular economy'. Steel structures can also last for many years, making them cost-effective, as well as sustainable, and since steel is often fabricated off-site, it can reduce on-site labour, cycle time and construction waste. Not only is it more durable than other building materials, but its versatility also makes it an essential component of sustainable construction. Technological advancements have made steel lighter and stronger, and lower in embodied carbon as steel producers focus on decarbonising production methods to align to the demand created by Net Zero targets.

Our operational improvement initiatives, continue to 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.

Carbon and energy reduction, improving fuel efficiency and reducing waste are important strategic objectives for the Group. This year, we worked on initiatives to progress the Group waste reduction target and refined our approach to biodiversity. The sustainability framework objectives set out on page 55 demonstrate the Group's commitment to protect and enhance the environment, and to limit the environmental impact of our operations on the planet and natural environment, so it can support the needs of the present and future generations.

Management approach

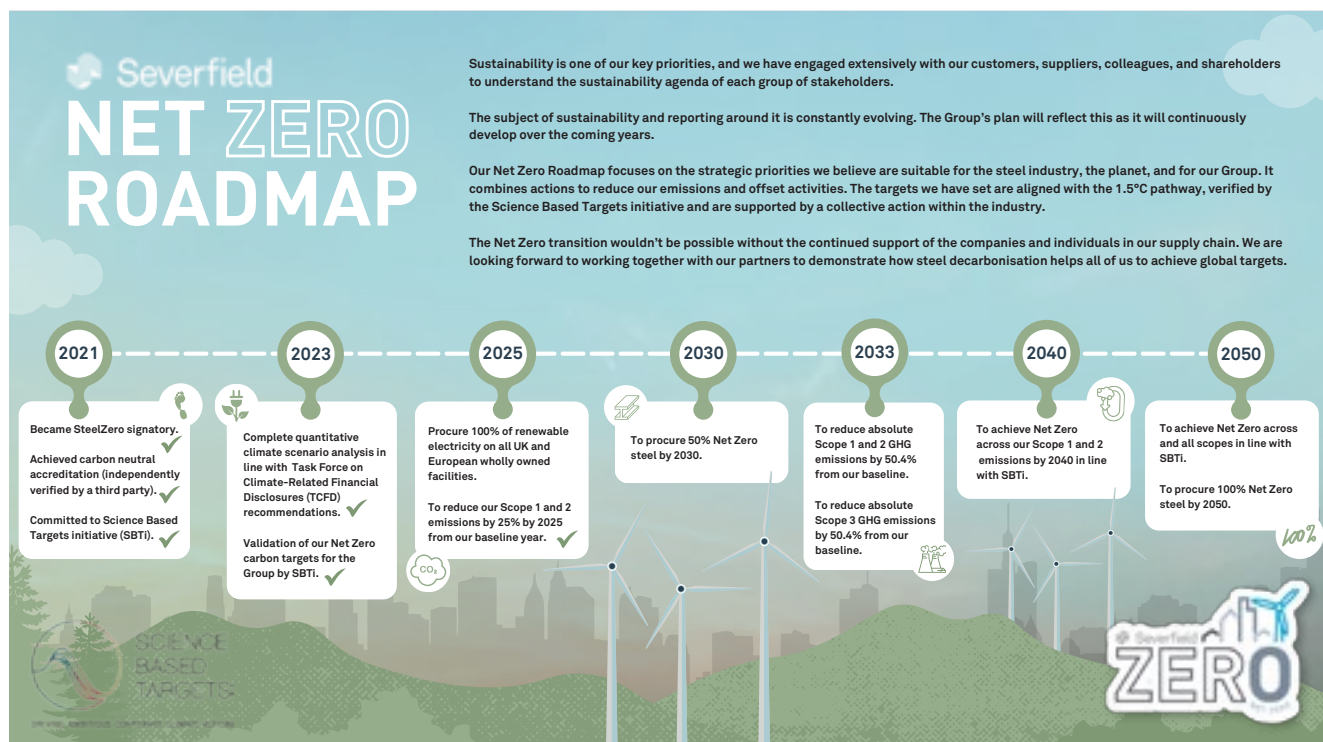
Underpinned by the Group's ISO 14001 certified environmental management system and BES 6001 Responsible Sourcing certification (rating 'very good'), the Group is fully committed to minimising its impact on climate change and mitigating the business risks that climate change presents. We have developed plans to manage the risk and embedded our climate-related risks and opportunities into our strategy and business model. The following sets out our approach to Net Zero.

Our Net Zero roadmap

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 2023 base year.



Our Net Zero roadmap is accompanied by a Group decarbonisation 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 2040 target for Scope 1 and Scope 2. 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 transition plan

- To maintain green electricity contracts on all wholly owned facilities in the UK and switch to green contracts in our European operations.
- Continue to implement recommended projects around compressed air, lighting, and machinery as part of ESOS Phase 3 audit results.
- Continue to implement our roll out of HVO across all applicable plant and equipment at all facilities and construction sites.
- As part of all future investment decisions, priorities will be given to alternative power sources, including hybrid and hydrogen, and any other new technologies where practical.
- Continue to upskill our colleagues on our Net Zero strategy, including focus on behavioural change.
- Roll out specialist training on carbon reduction initiatives and embodied carbon to all departments that are key to reducing both embodied and operational carbon across the Group.

As part of our own Net Zero journey, we are undertaking a range of activities to support the reduction in the carbon content of the projects that we deliver. Our key focus areas are as follows:

Carbon in procured steel and the projects we deliver

- Reducing waste through efficient design and manufacturing processes.
- Exploring methods to maximise circularity of our materials and the re-use of steel.
- Working with steel suppliers aligned with our climate and sustainability ambition.
- Collaborate with governments and industry-wide partners to drive the decarbonisation of the sector.

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 TCFD 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 67.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PLANET

Our Renewed Approach to Sustainable Procurement

Continuous improvement plays a key part in maintaining standards such as BES 6001, and last year, as part of our Supplier Engagement Programme, we hosted a number of supplier engagement meetings focused on how we can improve sustainability across our supply chain. This was a pro-active step in our own sustainability journey to further identify and celebrate the innovative practices our suppliers are carrying out.

Through collaboration with our direct suppliers we have focused on key emerging themes that include Net Zero roadmaps, SBTi targets, general progress towards decarbonisation and embodied carbon of their products. These themes will form the basis of future monitoring and will support the advancement of sustainability goals and targets in future engagement. We will see the benefits of these collaboration realised over the medium and long term.

These meetings along with other elements of the Supplier Engagement Programme resulted in the launch of our Sustainable Procurement Policy at the end of 2023, driven by our values and strategic objectives, and highlighting the expectations we have from our suppliers and subcontractors. We have also worked on alignment of our processes with ISO 20400 Sustainable Procurement guidance, that we believe offers a great framework to embed sustainability further in our procurement practices.

Whilst we have always had excellent links with our supply chain, this engagement programme helps focus the drive of steel industry's transition to Net Zero, in line with our recently approved SBTi Scope 3 target, where supplier's decarbonisation plays an important part.

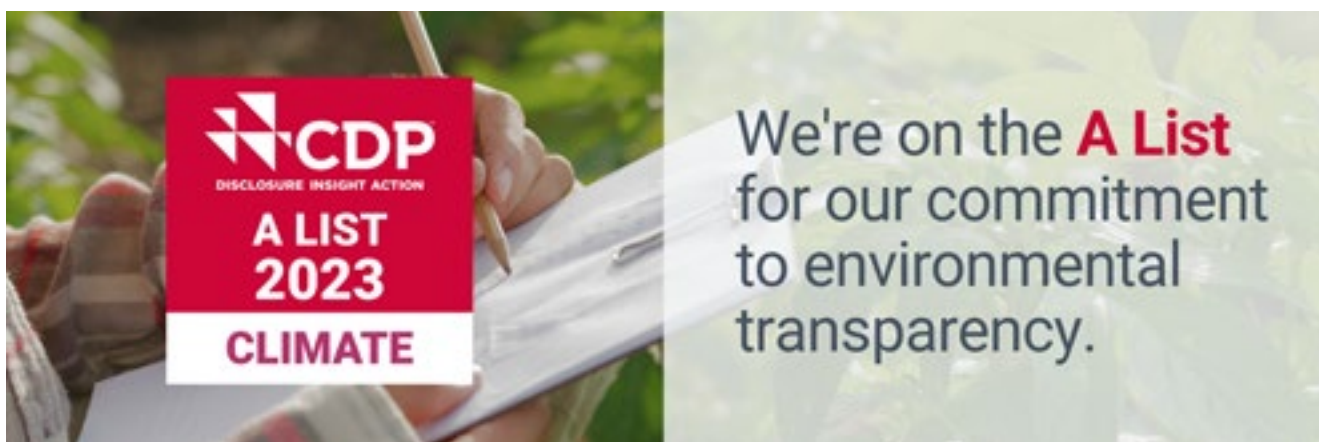
To ensure that our suppliers can regularly report progress on their targets, we have developed a new supplier wide 'Sustainability Alignment Survey' to allow us to more accurately map the sustainability progress of our supply chain partners.

We have also undertaken a revision of due diligence of suppliers with our on-boarding survey relating to Environmental, Social and Governance and included a number of sections to support conversations around supplier's approach to sustainability.

Our ongoing sustainable procurement work is also guided by our SteelZero commitments, as we continue to work towards our sustainable procurement goals and report on our progress in future annual accounts. We have continued progress towards procuring 50% Net Zero Steel by 2030, which was largely based on our clients demand towards Net Zero projects.

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.

We also provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities, in line with the TCFD recommendations. External advisers were appointed to support management with this task and to help model the climate change scenarios, which are disclosed on pages 67 to 70.



Severfield makes CDP's 'A List' for climate change

Following the submission of our annual environmental disclosure to CDP's 2023 Climate Change questionnaire, Severfield is one of a small number of companies that achieved an 'A' out of over 21,000 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' this year demonstrates our thorough understanding of risks and opportunities related to climate change, and that we have formulated and implemented strategies to mitigate the effects of our operations on the environment.

Looking forward

In a year of ever-increasing environmental concerns around the world – the need for transformational, urgent, and collaborative change is 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.

“Severfield’s commitment to sustainability and reducing our impact on climate change has never been clearer. As market leaders in the steel industry, we have a responsibility to display best practice when it comes to environmental disclosure, and we are pleased that CDP have recognised that we are delivering on this.”

MICHAELA LINDRIDGE
GROUP HEAD OF ESG AT SEVERFIELD PLC



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PLANET

Reporting our GHG emissions

As required by Streamlined Energy and Carbon Reporting ('SECR'), we report on our CO₂e emissions in accordance with the internationally recognised Greenhouse Gas ('GHG') Protocol and our metrics include Scope 1 and 2 emissions.

For the year ended 30 March 2024, the Group's global GHG emissions, using a location-based approach, and energy usage, were as follows:

GHG emissions from:	Tonnes of CO ₂ e	
	2024	2023
Scope 1 – combustion of fuel and operation of facilities	6,101	6,391
Scope 2 – electricity, heat, steam and cooling purchased for own use	3,478	3,106
Total CO ₂ e emissions (location-based)	9,579	9,497

Intensity measurement (location-based):	2024	2023*
Absolute tonnes CO ₂ equivalent per £m of revenue	20.6	19.3

***On a like-for-like basis, 2023 would be 20.4 tonnes of CO₂e per £m of revenue, when adjusted for the impact of higher steel prices of c.£25m.**

For the year ended 30 March 2024, the Group's global GHG emissions, using a market-based approach, and energy usage were as follows:

GHG emissions from:	Tonnes of CO ₂ e	
	2024	2023
Scope 1 – combustion of fuel and operation of facilities	6,101	6,391
Scope 2 – electricity, heat, steam and cooling purchased for own use	157	116
Total CO ₂ e emissions (market-based)	6,258	6,507

Intensity measurement (market-based):	2024	2023*
Absolute tonnes CO ₂ equivalent per £m of revenue	13.5	13.2

***On a like-for-like basis, 2023 would be 13.9 tonnes of CO₂e per £m of revenue, when adjusted for the impact of higher steel prices of c.£25m.**

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.

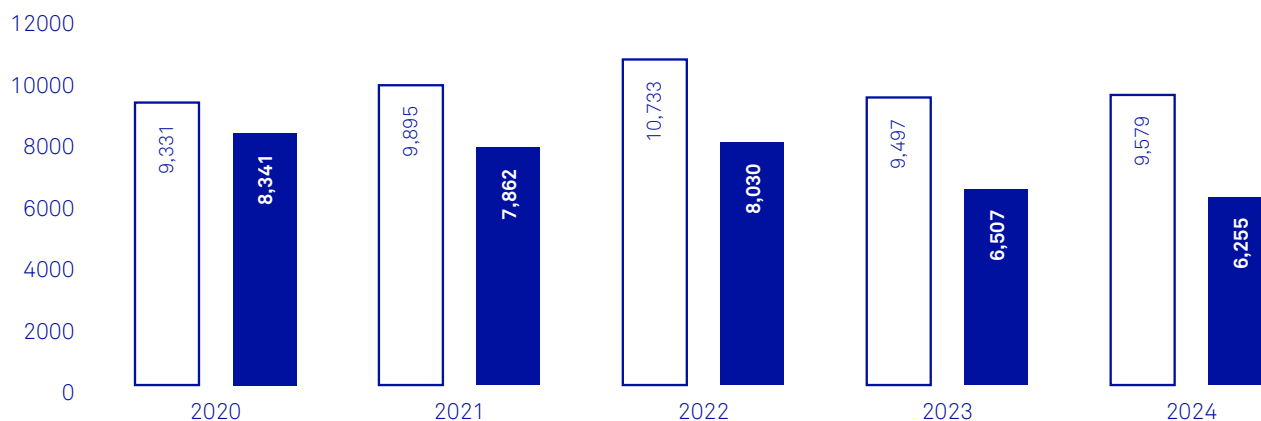
Carbon offset credits are excluded from our GHG emissions reporting.

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

In 2024, using a market based approach, which includes the positive impact of switching to green energy and use of alternative fuels on site, our intensity measured Scope 1 and Scope 2 GHG emissions have reduced by 3% year-on-year to 13.5 from 13.9 tonnes of CO₂e per £m of revenue (after adjusting for the impact of higher steel prices of c.£25m in the prior year revenue).

Our 2024 reported emissions also include VSCH for the first time, and VSCH have not yet fully adopted the Group's many carbon reduction initiatives, including switching to green electricity. This is an ongoing area of focus.

ABSOLUTE EMISSIONS SCOPE 1 AND 2



○ Location-based methodology ● Market-based methodology

Energy usage from:	2024	2023
Scope 1	29,652	29,044
Scope 2	16,647	16,049
	46,299	45,093

The information in the table above represents absolute energy usage only, irrespective of whether this is from low-carbon sources. The energy usage includes Voortman, which is why increase is reported in this period.

Scope 3 emissions

GHG emissions from:	Tonnes of CO ₂ e	
	2024	2023
Waste	254	264
Business travel	1,204	738
Colleague commuting	4,008	3,723
Transport and distribution	6,979	8,466
	12,445	13,191

Our Scope 3 GHG data above is independently verified by Achilles, in accordance with the international standard ISO 14064-1. Our verified Scope 3 GHG emissions in relation to any transport will now 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. Our 2024 Scope 3 data also include Voortman.

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 verified Scope 3 GHG emissions have decreased, most notably we had a reduction in waste emissions as part of our focus on our waste reduction target. For transport and distribution, even with the inclusion of additional WTT emissions, we reported an overall reduction.

The higher emissions for business travel reflect an increase in published GHG emission factors that are applied to business miles and a small increase in travel to Continental Europe, as our presence continues to grow through our recent acquisition of VSCH and the number of projects in Europe increases.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PLANET

Within Scope 3 emissions categories, we report on a total of 8 of the 15 categories relevant to our business (VSCH's impact included in this year's report). 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 92 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 SBTi).

Additional Scope 3 categories

GHG emissions from:	Tonnes of CO ₂ e	
	2024	2023
Purchased goods and services	184,090	213,586
Fuel and energy related	2,504	2,589
End of life treatment	104	93
Investments	1,377	1,665
Total unverified Scope 3 CO₂e emissions	188,075	217,933

Progress against our targets

The Group has made good progress again during the year in managing its energy, fuel consumption and emissions and we have been recognised as leaders in our sector for our work to date in reducing carbon emissions in a number of areas. For the fourth year running, we have been included in the Financial Times' listing of Europe's climate leaders, published in April 2024. This list includes c.500 companies that have achieved the greatest reduction in their Scope 1 and 2 GHG emissions intensity over a five-year period between 2017 and 2022.

As we continue to reduce our GHG impact, we focused on the use of diesel alternatives for our plant and machinery. From the previous year, we have decreased the use of diesel plant and machinery by 18% as we introduced further electric and hybrid options to our operations.

We have also been recognised as 'A List' leaders for Climate in the annual CDP disclosure. This annual rating is based on CDP's evaluation of the Group's strategy, goals and actual emission reductions as well as transparency and verification of our reported data. The rating also assesses the completeness of the Group's measurement and management of our carbon footprint, our risk management process and our sustainability strategy. This demonstrates our thorough understanding of risks and opportunities related to climate change, and that we have formulated and implemented strategies to mitigate the effects of our operations on the environment.

We have also maintained a CDP supply chain score of 'A-', which is well above the construction industry average of 'B-'.

As part of embedding carbon awareness within the business, we designed and developed an internal e-learning module on the subject. This module was mandatory for both office and operational staff as part of giving our colleagues the knowledge and tools to help support our Group-wide targets when it comes to carbon reduction and sustainability.

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% of residual emissions so we will rely on them less over time. However, at present, they are an important step in our sustainability journey towards Net Zero.

As part of our continued commitment to excellence, we maintained accreditation to the Gold Membership Standard of the Steel Construction Sustainability Charter. Through our Gold Membership with the Supply Chain Sustainability School, we continue to complete learning pathways and attend targeted sustainability training in collaboration with our stakeholders.

2025 areas of focus:

- Monitor and report on the Group's SBTi targets.
- Maintain our supply chain engagement programme and track suppliers' sustainability targets in line with our sustainable procurement strategy.
- Continue to seek opportunities to increase waste reduction across the Group.
- Continue to upskill our colleagues in knowledge on sustainability and wider ESG topics.
- Work with VSCH to further embed sustainability into their business practice in line with Group.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

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 1,900 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 everyday is critical to us achieving our business goals and ambitions, to enable this our focus remains on:

1. **Looking after the people who work for and with us**
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

PEOPLE

1. LOOKING AFTER THE PEOPLE WHO WORK WITH AND FOR US

Safety, health and wellbeing remain of paramount importance to our business and without exception, the board, management and our colleagues remain committed to sector-leading performance.

We recognise the sector we work in comes with a high level of risk, both within our factories and on our construction sites, and to this end we have sector-leading provisions for ensuring we keep everyone affected by our activities safe and well.

Our Leadership Commitment

Safety, health and environment remains at the top of the executive committee agenda and our performance is monitored closely with a focus on ensuring the Group IFR continues to improve, whilst supporting the need to ensure all incidents are reported and appropriately investigated.

The executive committee continues to scrutinise High Potential Near 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 introduced private medical cover for all colleagues. Our provision of mental and physical health support has gone from strength to strength with videos and personal

stories shared on our intranet (Connect) and lunch and learn sessions delivered virtually and in person on nutrition and health. Our trained mental health first aiders continue to be on hand to offer support and guidance to colleagues when they need it.

2024 has seen further improvements to our performance, accident frequency rate dropped to 0.12 from 0.14 and the IFR fell to 1.23 from the 2023 figure of 1.61.

We have a positive reporting culture and we look to proactive measures to further improve health, safety and wellbeing at Severfield. Our behavioural safety initiative Safer@Severfield has moved on to Stage 2 where the focus is on us all to make the right decisions around safety whether it is carrying out a task or putting others to work, the message is clear – make the right decision and we will all be Safer@Severfield.

Our Group systems remain accredited to the highest standards, 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.

2025 areas of focus

In line with our strategy, we aim to continue improving our safety performance and are in the process of adopting positive leading indicators to drive preventative workforce behaviours.

We also plan to evaluate new solutions, including the use of technology to further improve our safety performance.



2. 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 spend significant time on reviewing our strategic workforce plan and data from our 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 so that we can retain specialist skills and experience, especially given the capabilities and expertise that we provide to our clients. Our board have regular updates on all aspects of our approach to managing performance, developing skills and progressing careers.

Our progress

The performance and potential of c.800 colleagues was assessed in detail during the year and enabled the board to have a complete and clear picture of talent across the Group, ensuring the strategies are in place to further develop and retain the leaders and specialists we need for our future. In addition, this important piece of work enabled us to review our succession plans for the executive committee and business unit management boards. As a result of this process, we identified individuals from across our group to take part in a number of personal and leadership development activities. Our Strategic Leaders Programme targeted those in roles one level below our executive committee, our two-day Development Centre put several of our senior leaders through their paces and our inaugural LEAD (leadership discovery and exploration programme) challenged the thinking of many aspiring leaders from across our Group. These three programmes build on each other and form a strong ethos and culture of development at all levels.

Our focus on early careers, to address future skills shortages, has continued to be strong with 29 graduates and apprentices joining us on one of our 'development on a different scale' programmes. We plan to recruit c.40 apprentices in 2024 across fabrication, maintenance, painting, welding and the drawing office. This continued commitment to providing opportunities for earning whilst learning enabled us to maintain our prestigious Gold Member status of 'The 5% Club' which recognises the UK's leading employers of apprentices, graduates and degree placement students. Across the Group we currently employ 81 colleagues who are either on a formal apprenticeship or undertaking qualifications through the apprenticeship route.

We have continued to increase investment in our Learning Academy with the addition of MyLearning (a learning management system) this has enabled greater visibility of all aspects of training data, improved roll out of compliance eLearning and greater access to learning materials for all our colleagues.

Our online performance review process, MyPerformance, is continuing to be rolled out across the different levels in our business and enables managers and colleagues to have open, honest conversations about their current performance, future goals, personal development, and career aspirations.

2025 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 2024, we will extend the reach of our MyPerformance and MyCheck-In process so that all colleagues have the opportunity for feedback and to have a discussion about their current and future aspirations.

We are also exploring certain international options to recruit fabricators and welders to ensure we have the skills necessary to support the Group's growth plans.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

3. CREATING A CULTURE OF INCLUSIVITY

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

Ensuring we have multiple avenues to enable meaningful dialogue with our people is key to achieving this aim. Our intranet 'Connect' enables us to update colleagues on the strategy, performance and progress of the organisation, general Company news and health and wellbeing issues. Colleagues have the ability to comment on articles, take part in surveys and share their views. Monthly colleague engagement with the platform is at 60 per cent. 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 using 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 Louise Hardy (the Group's designated non-executive director responsible for workforce engagement) 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 9 per cent of our workforce being female greater focus is being placed on our hiring practices, candidate attraction and retention.

During the year, our first female mentoring programme took place with 14 females from all aspects of our business. The programme drew to a close on International Women's day celebrating the progress and learnings from the group.

All of our executive committee actively participated in dignity and respect training, leading the way for this to start being rolled out across the organisation.

Following this, over 40 of our managers and team leaders from our largest manufacturing facility took part in dignity and respect workshops in advance of us welcoming a number of new starters from Zimbabwe and South Africa, ensuring a welcoming, supportive and inclusive culture.

We continue to track diversity data and this is shared with management teams on a quarterly basis.

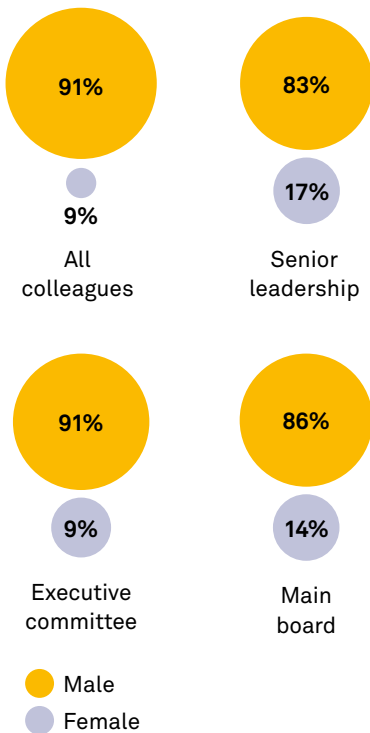
All colleagues have had the opportunity to share with us their own diversity data and information on ethnicity, disability, sexual orientation, religion or belief and gender has been collated giving us a better understanding of under-represented groups in our workforce.

This data has become an integral part of the decision-making process around talent, performance, and reward. Using the data we held on gender in our pay review processes we have been able to narrow the gap between the average male and female salaries by 8.7 per cent

over the past three years. We pay close attention to hourly rate differentials between males and females at each of our career levels and are pleased to have achieved a normalised hourly rate ratio of 1.00. Our median gender pay gap for the Group stands at 15 per cent,

which is a small increase on previous years due to pay increases for certain areas to address the recruitment and retention challenges we faced. All of our colleagues are paid at or above the real living wage.

Gender diversity statistics



	Male #	Female #
Main board	6	1
Executive committee	10	1
Senior leadership*	42	11
All colleagues	1,720	180

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

At 30 March 2024, the board had 1 female director (14 per cent). Female representation on our executive committee was 1 (9 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 10 per cent and 23 per cent, respectively.

We have continued to offer all colleagues the opportunity to share in the future success of the business through investing in an annual SAYE scheme, with 18 per cent of the workforce participating in this year's

scheme. Our pension offering to all colleagues (including executive directors) is 7 per cent employee contribution matched by a 7 per cent employer contribution. In December 2023, consistent with previous years, we paid all employees that are not part of the annual bonus scheme, a 'festive gift' of £750.

2025 areas of focus

Ensure all leaders undertake 'dignity and respect' training through our partner (EA Inclusion) ensuring we create an environment where everyone can feel they belong.

Embed The Severfield Way values into all that we do.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

4. DELIVERING SOCIAL VALUE

We understand that focusing on the social value we create has a huge potential to help us change the way we understand the world around us, and make better decisions about where we invest our resources.

Our leadership commitment

Our sustainability steering committee meets eight times a year and focuses on all aspects of our ESG agenda (people, planet, prosperity and principles of governance).

Our progress

During the year, we have refined our approach to social value and have embraced 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.

We have defined our baseline year (2022) in line with TOMs and are able to report on a number of key indicators associated with the framework.

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 will be able to support disadvantaged people and local communities for many years.

During the year, we have supported many different charities, from air ambulances, to hospices, to local community groups, and have provided support and guidance to help support those facing social and financial deprivation. Our colleagues across the business have raised over £67,000 for these causes.

Following feedback from our MyVoice Forum we piloted a one-day paid Colleague Volunteering Programme. The six-month trial proved a big success and we will be rolling the policy out across the Group in 2024. Volunteering opportunities will be 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 STEM activities and undertaking activities aligned to the projects we are delivering in the communities where they have an impact.

During the year, we have developed and trialed a social value reporting system enabling us to track and measure the value we create through all of our activities. This will ensure we continue to focus on areas that have the biggest impact on the communities in which we operate.

2025 areas of focus

Roll out and encourage employees volunteering policy uptake.

Throughout our activities we want to achieve a year-on-year increase our social value delivery (10 per cent).

Monitor Group and divisional targets set for social value delivery before seeking an external recognition for our achievement.



CASE STUDY

THE 5% CLUB – GOLD

This award recognises our significant contribution to the continued development of all our employees through ‘earn & learn’ schemes such as apprenticeships, graduate schemes and sponsored students course placements.

We are proud of our investment in early careers, which helps accelerate skills in the workforce and address UK skill shortages, supporting our Company and the wider economy. In the last year, we have recruited 26 apprentices and 3 graduates.

81

Earning & learning

2,329

NVQ training weeks



CASE STUDY

FEMALE MENTORING

Severfield champions diversity and attracting and engaging women to its ever-growing workforce has been a key focus in recent years.

There is a shortage of females in most roles across the construction industry and we are tackling the issue head-on through a variety of initiatives, including better engagement with those in education, better maternity pay, training on unconscious bias, and breaking down barriers through our newly launched female mentoring programme. The programme pairs female colleagues with an external mentor, providing insights from other career driven women, to help build experience and grow confidence to create the leaders of tomorrow.

14

Colleagues on the programme



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PROSPERITY

Why is it important?

Striving for continuous improvement across our four sustainability pillars is essential to support the long-term success and sustainability of the Group. Delivering value, in an ethical and transparent manner, helps to build strong relationships with customers, suppliers and shareholders, increasing our prospects of accessing new business opportunities.

Management approach

As outlined in the 'principles of governance' section, our interactions with stakeholders are governed by several key corporate policies and procedures, including modern slavery, human rights, anti-bribery, competition law and whistleblowing. Our policies require us to conduct our business in an open and honest way, and, as a result, we aim to have a positive impact on our local communities in which we operate.

Much of the value the Group creates is redistributed throughout the local communities, through payments to local suppliers, to our local workforce (wages and benefits), to the Group's providers of our financing facilities and other capital providers (interest payments, loan repayments and dividends) and as donations to local charities and community groups supported by our colleagues.

We acknowledge that improving our sustainability performance is only possible if we collaborate with businesses that share our commitment. Our supply chain predominantly consists of subcontractors working on our sites, and materials suppliers. We have a comprehensive Group-wide supplier accreditation process, managed through our central procurement team, which continually assesses our supply chain on areas including quality, safety, responsible manufacturing and ethical resourcing to ensure compliance with the Group's policies.

Through our central engineering team and Project Horizon (our digital transformation project), we are constantly striving to develop innovative products and services that deliver positive environmental or social outcomes through the value chain and will contribute to the Group's sustainable growth. In order to achieve this aim, the recruitment, development and retention of highly skilled employees who are proficient in new and emerging digital technologies is key and aligns to our second sustainability focus area of 'people'.

Our progress against our targets

During the year, the Group generated economic value of £463.5m (2023: £491.8m), a reduction of 5.8 per cent from the prior year and distributed £438.3m (2023: £467.5m), resulting in economic value retained of £23.0m (2023: £27.1m).

In 2024, the Group continued its work to embed its sustainability framework into our purpose and corporate strategy and to further evolve our sustainability reporting to provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities, in line with the TCFD recommendations.

The Group's high-quality order book of £478m at 1 June 2024 (2023: £482m at 1 November 2023) contains c.42 per cent of value from projects that are contributing to positive environmental outcomes, including battery plants and projects developing the UK's rail infrastructure, especially, but not limited to, those for HS2 and the electrification of the rail network.

Similarly, the current level of tendering and pipeline activity across the Group is very encouraging and also includes a good proportion of projects which will contribute to the green energy transition.

During the year, 100 per cent (2023: 100 per cent) of the Group's suppliers were subject to our annual supply chain contractor due diligence reviews to ensure our supply chain maintains the highest operational and ethical standards. Our commitment to bring our supply chain along on our sustainability journey is underpinned by our 'very good' BES 6001 accreditation and 'A minus' CDP supplier engagement rating.

Recognising the importance of dividends to our shareholders and to our investment case, we paid ordinary dividends of £10.7m (2023: £9.9m), an 8.1 per cent increase on the prior year.

2025 areas of focus

- Continue to make progress with our Project Horizon initiatives and increase automation within the Group.
- Continue to grow our revenues benefiting from the green energy transition and our stronger market position in Europe.



BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PRINCIPLES OF GOVERNANCE

Why is it important?

The Severfield Way is to do the right thing and this means that we conduct our business lawfully and ethically. We strive to uphold the highest standards of ethics and act with integrity in accordance with our values.

Good governance is key to ensuring the Group's long-term sustainability. The board has overall responsibility for the Group's sustainability strategy and determining its 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 area. This process includes the identification and management of climate-related and other sustainability-related risks.

Our sustainability committee

Our sustainability committee oversees the development and monitoring of our sustainability strategy and sets and monitors the Group's sustainability targets and metrics (see page 71). This gives us a well-defined management structure to help us achieve our sustainability objectives with oversight of all strategic sustainability risks and opportunities affecting the Group.

Scenario analysis progress

This year, we have included in our TCFD report (see page 68) the quantitative outputs from the financial modelling undertaken on the three climate-related risks, which were disclosed last year and we have disclosed our key ESG metrics and targets and our approach to monitoring progress against them. This has allowed us to complete our disclosure in line with the requirements of TCFD and the recently introduced requirements in the UK Companies Act 2006. Next year we commit to including data from VSCH in our future analysis once we have appropriate processes in place to accurately capture and report the data.

Management approach

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 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.

As set out in our Group assurance map and compliance framework, the board also relies on our financial controls, compliance with the Group's authorisation policy and general management oversight and review of financial and other reporting. All our businesses operate local processes to ensure policies are effectively implemented.

Our progress against our targets

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. During the year, we maintained our 'A-' rating in the CDP's annual supplier engagement rating. This is designed to evaluate and drive action on corporate supply chain engagement on climate issues. The scope of the review includes governance, targets, value chain emissions and supplier engagement strategies.

In 2024, the Group, again, had no incidents of bribery or corruption confirmed during the year (either relating to 2024 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

is in ongoing discussions with HMRC regarding an assessment raised for historical tax liabilities, which the Group disputes. 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; and
- sustainability policy.

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

Modern slavery

The board annually reviews and approves the Group's modern slavery statement. The 2024 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. This year, we have updated our modern slavery statement in line with best practice, designed new awareness training for our staff through our learning management system, and devised an improvement plan for our approach to modern slavery with our suppliers.

Human rights

We remain committed to protecting and respecting the human rights of our colleagues and those who work throughout our supply chain. As a Company operating within the UK, the key human rights issue we face is equality, which we address with training and promoting inclusivity.



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. In 2023 we completed a CCO workshop, facilitated by external experts, to keep our colleagues and procedures up to date. Further enhancements have been made following the workshop to address recommendations to achieve best practice.

During the year, we voluntarily published 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.

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 have rolled out 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.

HOW WE MANAGE RISK

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.

Our key focus areas in 2024

- Continued focus on mitigating people risk, our ability to identify, attract, develop and retain talent, in particular in our factories.
- Continued identification and mitigation of sustainability risks, including quantitative climate scenario analysis and the setting and defining of targets in line with TCFD requirements.
- Continued focus on mitigating cyber security risk.

Our future priorities for 2025

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

- Health and safety – reviewing our strategy for preventing and mitigating safety-related incidents including the use of positive leading indicators to drive preventative workforce behaviours
- Cyber security – ensuring we continuously evaluate and test our cyber resilience against known and emerging threats.

Changes to principal risks

The following changes have been made to the Group's principal risks in 2024:

- Commercial and market environment risk has been upgraded from medium risk to high risk, due to uncertainty in the UK construction market in 2024.
- Cyber security risk has been upgraded from medium risk to high risk reflecting uncertainty around the pace at which the threat is escalating and the ever-increasing level of protection that is required to mitigate the risk of a significant breach.
- Removal of sustainable and responsible business as a principal risk since we now have a clearer understanding of stakeholder expectations and our ability to meet them.

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 area.

The organisation's approach is to minimise exposure to reputational, financial and operational risk, while accepting and recognising a risk and reward trade-off in the pursuit of its strategic and commercial objectives. It has a zero tolerance for risks relating to health and safety. However, management recognises that certain strategic, commercial and investment

risks will be required to seize opportunities and deliver growth in line with the Group's strategic objectives.

The Group establishes its risk appetite through use of delegated authorities so that matters considered higher risk require the approval of senior management or the board. These include, but are not limited to, tender pricing, bid submissions, approval of contract variations and final account settlements, capital requirements, procurement, and certain legal and strategic matters.

Risk management process

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. An ongoing process has been established for identifying, evaluating and managing the significant risks faced by the Group. This includes emerging risks such as the successful integration of our recent acquisitions.

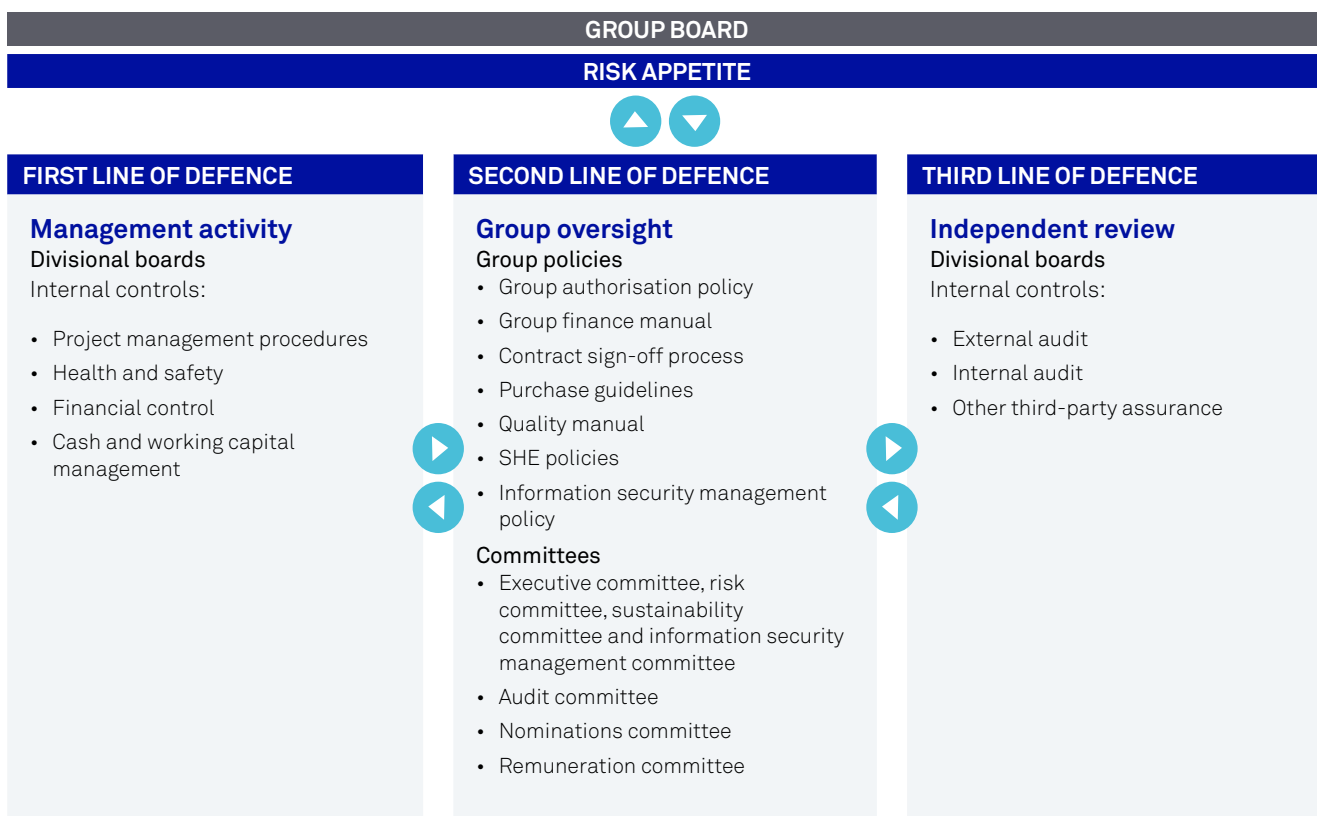
The audit committee, on behalf of the board, formally reviews principal and emerging risks and mitigations for the Group and each of the businesses on a biannual basis. The key elements of this risk management process are:

- Senior management from all key disciplines and businesses within the Group continue to be 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 risk 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.
- Ongoing risk management and assurance is provided through various monitoring reviews and reporting mechanisms, including the executive risk committee (chaired by the Chief Executive Officer), which convenes on a weekly basis and has the primary responsibility 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.

- Divisional company boards consider and report on risk on a monthly basis 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, the controls and safeguards are being operated in line with established procedures and standards.
- On a quarterly basis, the significant risks identified by the Group's businesses are discussed in detail with each management team. In addition, the Group legal director and Group IT director meet on a quarterly basis to review IT risks facing the Group, the sustainability risk review committee (comprising the Group legal director, the Group SHE director, Group financial controller and the Group head of ESG) meet on a quarterly basis to review sustainability risks facing the Group and the people risk review committee meets on a regular basis to review people risks facing the Group.

The outcome of these discussions is collated and reported to the executive committee.

- All of these risk registers are updated and, together with a consolidated Group risk register compiled by the executive committee, are reported 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.



HOW WE MANAGE RISK

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:

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.

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 SHE director. This includes the use of risk management systems for the identification, mitigation and reporting of health and safety management information.

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.

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.

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.

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, one at 30 September and one at 31 March, 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 during 2024.

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 remuneration policy remains appropriate for attracting and retaining management of the right calibre.

Independent review

The third line of defence represents independent assurance, which is provided mainly by the internal auditor, external auditor 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.

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 were remediated and subsequently monitored in line with normal business operations. 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.

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.

HOW WE MANAGE RISK

Principal risk	Strategic pillars	Link to KPIs	Movement	Scoring
1 Health and safety		1 2 3 4 5 6 7		
2 Supply chain		1 2 3 4 5 6 7		
3 People		1 2 3 4 5 6 7		
4 Commercial and market environment		1 2 3 4 5 6 7		
5 Mispricing a contract (at tender)		1 2 3 4 5 6 7		
6 Cyber security		1 2 3 4 5 6 7		
7 Failure to mitigate onerous contract terms		1 2 3 4 5 6 7		
8 Industrial relations		1 2 3 4 5 6 7		

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

High

Medium

KPI key

1 Underlying op profit and margin

2 Underlying BEPS

3 Revenue

4 Operating cash conversion





5 ROCE

6a UK&E OB

6b India OB

7 Injury frequency rate ('IFR')

1 HEALTH AND SAFETY

Description	Impact	Mitigation	
<p>The Group works on significant, complex and potentially hazardous projects, which require continuous monitoring and management of health and safety risks. Ineffective governance over, and management of, these risks could result in serious injury, death and damage to property or equipment.</p>	<p>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. Continued changes in legislation can result in increased risks to both individuals and the Group.</p>	<ul style="list-style-type: none"> Established safety systems, site visits, safety audits, monitoring and reporting, and detailed health and safety policies and procedures are in place across the Group, all of which focus on prevention and risk reduction and elimination. Thorough and regular employee training programmes. Director-led safety leadership teams established to bring innovative solutions and to engage with all stakeholders to deliver continuous improvement in standards across the business and wider industry. Close monitoring of subcontractor safety performance. Priority board review of ongoing performance and in-depth review of both high potential and reportable incidents. Regular reporting of, and investigation and root cause analysis of, accidents, incidents and high potential near misses. Behavioural safety cultural change programme 'Safer@ Severfield' was launched this year. Occupational health programme, including mental health. Achievement of challenging health and safety performance targets is a key element of management and staff remuneration. Detailed due diligence on new acquisitions and effective integration of SHE processes and systems. 	<p>Trend</p> <p></p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p> </p> <p>Scoring</p> <p>High</p>

HOW WE MANAGE RISK

2 SUPPLY CHAIN

Description	Impact	Mitigation	
<p>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 delay and disruption to the Group's projects and operations. There is also a risk that credit checks undertaken in the past may no longer be valid.</p>	<p>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.</p>	<ul style="list-style-type: none"> • 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). • Monthly review process to facilitate early warning of issues and subsequent mitigation strategies. • 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. 	<p>Trend</p>  <p>Link to strategy</p>  <p>Link to KPIs</p> <p>1 2 3 4</p> <p>5 6</p> <p>Scoring Medium</p>

Strategic pillar key



Growth



Operational excellence



India

Movement

▲ Upward trend

▼ Downward trend

▶ No change

○ New

Scoring

● High

● Medium

KPI key

1 Underlying op profit and margin

2 Underlying BEPS

3 Revenue

4 Operating cash conversion





5 ROCE

6a UK&E OB

6b India OB


7 Injury frequency rate ('IFR')

3 PEOPLE



Description	Impact	Mitigation	
<p>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 and it can become increasingly difficult to recruit capable people and retain key employees, especially those targeted by competitors. This has been exacerbated in recent years due to macroeconomic factors such as the impact of inflation and shortages of labour.</p>	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • 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, recent above average inflation pay and a commitment to pay the real living wage. • Annual appraisal process providing two-way feedback on performance. • Internal communications continually improved. • Interviews with leavers and joiners to understand the reasons for their decision. • 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. 	<p>Trend</p> <p></p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p>  </p> <p></p> <p>Scoring</p> <p>Medium</p>

HOW WE MANAGE RISK

4 COMMERCIAL AND MARKET ENVIRONMENT

Description	Impact	Mitigation	
<p>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 change, the impact of geopolitical events.</p> <p>Lower than anticipated demand could result in increased competition, tighter margins and the transfer of commercial, technical and financial risk down the supply chain, through more demanding contract terms and longer payment cycles.</p>	<p>A significant fall in construction activity and higher costs could adversely impact revenues, profits, ability to recover overheads and cash generation.</p>	<ul style="list-style-type: none"> 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. The Group closely monitors the flows of goods and people across borders for ongoing work with the EU and specific risks and related mitigations are kept under review by the executive committee. We have taken steps to ensure we can continue to deliver on current and future contractual commitments. Maintenance and establishment of supply chain in mainland Europe. Close management of capital investment and focus on maximising asset utilisation to ensure alignment of our capacity and volume demand from clients. Close engagement with both customers and suppliers and monitoring of payment cycles. Ongoing assessment of financial solvency and strength of counterparties throughout the life of contracts. Continuing use of credit insurance to minimise impact of customer failure. Strong cash position supports the business through fluctuations in the economic conditions of the sector. Recent acquisitions have broadened our reach and cross-selling opportunities, resulting in improved market resilience. 	<p>Trend ▲</p> <p>Link to strategy </p> <p>Link to KPIs ① ② ③ ④ ⑤ ⑥</p> <p>Scoring High</p>

5 MISPRICING A CONTRACT (AT TENDER)

Description	Impact	Mitigation	
<p>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.</p>	<p>If a contract is incorrectly priced, particularly on complex contracts, this could lead to loss of profitability, adverse business performance and missed performance targets.</p> <p>This could also damage relationships with clients and the supply chain.</p>	<ul style="list-style-type: none"> Improved contract selectivity (those that are right for the business and which match our risk appetite) has de-risked the order book and reduced the probability of poor contract execution. 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. Professional indemnity cover is in place to provide further safeguards. Use of price indexation clauses in certain contracts. 	<p>Trend</p> <p></p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p>1 2 3 4</p> <p>5</p> <p>Scoring Medium</p>

Strategic pillar key



Growth



Operational
excellence



India

Movement

-  Upward trend
-  Downward trend
-  No change
-  New

Scoring


-  High
-  Medium

KPI key

- 1** Underlying op profit and margin
- 2** Underlying BEPS
- 3** Revenue
- 4** Operating cash conversion
- 5** ROCE
- 6a** UK&E OB
- 6b** India OB
- 7** Injury frequency rate ('IFR')

HOW WE MANAGE RISK

6 CYBER SECURITY

Description	Impact	Mitigation	
<p>A cyber attack could lead to IT disruption with resultant loss of data, loss of system functionality and business interruption.</p> <p>The Group's core IT systems must be managed effectively, to keep pace with new technologies and respond to threats to data and security.</p>	<p>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.</p>	<ul style="list-style-type: none"> 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. Group IT committee ensures focused strategic development and resolution of issues impacting the Group's technology environment. 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 this year by the executive committee. Data protection and information security policies are in place across the Group. Cyber-crimes and associated IT risks are assessed on a continual basis and additional technological safeguards introduced. Cyber threats and how they manifest themselves are communicated regularly to all employees (including practical guidance on how to respond to perceived risks). ISO 27001 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. 	<p>Trend</p> <p>▲</p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p>1 2 4 5</p> <p>Scoring</p> <p>High</p>

Strategic pillar key



Growth



Operational excellence



India

Movement

▲ Upward trend

▼ Downward trend

▶ No change

○ New

Scoring

● High

● Medium

KPI key

1 Underlying op profit and margin

2 Underlying BEPS

3 Revenue

4 Operating cash conversion

5 ROCE

6a UK&E OB

6b India OB




7 Injury frequency rate ('IFR')

7 FAILURE TO MITIGATE ONEROUS CONTRACT TERMS

Description	Impact	Mitigation	
<p>The Group's revenue is derived from construction contracts and related assets. 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.</p>	<p>Loss of profitability on contracts as costs incurred may not be recovered, and potential reputational damage for the Group.</p>	<ul style="list-style-type: none"> 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. We continue to work with the British Constructional Steelwork Association to raise awareness of onerous terms across the industry. Through regular project 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. 	<p>Trend</p> <p></p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p></p> <p>Scoring</p> <p>Medium</p>

HOW WE MANAGE RISK

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.	<ul style="list-style-type: none"> 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. 	<p>Trend</p> <p></p> <p>Link to strategy</p> <p></p> <p>Link to KPIs</p> <p></p> <p>Scoring</p> <p>Medium</p>

Strategic pillar key



Growth



Operational excellence




India

Movement

 Upward trend

 Downward trend

 No change


 New

Scoring

 High


 Medium

KPI key

 Underlying op profit and margin

 Underlying BEPS


 Revenue

 Operating cash conversion

 ROCE

 UK&E OB

 India OB

 Injury frequency rate ('IFR')

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.

S. 172 FACTORS					
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 30	Pages 28 to 30	Pages 28 to 30	Pages 28 to 30	Pages 28 to 30	Pages 25 to 38
How we deliver sustainable value	How we deliver sustainable value	How we deliver sustainable value	How we deliver sustainable value	How we deliver sustainable value	Engaging with our stakeholders
Pages 22 to 27	Pages 54 to 91	Pages 22 to 27	Pages 54 to 91	Pages 54 to 91	Pages 134 to 137
The markets we serve, our market sectors	Building a sustainable and responsible business	The markets we serve, our market sectors	Building a sustainable and responsible business	Building a sustainable and responsible business	Directors' report
Pages 30 to 33	Pages 36 to 38	Pages 54 to 91	Pages 36 to 38	Pages 92 to 104	
Our strategy	Engaging with our stakeholders	Building a sustainable and responsible business	Engaging with our stakeholders	How we manage risk	
Pages 54 to 91	Pages 92 to 104	Pages 36 to 38	Pages 118 to 125		
Building a sustainable and responsible business	How we manage risk	Engaging with our stakeholders	Corporate governance report		
Pages 36 to 38	Pages 138 to 162	Pages 92 to 104			
Engaging with our stakeholders	Directors' remuneration report	How we manage risk			
Pages 92 to 104					
How we manage risk					
Pages 138 to 162					
Directors' remuneration report					

SECTION 172 STATEMENT

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 54 to 91 – Building a sustainable and responsible business
Employees	Code of conduct, ethics policy, equal opportunities and diversity policy, health and safety policy, whistleblowing policy	Pages 81 to 85 – People Pages 90 to 91 – Principles of governance
Social matters	Sustainability policy	Pages 86 to 87 – People
Human rights	Code of conduct, modern slavery policy, data protection policy, CCTV policy	Pages 90 to 91 – Principles of governance
Anti-corruption and anti-bribery	Anti-bribery policy and ethics policy	Pages 90 to 91 – Principles of governance
Business model	Description of the Group's business model	Pages 28 to 30 – How we deliver sustainable value
Non-financial KPIs	Description of the non-financial key performance indicators relevant to the Group's business	Pages 72 to 74
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 92 to 104 – How we manage risks Pages 64 to 65 – Climate-related risks

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 receive 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 60. 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

19 June 2024



GOVERNANCE REPORT



Governance at a glance	110
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Directors' report	134
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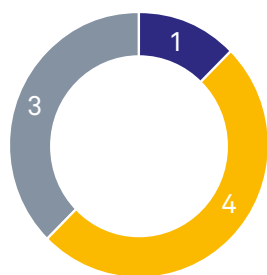


GOVERNANCE AT A GLANCE

OUR BOARD

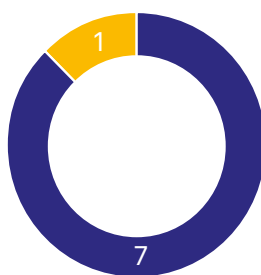
The board comprises eight directors with a diverse and complementary range of industry experience, technical knowledge, perspectives and personal strengths.

Independence



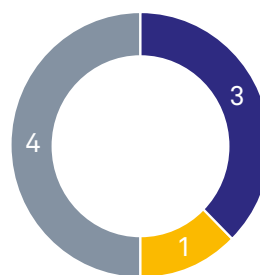
● Chair
● Independent
● Non-independent

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	11	3	7	7
Executive directors				
Alan Dunsmore	11			
Derek Randall	11			
Adam Semple	11			
Ian Cochrane ¹	3			
Non-executive directors				
Kevin Whiteman ²	11	0	7	3
Mark Pegler	11	3	7	7
Louise Hardy ³	11	2	7	6
Alun Griffiths	11	3	7	7
Rosie Toogood ⁴	9	2	6	5
Tony Osbaldiston ⁵	4	1	3	1

¹ Ian Cochrane attended all board meetings held prior to his resignation on 26 July 2023

² As Chair, Kevin Whiteman was not a member of the audit committee but attended meetings as a guest. Kevin was conflicted from attending four nominations committee meetings held to discuss the recruitment of his successor

³ Louise Hardy was unable to attend one audit committee meeting and one nominations committee meeting due to an unavoidable clash with other board commitments

⁴ Rosie Toogood attended all board and audit, remuneration and nominations committee meetings held prior to her resignation on 12 February 2024

⁵ Tony Osbaldiston attended all board and audit, remuneration and nominations committee meetings held prior to his retirement on 31 July 2023

SKILL AND DIVERSITY MATRIX

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

Skill/area of expertise/experience

Business development and strategy	7	1
Mergers and acquisitions	7	1
Banking and finance	6	2
Legal and regulatory	5	3
Innovation and technology	5	3
Client relationship management	8	
Construction/engineering industry experience	7	1
Sustainability	3	5
Workforce engagement	8	
Procurement and large capital programmes experience	7	1
International experience	6	2
Risk management	7	1
Governance	7	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.



ALAN DUNSMORE
Chief Executive Officer

- Independent: No
- Appointed: 2010

Alan was appointed Chief Executive Officer in February 2018. Prior to this he held the position of Group finance director from March 2010 to March 2017 and acting chief executive officer from April 2017 to January 2018. He joined the Group from Smiths Group plc. He joined Smiths Group's medical division in 1995, holding various positions throughout the business and from 2004 was director of finance for Smiths Detection. Prior to joining Smiths, he was with Coopers and Lybrand in Glasgow, where he qualified as a chartered accountant in 1992.



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.



LOUISE HARDY
Non-executive director
and workforce engagement
director

- Independent: Yes
- Appointed: 2019

As an executive director, Louise was the European project excellence director at AECOM, responsible for project management across a portfolio of 10,000 projects and between 2006 and 2013, was a director at Laing O'Rourke, the largest privately owned construction company in the UK. At Laing O'Rourke she worked within the CLM as the delivery partner to the Olympic delivery authority for the London 2012 Olympics.

Louise is a Fellow of the Institution of Civil Engineers, the Chartered Management Institute and the Women's Engineering Society. Louise won the European Women in Construction and Engineering, lifetime achievement in construction award 2019.

Louise is a non-executive director at Travis Perkins plc, Balfour Beatty plc and Crest Nicholson Holdings plc.



MARK PEGLER
Non-executive 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.

Mark is a non-executive director and chair of the audit committee at ELE Advanced Technologies Ltd, a specialist in the production of complex and high integrity super alloy components for the aerospace, industrial gas turbine and commercial diesel engine markets. He is also non-executive Chair of IWS Group, a privately owned group of market-leading product brands, manufacturers and service companies, providing essential services and products to the logistics, material handling and other industrial sectors primarily across the UK and Europe.

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

CURRENT MEMBERS RETIRING AT THE AGM

KEVIN WHITEMAN (A) (N) (R)
Chair

- Independent: Yes
- Appointed: 2014 to the board and 2020 as Chair

ALUN GRIFFITHS (A) (N) (R)
Senior independent director

- Independent: Yes
- Appointed: 2014

Key to committee membership:

N Nominations
 A Audit
 R Remuneration
 ● Committee chair



A
N
R

CHARLIE CORNISH
Non-executive director
(and Chair designate)

- Independent: Yes
- Appointed: May 2024

Charlie, who joined the board on 1 May 2024, is set to take over as chair following the AGM on 30 July 2024 when Kevin Whiteman steps down.

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.



DEREK RANDALL
Executive director and Chair
at JSW Severfield Structures

- Independent: No
- Appointed: 2011

Derek previously held the position of executive director for business development and was managing director of JSW Severfield Structures Limited (JSSL), our joint venture in India, for 11 years until April 2024. He is now non-executive Chair of JSSL. Before joining the Group, most of Derek's career was with Corus Group (now Tata Steel) where his last position was as commercial director of the long products division. Derek has held a number of international board positions with Corus and served on the executive council of the Steel Construction Institute.



N
R

KEVIN WHITEMAN
Chair

- Independent: Yes
- Appointed: 2014 to the board and 2020 as Chair

A chartered engineer, Kevin was chief executive of Kelda Group and Yorkshire Water for a period of eight years. Kevin was non-executive Chair of both companies from 2010 to March 2015. He was Chair of the privately owned NG Bailey from 2013 to 2023, and a non-executive director and chair of the remuneration committee of Cadent Gas Limited from 2018 to 2021.

Kevin was previously Chief Executive Officer for the National Rivers Authority, regional director of the Environment Agency, and has held a number of senior positions within British Coal. He was also chair for Wales and West Gas Networks (UK) Limited and has been a trustee for WaterAid UK.



A
N
R

ALUN GRIFFITHS
Senior independent director

- Independent: Yes
- Appointed: 2014

Alun was a main board member at leading engineering consultancy WS Atkins plc from 2007 to 2014 and held a number of business leadership and corporate roles, most recently as Group HR director.

Alun has significant experience in HR and organisation development, business development and project delivery. He chairs the transaction committee at the Ramboll Group (providing oversight for major bids and M&A), is an independent board member of the Remuneration Consultants Group, a member of the council of the University of Bath and is on the board of the Ports of Jersey.

OUR EXECUTIVE COMMITTEE

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.



ROB EVANS

Divisional managing director, Severfield Commercial & Industrial

Rob became managing director of Severfield (UK) in February 2020, during which he was responsible for all aspects of the contracting business for both Severfield (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 (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.



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 of Personnel and Development, holds a Master's Degree in Career Management from the University of London, and a Management Degree from Aston University. 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 SHE 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.

ALAN DUNSMORE
Chief Executive Officer

For details, see board of directors on page 112.

ADAM SEMPLE
Chief Financial Officer

For details, see board of directors on page 112.

DEREK RANDALL
Executive director and
Chair at JSW Severfield
Structures

For details, see board of directors on page 113.

OUR CHAIR'S VIEW ON GOVERNANCE



“This year we have ensured that strong and robust corporate governance continues to be at the heart of everything we do, and I am confident that this will continue to be the case. We have implemented a board improvement plan this year and made a number of changes in personnel at Board level.”

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

This is my last annual report as Chair as I am retiring at the AGM following the appointment of a new chair, Charlie Cornish, to succeed me.

Dear shareholder

I am pleased to introduce the Group's corporate governance report (on pages 118 to 125) 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 continue to evolve the board to ensure that it has the right balance of knowledge, experience and outside in perspective. I handed over chairship of the nominations committee to Alun Griffiths this year, and he oversaw a process for recruiting a new chair with a specification which ensured that we retained the right mix of skills around the board table.

Board evaluation

During the year, we developed and implemented a board improvement plan, further details of which are set out in the governance report.

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 128.

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 62.

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 continue to believe that the current remuneration packages help to appropriately incentivise management to sustain long-term value for shareholders.

Last year, we made a number of changes to our remuneration policy as part of the normal three-yearly cycle, and these were supported overwhelmingly at last year's AGM. Following that vote, Alun Griffiths was able to step down as Chair of the remuneration committee and is ably succeeded by Louise Hardy. A summary of our new remuneration policy, a summary of how we intend to operate that policy in 2025, and a review of the remuneration committee's activities, together with bonus and PSP performance in 2024, can be found in the remuneration report on pages 138 to 162.

Talent and diversity

The board is mindful of diversity and we are committed to building a supportive, diverse, and inclusive working environment where all colleagues feel they belong. The board is represented by a range of industry experience and personal strengths and consists of one female and seven male directors. Further details of their skills and experience can be found on pages 112 to 113.



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 to 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.

The board recognises the importance of capital returns to shareholders and, given the strong financial performance of the Group, considered a share buyback to be in the interests of stakeholders.

We have an open and effective dialogue with shareholders, with regular meetings being held with institutional shareholders. The AGM will be held on 30 July 2024 and I encourage all shareholders to submit any questions in advance and to vote via proxy for the resolutions.

KEVIN WHITEMAN
NON-EXECUTIVE CHAIR

19 June 2024

UK Corporate Governance Code

Throughout the accounting period, the Company has fully complied with the requirements of the 2018 Code, except for:

- Kevin Whiteman and Alun Griffiths exceeded the nine-year term prescribed by provision 19 for the reasons explained in last year's AGM notice, namely the need to recruit a replacement chair. They were re-elected at last year's AGM with a 96% and 97% vote in favour, respectively and are stepping down at the AGM following the recruitment of a new chair and an effective handover.

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 112 to 113. The board currently consists of the chair, four other non-executive directors and three executive directors.

Alan Dunsmore 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 30 March 2024 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 138. 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 112 to 113 will be standing for re-election at the 2024 AGM, other than those who are retiring at the 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 monitors the exposure to key business risks, including environmental and health and safety issues. 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 employee 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 Kevin Whiteman	<p>The Chair, Kevin Whiteman, is mainly responsible for managing the business of the board, evaluating its performance and setting the agenda for board meetings to ensure that adequate time is allocated to the discussion of all agenda items, facilitating the effective contribution of all directors. The chair acts as an ambassador for the Company and provides effective communication between the board and its shareholders.</p> <p>The chair, together with the Company secretary, ensures that the directors receive clear information on all relevant matters in a timely manner. Board papers are circulated sufficiently in advance of meetings for them to be thoroughly digested to ensure clarity of informed debate. The board papers contain the Chief Executive Officer's and the Chief Financial Officer's written reports, high-level papers on each business area, key metrics and specific papers relating to agenda items. The board papers are accompanied by a management information pack containing detailed financial and other supporting information. The board receives occasional ad hoc papers on matters of particular relevance or importance. The board also receives presentations from various business units and senior managers, including members of the executive committee.</p>
Chief Executive Officer Alan Dunsmore	<p>As the senior executive of the Company, Alan Dunsmore 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.</p> <p>The Chief Executive Officer chairs an executive committee consisting of the members indicated on pages 114 and 115. 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.</p> <p>In addition, he chairs a safety meeting once a month with other members of the executive management team and business unit managing directors, and meets regularly with the Group HR director. Alan is also chair of the sustainability committee, which meets every six weeks to oversee implementation of our sustainability strategy and review progress against our strategic objectives.</p>
Senior independent director Alun Griffiths	<p>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.</p>
Board committees	<p>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.</p> <p>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.</p> <p>Details of the work of the audit, nominations and remuneration committees are set out on pages 126 to 162.</p>

CORPORATE GOVERNANCE REPORT

Board meetings

The directors' attendance record at the scheduled board meetings and board committee meetings for the year ended 30 March 2024 is shown on page 110.

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	BUSINESS AND OPERATIONAL
<ul style="list-style-type: none"> • Presentation to the board on our strategy for growth in India • Off-site strategy day • Presentation on capital markets from Jefferies, the Company's brokers • Presentation on the Modular Solutions division from the divisional managing director Jim Martindale • Regular updates of progress in delivering the Group's strategic objectives from the executive directors 	<ul style="list-style-type: none"> • 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	LEADERSHIP AND PEOPLE
<ul style="list-style-type: none"> • Reviewed and approved annual report and accounts and results announcement for the year ended 25 March 2023 • Reviewed and approved proposed payment of a final dividend for the year ended 25 March 2023 • Assessed going concern and longer-term viability of the Group and reviewed the effectiveness of internal controls • Reviewed quarterly financial forecasts • Reviewed and approved a change in our agreed method of satisfying share scheme awards by buying forward the required shares via our EBT and satisfying out of market purchase rather than free issue shares • Reviewed and approved an on-market share buyback proposal • Reviewed and approved proposed auditor fees for the year ended 30 March 2024 • Reviewed and approved the final budget for the year ended 30 March 2024 • Reviewed and approved half-year results for the year ended 30 March 2024 • Approved interim dividend for the year ended 30 March 2024 • Approved Group tax strategy 	<ul style="list-style-type: none"> • 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 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 a new chair to succeed Kevin Whiteman at the end of his nine-year tenure
RISK MANAGEMENT AND CONTROLS	GOVERNANCE AND STAKEHOLDERS
<ul style="list-style-type: none"> • Assessed the effectiveness of our internal control and risk management systems • Approved changes to the Group Authorisation Policy • 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 • Briefing on the new failure to prevent fraud offence under the Economic Crime and Corporate Transparency Act 	<ul style="list-style-type: none"> • Received feedback from the chair of the nominations committee on the results of the externally facilitated board effectiveness review and developed a board improvement plan • Reviewed and approved AGM notice • Reviewed investor feedback on year-end results for the year ended 25 March 2023 and interim results for the year ended 30 March 2024 • 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

CORPORATE GOVERNANCE REPORT

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 105. An example of this is set out below.

Strategy day

At our annual off-site strategy day the directors undertook a comprehensive review of progress against the Group's four-year strategic plan and divisional strategic plans and priorities to ensure they remained fit for purpose. In doing so, they:

- reviewed market trends, including the macroeconomic environment, supported by comparative data and customer insight;
- considered the impact of the strategic plan on the retention and development of employees;
- reviewed the Group's long-term financial outlook; and
- assessed and prioritised growth opportunities.

In approving the strategy and business plans and purpose, the views of all our stakeholders were considered.

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 105 (s. 172 statement) and at pages 36 to 38 (Engaging with our stakeholders).

With regard to our customers, supply chain and communities, these groups are recognised by the board as integral to our business model and, as such, are considered regularly by the board. In practice, however, our customers, supply chain and communities vary with each Group company and, therefore, the Group companies manage day-to-day engagement with these important stakeholder groups.

Our Group SHE director and our Group head of procurement assist in managing relationships with those subcontractors and suppliers who are common to more than one Group company. Further details of our engagement with communities can be found on page 38. The board engages directly with the Group's shareholders and colleagues as set out below.

Shareholders

Providing sustainable returns to our shareholders is a key factor in the board's decision making. The chair and the non-executive directors are available to meet with shareholders to listen to their views.

The board recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood. The Group encourages two-way communication with both its institutional and private investors and attempts to respond quickly to all queries received verbally or in writing.

The executive directors undertake a programme of regular communication with institutional shareholders and with analysts covering the Group's activities, its performance and strategy, and issues regular trading updates to the market.

Alan Dunsmore and Adam Semple attended several meetings with institutional shareholders, private investors and analysts during the year, at the time of the announcements of the Group's annual and half-year results. Feedback from those meetings was reported to the board, including the non-executive directors, and was factored into the board's strategy review and its decision to declare a final dividend and after the year-end to implement a share buyback programme.

The board generally uses the AGM to communicate with private investors and encourages their participation. The notice of the AGM, detailing all proposed resolutions, is communicated to shareholders at least 20 working days before the meeting.

Colleagues

Recognising the importance of input and feedback from all colleagues in helping us deliver on our strategic goals, we continued to make good progress with our Group-wide MyVoice forum during the year, facilitated by Louise Hardy, the Group's designated non-executive director responsible for workforce engagement. The forum provides a formal way for colleagues and management to connect, gain feedback and exchange information and views on any business-related topic. Louise, the Chief Executive Officer and the Group HR director, attend all MyVoice forum meetings. Louise provides verbal updates to the board following each forum meeting and written updates on what was heard and discussed at the forums and the actions the executive committee have taken to address these points are provided to the board by the Group HR director on a quarterly basis.

In addition, during the year, members of the board visited various sites across the Group and met with groups of employees, discussing with them their experiences and views.

In 2024 we continued to develop our intranet, 'Severfield Connect'. This has enabled us to communicate with colleagues who are away from work, to share updates and information with them and to engage in dialogue through the comments feature. Colleagues across the Group have raised issues and questions with management, and these have been discussed openly with our executive directors and have informed our approach in many areas. Throughout the year, our executive directors have kept our employees informed of our financial performance through newsletters, email notifications and briefing sessions, and made colleagues aware of any external factors and significant events that might have an impact on our business.

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 culture provides an environment in which everyone understands that we are part of one team and that we are always looking for opportunities to improve. This way we can innovate, evolve and successfully deliver our strategic

objectives. We do not experience the typical indications of poor culture such as high staff turnover and absenteeism or a poor attitude to training.

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

It does this by meeting with employees and senior managers, undertaking regular site visits and reading regular reports and presentations from Group companies on how they are operating their businesses and taking into account internal audit reports on matters that are heavily influenced by culture and behaviour. The non-executive directors

also draw on their own experiences in other organisations in order to challenge and verify that the Group's values and behaviours remain effective, and we have continued to have regular board briefings on a wide range of topics from managers of the business at different tiers of the organisation.

We have continued to develop our intranet 'Severfield Connect' in 2024 to enable us to communicate better, develop a more integrated working culture and to track engagement.

The table below sets out how the board monitors our culture to ensure that behaviours remain aligned with our values.

WHAT WE MONITOR AND MEASURE	BOARD ACTION IN 2024
Client focus	
<p>The executive directors keep the board updated on key projects and customer relationships. The board reviews material issues arising on contracts that may impact a Group company or the Group as a whole.</p>	<p>Reviewed Group company board summaries, which included information on key clients and suppliers and the performance of contracts.</p> <p>Reviewed market information and tender feedback information, together with business development plans, which focus on key client relationships and new clients with whom we wish to have future business.</p> <p>Approved Group company strategic plans, which include information on key clients and client feedback.</p>
Safety focus	
<p>The executive reports include information on health and safety performance, including accident frequency rate, injury frequency rate, near misses and high potential incidents and absence days due to sickness/injury.</p> <p>The board regularly reviews information on the safety strategy, updates on personal injury claims, training records and performance, interaction with the HSE, occupational health initiatives and key developments in the market, which could impact on safety performance.</p>	<p>Regular monitoring of health and safety performance is a priority for the board and is the first agenda item for all board meetings.</p> <p>Board members attended site and factory safety visits during the year, encouraging employees to suggest improvements and share best practice and reported back to the board on the key messages taken away from these visits.</p> <p>Developed further our safety initiative 'Safer@Severfield', which has been designed to make sure that every individual's safety and wellbeing remains our top priority. By fostering a strong safety culture, we can create an environment where everyone feels confident to challenge unsafe behaviour, has respect for everyone's opinions when it comes to safety in their daily work, and feels secure in the workplace.</p>

CORPORATE GOVERNANCE REPORT

WHAT WE MONITOR AND MEASURE	BOARD ACTION IN 2024
Doing the right thing	
<p>The executive directors keep the board updated on the Group's ethical dealings with clients, suppliers and the workforce.</p> <p>We report on e-learning covering a range of ethical matters including supplier payment terms, gender pay and any issues of concern raised by employees whether by way of formal whistleblowing or otherwise.</p> <p>We have policies in place, including the Group's authorisation policy, ethics policy, competition law policy, anti-bribery policy and expenses policy and these are regularly reviewed.</p>	<p>Reviewed payment practices reporting submissions and prompt payment code disclosures.</p> <p>Reviewed and approved our modern slavery statement (see page 125).</p> <p>Reviewed statements of compliance from all directors and letters of assurance ('LoA') from the Group's managing directors.</p> <p>Asking colleagues, customers and suppliers on factory and site visits for feedback on our performance.</p> <p>Implemented a new fraud prevention plan.</p>
Setting the bar high and finding better ways	
<p>The executive directors keep the board updated on how the Group is meeting its contractual and commercial commitments to our customers, our suppliers and our workforce.</p>	<p>Challenging the executive directors on any relationship issues arising with any of our customers, suppliers or workforce.</p> <p>Asking colleagues, customers and suppliers on factory and site visits for feedback on our performance.</p>

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.

The Code attaches importance to boards having processes for individual and collective performance evaluation. The performance of individual directors is evaluated annually in conjunction with the remuneration review. The chair meets with the non-executive directors at least annually to review their performance.

During the early part of the year ended 30 March 2024, we developed a board improvement plan to implement some practical changes to further enhance engagement and contribution following last year's externally facilitated board effectiveness review. This involved amending our board schedule to allow more time for the board to review key strategic matters and to spend less time discussing routine operational matters.

There have been several changes to the composition of the board in the last year, which have seen the board reduce in size from ten to eight members:

- In July 2023, Tony Osbaldiston retired as non-executive director and chair of the audit committee, having completed his nine-year term, and has been succeeded by Mark Pegler, who joined the board in October 2022.
- In September 2023, Ian Cochrane, COO, left the Company in order to pursue other interests, and his position has, deliberately, not been replaced, with the COO's former duties being re-assigned to other executive directors and the senior leadership team.
- In September 2023, Louise Hardy, non-executive director, replaced Alun Griffiths as Chair of the remuneration committee.
- Between November 2023 and May 2024 Alun Griffiths chaired the nominations committee in its search for a new chair to replace Kevin Whiteman.

- In February 2024 Rosie Toogood, non-executive director, stepped down from the board in order to avoid a conflict of interest with a new executive role she had taken up at Wates, a key client of the Group.
- More recently, since the year-end, a new chair has been appointed leading to the planned retirement of Kevin Whiteman as Chair and Alun Griffiths as SID, both of whom have completed their nine-year terms, at this year's AGM.

In the light of these changes, it was decided this year the board evaluation normally undertaken in March 2024 would be postponed until October 2024 once the new chair and the new board had been operating for a meaningful period of time.

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 163) and a statement by the auditor concerning their responsibilities (pages 166 to 173). The directors also report that the business is a going concern (page 180) 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 22 to 106). The directors have also made a statement about the long-term viability of the Group, as required under the Code (page 52).

Modern slavery

The board annually reviews and approves the Group's modern slavery statement. The 2024 statement is available on our website at www.severfield.com 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 amongst 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. This year, we continued to focus on our supply chain, refreshed and added to our training of relevant staff in awareness of modern slavery and encouraged key suppliers to undertake training through the Supply Chain Sustainability School. We also sought and obtained suitable assurance from our newly acquired Europe division that they were complying with local best practice in this area (in the absence of any equivalent legislation) and from our joint venture in India.

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 138 to 162. 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



“The audit committee reviews and reports to the board on the Group’s financial reporting, internal control and risk management systems and the independence and effectiveness of the auditors.”

MARK PEGLER
CHAIR OF THE AUDIT COMMITTEE

Number of meetings

3

Members

Mark Pegler (Chair)
Alun Griffiths
Louise Hardy
Charlie Cornish (from 1 May 2024)
Rosie Toogood
(until 12 February 2024)
Tony Osbaldiston
(until 31 July 2023)

2024 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 report and accounts for the 2024 interim accounts and the year ended 30 March 2024.
- Agreed to undertake a tender in 2025 for the appointment of the external auditor for 2026 and agreed a process for the appointment of the internal auditors for 2025.
- Reviewed and approved the Group’s tax strategy.

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. Kevin Whiteman, Alan Dunsmore, Adam Semple, Mark Sanderson and Matt Gamble, 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 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 2024 financial year:
- Reviewed the interim results for the period ended 23 September 2023 and the year-end results for the year ended 30 March 2024.
 - Reviewed the significant management judgements reflected in the Group's results, including significant contract judgements and material non-underlying items.
 - Discussed the report received from the external auditor regarding the audit of the results for the year ended 30 March 2024. 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 30 March 2024.
 - 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 30 March 2024.
 - 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.
 - Considered the process to implement for tendering the external auditor appointment for 2026 and the internal auditor appointment for 2025.
 - Reviewed and approved outputs from financial modelling undertaken on climate-related risks and proposed disclosure together with key ESG metrics and targets.
 - Reviewed and approved the Group's tax strategy.
 - Reviewed and approved proposed changes to the Group Authorisation Policy.
 - Received and considered a briefing on the implications for the Group of the Economic Crime and Corporate Transparency Act 2023.
 - Reviewed PricewaterhouseCooper LLP's ('PwC') internal audit reports covering various aspects of the Group's operations, controls and processes and approved the internal audit plan.
 - Approved the appointment of EY as internal auditor following the retirement of PwC at the year-end.

AUDIT COMMITTEE REPORT

Fair, balanced and understandable

The committee was provided with, and commented on, a draft copy of the annual report for the year ended 30 March 2024. 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 92 to 104. 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.

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 52 of 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 and this year, following the acquisition of Voortman Steel Construction in April 2023, the accounting treatment of the acquisition is also classified as a significant accounting risk.

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.

Other judgements

The committee considered management's classification of non-underlying items and the consistency of application of the Group's accounting policy. The committee was satisfied that the legacy employment tax charges and the asset impairment charge in relation to the exit of the Sherburn lease meet the necessary criteria to be recognised as non-underlying.

In addition, the committee considered a number of other judgements, which have been made by management. These include going concern and viability 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 nine 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.

The committee has recommended to the board that a resolution proposing the appointment of KPMG as external auditor for 2025 be put to the shareholders at the forthcoming AGM.

External audit tender for 2026

As previously reported, KPMG were selected as the Group's auditor for the year ended 31 March 2016, following a competitive tender process, and were appointed at the AGM on 2 September 2015. Under the current tenure rules, the last year that KPMG can audit the financials without a formal competitive tender process having taken place is 2025.

Accordingly, the committee has determined that it is in the best interests of shareholders to commence a competitive tender of external audit services, with the tender to take place in the second half of 2025, following which a resolution would be submitted to the AGM in 2026 recommending the appointment of the successful candidate. There are no contractual obligations that restrict the committee's choice of external auditor. KPMG, alongside other firms, will be invited to tender.

Internal audit

The Group's internal audit function was outsourced to PwC 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 PwC'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 PwC in the current year were also discussed in detail at each of the committee's meetings.

PwC have stepped down from the role since the year-end as they wished to tender for the external auditor role and their regulatory rules required them to do so. Following a procurement exercise EY have now been appointed as the Group's internal auditor for 2025.

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 advocate for the Group.

This policy is compliant with the Code and with the FRC's revised 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. No non-audit services provided by KPMG during the year ended 30 March 2024 required the approval of the committee.

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. With the exception of the half year review, there were no other non-audit fees for 2024 or 2023.

MARK PEGLER

CHAIR OF THE AUDIT COMMITTEE

19 June 2024

NOMINATIONS COMMITTEE REPORT



“The committee ensures the continued effectiveness of the board through appropriate succession planning and supports the development of a diverse pipeline.”

KEVIN WHITEMAN
CHAIR OF THE NOMINATIONS COMMITTEE

Number of meetings

7

Members

Kevin Whiteman (Chair)
Alun Griffiths (Chair of meetings on chair succession)
Louise Hardy
Mark Pegler
Charlie Cornish (since 1 May 2024)
Rosie Toogood (until 12 February 2024)
Tony Osbaldiston (until 31 July 2023)

2024 key achievements

- Ran a recruitment process and recommended the appointment of Charlie Cornish as a new non-executive director and Chair designate with effect from 1 May 2024.
- Reviewed the Group's succession plans for board and executive committee appointments.
- Reviewed the Group's progress on diversity and inclusion.

2025 areas of focus

- Running a process for the appointment of a new non-executive director and appointing a senior independent director to succeed Alun Griffiths.

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 were last updated in April 2021 and are available on the Group's website (www.severfield.com) and on request from the Company secretary.

Board effectiveness

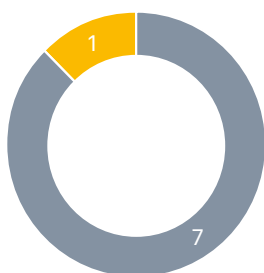
This year has seen a number of changes, with the retirement of Tony Osbaldiston, the resignations of Ian Cochrane and Rosie Toogood and the appointment of Charlie Cornish. The board now consists of eight directors, two of whom (Kevin Whiteman and Alun Griffiths) will retire at the AGM. We consider each of our non-executive directors on the board to be independent. Korn Ferry supported the board in the selection process for a new chair but has 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.

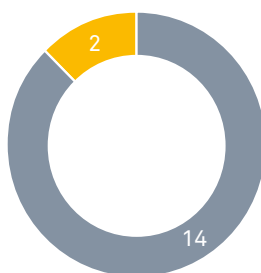


Board gender diversity



● Male
● Female

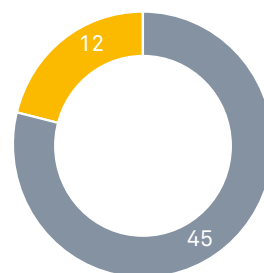
Senior management gender diversity*



● Male
● Female

* Senior management comprises the board and the executive committee

Executive committee direct reports gender diversity



● Male
● Female

Disclosure under Listing Rules 9.8.6R(9) and 14.3.33R(1)

	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	88	4	14	88
Women	12	–	2	12
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)	8	100	4	16	100
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

NOMINATIONS COMMITTEE REPORT

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. As part of our recruitment process we have instructed search consultants for some time to provide balanced shortlists.

The board has one female director (12 per cent) since Rosie Toogood stepped down in February 2024, prior to which the percentage was 25%. Female representation on our executive committee is one (9 per cent) since Phillippa Recchia resigned as Group SHE director on 31 March 2024, prior to which it was 20 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 none of the directors are from a minority ethnic background.

Three of the four senior board positions have not recently been changed and so there has been no opportunity to address this target. Of the four most recent board appointments, two have been women but none have been from an ethnic background since none of the suitable candidates who applied for those roles were from those backgrounds.

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.

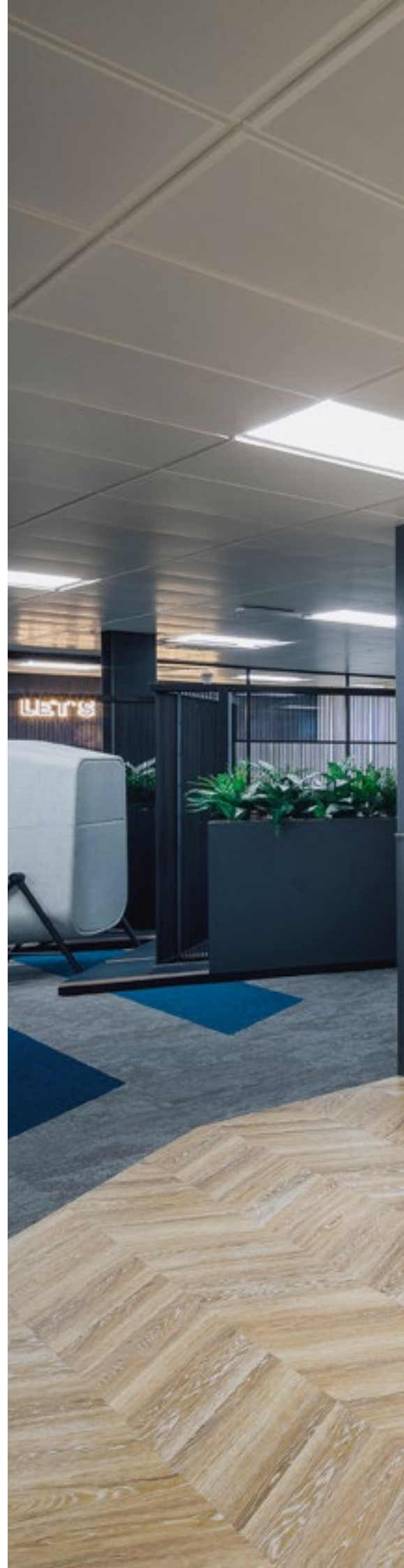
Evaluation

During the early part of the year, we developed a board improvement plan to implement some practical changes to further enhance engagement and contribution following last year's board effectiveness review. This involved amending our board schedule to allow more time for the board to review key strategic matters and to spend less time discussing routine operational matters. As a result of the number of recent board changes, and the appointment of my successor with effect from the AGM, the board, on the committee's recommendation, decided to postpone its annual effectiveness review until the second half of 2025.

KEVIN WHITEMAN

CHAIR OF THE NOMINATIONS COMMITTEE

19 June 2024





DIRECTORS' REPORT



MARK SANDERSON
COMPANY SECRETARY

This directors' report and the strategic report on pages 22 to 106 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	118 to 125
	Statement of directors' responsibilities	163
Directors	Our board of directors	112 to 113
	Directors' remuneration report – directors' shareholdings and share interests	156
Employee engagement	The Severfield Way	8
	Engaging with our stakeholders – Colleagues	37
	Building a responsible and sustainable business – People	81 to 87
Employment of disabled persons	Building a responsible and sustainable business – People, creating a culture of inclusivity	84 to 85
Engaging with suppliers, customers and others	Engaging with our stakeholders	36 to 38
Financial instruments	Consolidated financial statements – note 22	203 to 208
Going concern	Note 1 to the consolidated financial statements	180
Environmental matters	Building a responsible and sustainable business – Planet	74 to 80
TCFD disclosures	Building a responsible and sustainable business – TCFD	60
Greenhouse gas emissions	Building a responsible and sustainable business – Planet	78 to 80
Important events since the end of the financial year	Our operational performance	40 to 47
	Subsequent events	218
Likely future developments	Our operational performance	40 to 47



INFORMATION	REPORTED IN	PAGES
Results and dividends	Our financial performance	48 to 51
Research and development	Building a responsible and sustainable business – Governance	61
	Building a responsible and sustainable business – Strategy	66
	Building a responsible and sustainable business – Planet	74
	Notes to the consolidated financial statements	179
Respect for human rights	Building a responsible and sustainable business – Principles of governance	90
Social matters	Building a responsible and sustainable business – People	86

The only relevant item required to be disclosed under 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 30 March 2024, there were 309,538,321 ordinary shares in issue and fully paid (2023: 309,538,321). No shares were issued during the year. Since the year end, commencing on 24 April 2024 and up until 18 June 2024 the Company has purchased 1,370,344 shares as part of the share buyback programme announced on 17 April 2024. 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 2024 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 June 2024, 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.

DIRECTORS' REPORT

Name	Ordinary 2.5p share	%
JO Hambro Capital Management	29,509,052	9.56
M&G Investment Management Ltd	28,404,328	9.20
Chelverton Asset Management	22,281,598	7.22
Unicorn Asset Management	20,863,000	6.76
Threadneedle Asset Management Ltd	15,619,689	5.06

Rights under employee share schemes

As at 30 March 2024, Ocorian Limited ('Ocorian') as the trustee of the Severfield Employee Benefit Trust, owned 3,157,982 ordinary shares (1.0202% 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 30 March 2024, Ocorian held 1,608,291 ordinary shares (0.5196% 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 30 March 2024, Howells Trustees Ltd ('Howells') held 165,369 ordinary shares (0.0534% 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 30 March 2024, Ocorian held 66,715 ordinary shares (0.0216% 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

At the Company's annual general meeting ('AGM') held on 6 September 2023, shareholders authorised the Company to make market purchases of ordinary shares representing up to 10 per cent of its issued share capital at that time. This authority will expire at the 2024 AGM and a renewal will be sought. The Company did not purchase any of its shares during the year, but on 17 April 2024 announced the launch of a share buyback programme, which does involve making market purchases of ordinary shares in accordance with the authority granted at the AGM.

The Directors were also granted authority at the 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 2024 AGM (or, if earlier, until the close of business on 30 September 2024). 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 10 per cent of the Company's issued ordinary share capital. These authorities apply until the end of the 2024 AGM (or, if earlier, until the close of business on 30 September 2024). 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 2026 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 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 30 March 2024. KPMG LLP has expressed its willingness to continue in office as external auditor and a resolution to appoint it will be proposed at the forthcoming AGM.

Annual general meeting

The notice concerning the AGM on Tuesday 30 July 2024, 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 134 to 137 (inclusive) was approved by the board and signed on its behalf by:

MARK SANDERSON
COMPANY SECRETARY

19 June 2024

DIRECTORS' REMUNERATION REPORT



“This year we embedded our new remuneration policy and incentive framework for the executive directors and senior management team.”

LOUISE HARDY
CHAIR OF THE REMUNERATION COMMITTEE

Number of meetings

7

Members

Louise Hardy (Chair from 6 September 2023)
Mark Pegler
Charlie Cornish (from 1 May 2024)
Alun Griffiths (Chair until 6 September 2023)
Kevin Whiteman
Tony Osbaldiston (until 31 July 2023)
Rosie Toogood (until 12 February 2024)

2024 key achievements

- Agreed a new ESG bonus target.
- Assessed performance against the bonus and PSP targets for the year ended 30 March 2024.
- Granted our first RSP awards under the new shareholder approved remuneration policy.
- Continued to keep wider workforce remuneration arrangements under review, taking these into account when considering remuneration arrangements for the executive directors.
- Reviewed and agreed non-executive chair pay.
- Transitioned to new chair.

Dear shareholder

As chair of the remuneration committee, I am pleased to present our directors' remuneration report (the 'report') for the year ended 30 March 2024, my first since taking over as chair in September 2023. I would like to thank Alun for his time chairing the remuneration committee and for his support as part of the transition process.

The report is split into the following two sections:

- Part 1, the remuneration policy report, which sets out the remuneration policy for the executive and non-executive directors, and which was approved at our 2023 AGM with c.99% of votes cast in favour; and
- Part 2, the annual report on remuneration, which discloses how the remuneration policy was implemented for the year ended 30 March 2024 and how it will be implemented for the year ending 29 March 2025. The annual report on remuneration will be subject to an advisory shareholder vote at the forthcoming AGM.

Performance and reward 2024

The Group has delivered on strategic and operational priorities during the year resulting in good financial performance and a strong forward order book in the context of the challenges of

UK construction market uncertainty and the cancellation or postponement of some strategically significant projects. The Group continues to strengthen its presence in new markets and is well positioned to optimise longer-term growth opportunities. This is testament to the quality and commitment of our executive leadership team.

Annual bonus outcome

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT² performance, 15 per cent based on safety performance and 5 per cent was based on performance against the Group's key 2024 ESG priorities. Further details are set out on page 151.

The Group achieved underlying PBT of £36.5m, which was above the threshold target and will, therefore, result in a pay-out of 30 per cent of maximum for the PBT element. The Group Incident Frequency Rate ('IFR') outperformed the maximum bonus target, meaning the safety element will pay out in full. The Group delivered against its key 2024 ESG priorities, meaning that the ESG element will also pay out in full. The UK-based executive directors will, therefore, receive a bonus of 44 per cent of the maximum (55 per cent of salary), 40 per cent of which is deferred into shares for three years.



Derek Randall, who formerly MD of JSSL in 2024 was subject to the same 80/15/5 split but the PBT element is assessed on Group underlying PBT and JSSL PBT (split 50:50), the safety element is assessed on JSSL Accident Frequency Rate ('AFR'). JSSL PBT was on target and JSSL AFR outperformed the maximum bonus target. Therefore, Derek Randall will receive a bonus of 52 per cent of the maximum (65 per cent of salary), 40 per cent of which is deferred into shares for three years.

PSP vesting

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent of salary for the other executive directors. The awards were subject to EPS targets for the year ended 30 March 2024 of 7.61p (25 per cent vesting) to 9.92p (100 per cent vesting). The Group achieved EPS of 8.94p, which equates to a vesting of 74 per cent of maximum. Vested shares will be subject to a two-year holding period. See page 153 for details.

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP

awards, the committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant and current share price. No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Non-executive chair and non-executive director fees

The remuneration committee reviewed the non-executive chair fee during the year and decided to increase the fee, with effect from 1 September 2023, from £140,000 to £150,000.

The board reviewed the non-executive director fees during the year (without the non-executive directors' being present) and decided to increase, with effect from 1 September 2023, the base fee from £45,000 to £50,000. There was no change to the additional fee payable for specific roles.

The board considered the increases to be reasonable, noting that the non-executive chair fee of £150,000 and non-executive director base fee of £50,000 are positioned between the lower quartile and median compared to FTSE SmallCap companies, and that the previous fee increase was in July 2021.

Executive Director changes

Ian Cochrane stepped down as Chief Operative Officer and left the Company on 30 September 2023. The treatment of his remuneration arrangements are set out on page 151.

Implementation of policy for 2025

CEO and CFO salary increase

The Committee noted in the 2023 Directors' Remuneration Report that it was mindful that salaries of the Chief Executive Officer ('CEO') and the Chief Financial Officer (CFO) are both positioned towards the lower end of market practice and, whilst it did not consider it appropriate to address market positioning at the time given the economic climate, it would keep this under review.

Our policy is for salary increases (in percentage of salary terms) for executive directors to 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 and a material change in the size and scale of the Group.

DIRECTORS' REMUNERATION REPORT

Under the direction of the leadership team, the Group continues to successfully deliver against its sustainable growth strategy, enhancing its UK and European order book with a broad diversity of sectors, geographies and clients. This includes moving into the nuclear and infrastructure market following the acquisitions of Harry Peers in 2019 and DAM Structures in 2021, making the strategically significant acquisition in Europe of Voortman Steel Construction in 2023, building a modular offering, and the continued development of its joint venture operations in India. Over the last five years, the Group has delivered 12 per cent CAGR in revenue and an increase in profits of 50 per cent, despite some significant market challenges over this period including the COVID-19 pandemic. A significant proportion of this growth has been as a direct result of these acquisitions. Furthermore, the Group is well positioned to continue to build on this success. The Group has undoubtedly increased in size and complexity over recent years and the scope of the CEO's and CFO's roles have also increased substantially with the departure of the former Chief Operating Officer during the last year, as a number of his former duties have now been assumed by the CEO and the CFO.

The Committee uses benchmarking data with caution. However, to provide an up-to-date sense-check on salary positioning, the Committee has benchmarked Alan Dunsmore's and Adam Semple's salary and target total compensation positioning against two relevant peer groups:

- Companies listed on the London Stock Exchange (excluding financial services companies) with a market capitalisation ranging from £100m to £350m.
- Industry peers listed on the London Stock Exchange with a market capitalisation of less than £350m (Costain, Galliford Try, Porvair, Henry Boot, Forterra).

This exercise demonstrated that both salaries are currently positioned below the lower quartile of the pan-sectoral peer group of equivalent market

capitalisation and towards the lower end of the industry peer group identified for the benchmarking exercise.

After further and careful reflection, the Committee considers that it is now both appropriate and necessary to increase Alan's and Adam's salaries so that they are competitively positioned against the market, and fairly reflect their experience, performance, and stature in the sector. The Committee determined that Alan's salary should be increased from £403,500 to £460,000 (representing a 14 per cent increase) and that Adam's salary should be increased from £275,750 to £315,000 (representing a 14 per cent increase) with effect from 1 July 2024. Following this increase, Alan's and Adam's salaries and total target compensation opportunity will be positioned between the lower quartile and median of the pan-sectoral peer group of equivalent market capitalisation and modestly positioned within the range of the industry peer group.

Base salaries

Salaries for the other executive directors were reviewed in June 2024 and have been increased by 4 per cent, effective from 1 July 2024. The overall salary increases for the wider workforce ranged from 4–8 per cent of salary.

Annual bonus

The maximum annual bonus opportunity will be 125 per cent of salary for all executive directors. Of the annual bonus, 80 per cent is subject to PBT performance, 15 per cent is subject to safety performance and 5 per cent is subject to ESG performance.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins (see page 144). Vested awards will be subject to a two-year holding period.

Non-executive chair and non-executive director fees

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum. The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024.

Conclusion

We remain committed to a responsible approach to executive pay. We believe that the policy operated as intended in respect of the financial year ended 30 March 2024 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.

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024¹

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

Part 1 – Remuneration policy

The remuneration policy (the 'policy') was approved at the 2023 AGM. Provided for information only are the details of the policy that were referenced in the committee's activities over the past reporting year, which includes the remuneration policy table, the recruitment remuneration arrangements, the executive director service contracts and compensation for departure from office and terms and conditions for non-executive directors.

The full policy report, as approved by shareholders, can be found from page 144 onwards of the 2023 annual report.

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	<p>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 Restricted Share Plan.</p> <p>The structure is simple to understand both for participants and shareholders.</p>
Alignment to strategy and culture	<p>The remuneration structure supports the Group's business strategy and business model through a balanced mix of short and long-term performance-related pay.</p> <p>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.</p>
Risk is appropriately managed	<p>Annual bonus opportunities and targets are positioned to reward strong performance, but not to encourage inappropriate business risk taking.</p> <p>Executive directors are subject to within-employment and post-employment shareholding guidelines to further support sustainable decision making.</p> <p>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.</p>
Proportionality	<p>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.</p> <p>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.</p>
Predictability	<p>The 'illustration of the application of the policy' chart on page 149 of the 2023 annual report indicates the potential values that may be earned through the remuneration structure.</p>

DIRECTORS' REMUNERATION REPORT

Policy table for executive directors

BASE SALARIES	
<p>Purpose and link to strategy</p> <p>To provide the core reward for the role recognising knowledge, skills and experience, in addition to the size and scope of the role.</p> <p>Sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>None, although the committee considers individual salaries each year having regard to the factors noted in the 'operation' section.</p>
<p>Operation</p> <p>Base salaries are normally reviewed annually by the committee, with changes typically effective from 1 July.</p> <p>Base salaries are pensionable.</p> <p>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.</p>	
<p>Maximum opportunity</p> <p>There is no prescribed maximum base salary or salary increase.</p> <p>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.</p>	
BENEFITS	
<p>Purpose and link to strategy</p> <p>Cost-effective benefits, sufficient to recruit and retain directors of the calibre necessary to execute the Group's strategy.</p>	<p>Performance conditions</p> <p>No performance conditions apply to benefits.</p>
<p>Operation</p> <p>Benefits include, but are not limited to: life assurance at four times salary; medical insurance for self with option to purchase for family; and company car and fuel allowance.</p> <p>Relocation expenses may be offered if considered appropriate and reasonable by the committee.</p> <p>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).</p> <p>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).</p>	
<p>Maximum opportunity</p> <p>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 per cent 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).</p>	

PENSION	
Purpose and link to strategy	Performance conditions No performance conditions apply to pension.
To provide an appropriate level of retirement benefit.	
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 per cent of salary).	
ANNUAL BONUS	
Purpose and link to strategy	Performance conditions At least 50 per cent 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 per cent and 100 per cent with up to 50 per cent vesting for on-target performance. For non-financial performance conditions, vesting will normally apply on a scale between 0 per cent and 100 per cent 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 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.
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 per cent of any amount earned is paid in cash with the remainder deferred into shares for three years.	
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 144).	
Maximum opportunity	
Maximum opportunity of up to 125 per cent of base salary in respect of a financial year.	

DIRECTORS' REMUNERATION REPORT

RESTRICTED SHARE PLAN ('RSP')

Purpose and link to strategy

Reward for long-term sustainable performance and provide alignment with shareholders' interests.

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 underpins normally measured over a three-year period. The awards will vest following the assessment of the performance underpins.

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 144).

Maximum opportunity

Maximum opportunity of up to 75 per cent of base salary in respect of a financial year.

For the year ending 29 March 2025, the maximum opportunity will be equal to 50 per cent of base salary for each executive director.

Performance underpins

Performance underpins are determined by the committee on an annual basis.

If one or more of the performance underpins are not achieved, the committee will assess an appropriate reduction to the vesting outcome.

In addition, the committee has discretion to reduce the vesting outcome 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.

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 per cent 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 per cent 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.

The committee retains discretion to waive this guideline if it is not considered appropriate in the 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	To such time as the award vests.	No clawback provisions apply (as malus provisions apply for three years from the grant of the award).
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 restricted 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.

Choice of performance conditions

The performance conditions for the annual bonus reflect the Group's annual financial and strategic priorities. The annual bonus currently incorporates an underlying PBT, ESG and health and safety performance condition. Targets are set taking into account the Group's internal financial forecasts and ESG and health and safety performance expectations at the start of the financial year. This reflects our commitment to maintaining a safe working environment for our people, our commitment to achieving our emission reduction targets and our wider commitments to society.

The committee will review the performance underpins for restricted share awards on an annual basis to ensure that they continue to safeguard the financial stability of the business and provide sufficient focus on strategic priorities, ESG performance and regulatory compliance. Performance underpins will ordinarily be qualitative, and the committee will use its judgement to assess 'in the round' whether the level of vesting is appropriate having regard to the underpins and underlying financial and operational performance. The performance underpins applying to the 2024 restricted share awards are set out on page 144.

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 across all employees.

The discretions retained by the committee in operating the annual bonus and the RSP

The committee will operate the annual bonus (including the deferred share element) and the RSP 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.

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.

DIRECTORS' REMUNERATION REPORT

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	<p>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.</p> <p>Payments in lieu of notice are subject to mitigation.</p>
Annual bonus	<p>Discretionary payment based on the circumstances of the termination and after assessing performance conditions and normally only for the service period worked.</p> <p>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.</p>
Deferred bonus award	<p>The extent to which any unvested awards will vest will be determined in accordance with the Deferred Share Bonus Plan ('DSBP') rules.</p> <p>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.</p> <p>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).</p>
Restricted Share Plan	<p>The extent to which any unvested award will vest will be determined in accordance with the Severfield Performance Share Plan rules.</p> <p>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).</p> <p>Vesting will depend on the extent to which the performance underpins have been satisfied and will normally be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Change of control	<p>Deferred bonus awards will normally vest in full in the event of a change of control.</p> <p>Restricted 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 underpins have been satisfied at the date of the relevant event and will be subject to a pro-rata reduction to reflect the proportion of the vesting period served (although the committee has discretion to disapply time pro-rating if the circumstances warrant it).</p>
Other payments	<p>In appropriate circumstances, payments may also be made in respect of items such as accrued holiday, outplacement and legal fees.</p> <p>The vesting of sharesave awards will be determined in accordance with the plan rules.</p> <p>The committee will have the authority to settle any legal claims made against the Company in connection with the departure.</p>

Recruitment remuneration policy

The remuneration of a new executive director will normally include base salary, benefits, pension and participation in the annual bonus and RSP 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	<p>Base salary levels will be set taking into account the experience and calibre of the individual and the relevant market rates at the time.</p> <p>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.</p> <p>Salary will be considered in the context of the total remuneration package.</p>
Benefits	<p>Benefits will be provided in line with those offered to other employees, with relocation expenses/arrangements provided for if necessary.</p> <p>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).</p>
Pension	<p>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.</p>
Variable remuneration	<p>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.</p> <p>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 RSP, if it determines that the circumstances of the recruitment merit such alteration.</p> <p>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.</p>
Buy-out arrangements	<p>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 9.4.2 of the Listing Rules where necessary.</p>
Other elements of remuneration	<p>Other elements may be included in the following circumstances:</p> <p>An interim appointment being made to fill an executive director role on a short-term basis.</p> <p>If exceptional circumstances require that the chair or a non-executive director takes on an executive role on a short-term basis.</p>

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 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)
Kevin Whiteman ¹	16 June 2020	30 July 2024
Louise Hardy	26 July 2019	31 July 2028
Alun Griffiths ¹	1 October 2020	30 July 2024
Mark Pegler	3 October 2022	4 October 2031
Charlie Cornish ²	1 May 2024	30 April 2033

¹ Kevin Whiteman and Alun Griffiths will not be proposed for re-appointment at the 2024 AGM

² Charlie Cornish will take over as Chair after the AGM on 30 July 2024

Part 2 – Annual remuneration report

In this section, we report on the implementation of our policy in the year ended 30 March 2024 as well as how the policy will be implemented for 2025. 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 2024

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:

Name	Number of meetings attended
Louise Hardy (chair from 6 September 2023)	7/7
Mark Pegler	7/7
Kevin Whiteman	7/7
Alun Griffiths (chair until 6 September 2023)	7/7
Tony Osbaldiston (until 31 July 2023)	3/3
Rosie Toogood (until 12 February 2024)	6/6

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.

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.

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 (who receive a profit share bonus and 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.

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 30 March 2024 amounted to £12,325 (excluding VAT).

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	267	487	933
Derek Randall	292	–	44	20	356	191	146	337	693
Adam Semple	272	–	16	19	307	150	137	287	594
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	550	1,111	2,792

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 PSP awards granted in 2021 will vest at 74 per cent of maximum (see page 139)

Directors' earnings for the 2023 financial year (audited)

Remuneration received by the directors

Year ended 25 March 2023

£000	Salary	Fees	Benefits ²	Pension	Total fixed pay	Bonus	LTIPs ³	Total variable pay	Total
Executives									
Alan Dunsmore	381	–	19	46	446	307	370	679	1,125
Ian Cochrane	339	–	16	41	396	274	330	582	978
Derek Randall	279	–	42	33	354	228	203	433	787
Adam Semple	260	–	16	31	307	210	190	401	708
Non-executives									
Kevin Whiteman	–	140	–	–	140	–	–	–	140
Alun Griffiths	–	60	–	–	60	–	–	–	60
Tony Osbaldiston	–	53	–	–	53	–	–	–	53
Louise Hardy	–	53	–	–	53	–	–	–	53
Rosie Toogood	–	45	–	–	45	–	–	–	45
Mark Pegler ¹	–	22	–	–	22	–	–	–	22
	1,259	373	93	151	1,876	1,019	1,093	2,095	3,971

¹ Appointed to the board on 5 October 2022

² Taxable benefits include the provision of company cars, fuel for company cars, car allowances, accommodation and living allowances and private medical insurance

Base salary increases received by the directors

The directors received a 5 per cent salary increase effective from 1 July 2023, which was less than or in line with that received by our wider workforce. Our colleagues working in our factory locations received increases of, on average 8 per cent and all other colleagues received increases of between 5-7%. In addition 1,540 colleagues received a cost of living payment.

Past directors/loss of office payments (audited)

Ian Cochrane stepped down as Chief Operating Officer and left the Company on 30 September 2023. The treatment of Ian Cochrane's remuneration arrangements is set out in the table below.

ELEMENT	AGREED TREATMENT
Base salary, pension and benefits	Received his base salary, pension allowance, car allowance and benefits up to 30 September 2023.
Annual bonus	Was not eligible to receive a bonus in respect of the year ended 30 March 2024.
DSBP	Unvested deferred share bonus plan awards will continue to vest in full on the normal vesting dates.
PSP	PSP awards granted in December 2020 vested at the normal vesting date in full in December 2023. This reflected that Ian Cochrane had been in service for the whole of the performance period. The vested award remains subject to a two year holding period until December 2025. The gain on exercise of the award was £308,000. PSP awards granted in June 2021 and June 2022 lapsed in full
Other	Received a contribution of £2,000 in respect of legal costs incurred in relation to him stepping down from the board.

Ian Cochrane is required to comply with the post-employment shareholding requirement as set out in the Directors' Remuneration Policy.

There have been no payments made to past directors although the December 2020 PSP vested in December 2023 as stated above after Ian Cochrane ceased to be a director.

How pay linked to performance in 2024 (audited)**Bonus**

Executive directors were granted an annual bonus opportunity equal to 125 per cent of salary. Of the award, 80 per cent was based on underlying PBT performance, 15 per cent based on safety performance and 5 per cent based on ESG performance.

The targets and the performance against these targets are set out below:

For all directors (excluding Derek Randall)

Measure	% of maximum bonus opportunity			Actual	% of bonus	Payout as % of salary
	Threshold	On-target	Maximum			
Underlying Group PBT ¹	80%	£34.3m	£38.1m	£41.9m	30%	30%
Group IFR ²	15%	above 1.55	1.48 or less	1.41 or less	100%	19%
ESG ³	5%				100%	6%
						55%

¹ For underlying Group PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For Group IFR, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

³ For ESG, performance was assessed against the Group's sustainability objectives as shown on the following page

DIRECTORS' REMUNERATION REPORT

ESG PRIORITIES	ASSESSMENT OF PERFORMANCE AGAINST OBJECTIVES DURING 2024	PAYOUT AS PERCENTAGE OF SALARY
Achieving 2025 target of reducing Scope 1 and 2 greenhouse gas emissions by 25 per cent (measured against a 2018 baseline).	The Group has surpassed the 2025 interim target of 25%, by reducing UK GHG emissions by 40%.	6 per cent
Making progress against the sustainability objectives as defined in the 2023 annual report on page 81.	<p>The Group has made significant progress against our sustainability objectives:</p> <ol style="list-style-type: none"> achieving a place on the CDP 'A List' achieved 100% of total purchased and consumed energy from green electricity tariffs for all UK facilities being accredited as carbon neutral for the third year running after third party verification of our Net Zero targets for reducing GHG emissions; and achieved SBTi net zero target verification in January 2024 as per schedule for our near-term, long-term and overall Net Zero targets for reducing GHG emissions. 	

Derek Randall (MD of JSSL)

Measure	% of maximum bonus opportunity	Threshold	On-target	Maximum	Actual	% of bonus	Payout as % of salary
Underlying Group PBT ¹	40%	£34.3m	£38.1m	£41.9m	£36.5m	30%	15%
JSSL (India) PBT ¹	40%	RS 30 Cr	RS 40 Cr	RS 60 Cr	RS 40 Cr	50%	25%
JSSL (India) AFR ²	15%	n/a	n/a	At or below 0.08	0.00	100%	19%
ESG ³	5%					100%	6%
							65%

¹ Derek Randall's profit-based component is split 50:50 between underlying Group PBT and JSSL PBT. For underlying Group PBT and JSSL PBT, 'threshold' represents 0 per cent, 'on-target' represents 50 per cent and 'maximum' represents 100 per cent of the bonus opportunity

² For JSSL AFR, no 'threshold' or 'on-target' targets were set. 100 per cent of the bonus opportunity is earned on achieving a score of below 0.08

³ Performance against ESG is disclosed in the table above

The executive directors will receive the bonuses set out in the table below, of which 40 per cent will be paid in shares deferred for three years.

Alan Dunsmore	£250,000
Derek Randall	£218,000
Adam Semple	£171,000

PSP awards vesting in respect of 2024

Awards were granted on 17 June 2021 equal to 100 per cent of salary for the Chief Executive Officer and 75 per cent 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 30 March 2024. Details of the EPS performance condition and performance outcome are set out below.

The awards will vest in June 2024 and vested shares will be subject to a two-year holding period.

	EPS for the year ended 30 March 2024
Threshold (25% vesting)	7.61p
Maximum (100% vesting)	9.92p
Actual performance	8.94p
	74% of maximum
Vesting outcome	

Measure	Number of shares granted	Number of shares vesting	Dividend equivalents ¹	Total value of award on vesting ²	Amount of award attributable to share price appreciation since grant date
Alan Dunsmore	451,319	334,427	58,513	217,846	0%
Derek Randall	246,850	182,915	32,004	119,151	0%
Adam Semple	231,481	171,527	30,011	111,733	0%

¹ The 2021 PSP awards include dividend equivalent terms such that additional shares are awarded based on the value of dividends payable on the number of vested shares between the grant date and vesting date. The value of the dividend equivalents has been calculated based on the period between the grant date and 30 March 2024 but will be recalculated on vesting

² Calculated based on the three-month average share price to 30 March 2024 (55.44p)

The committee considers the vesting outcome of the annual bonus and PSP awards to be appropriate, recognising that the Group has continued to perform strongly, both financially and strategically, in a challenging economic environment over the last three years. Furthermore, in respect of the PSP awards, the Committee is satisfied that no adjustment for potential windfall gains is required taking into account the share price at grant (81p) and the three-month average share price to 30 March 2024 (55.44p). No discretion has, therefore, been applied by the committee to adjust the formulaic vesting outcome of the annual bonus or PSP awards.

Deferred bonus awards granted in 2024 (audited)

On 28 July 2023, the committee granted awards under the Group's Deferred Share Bonus Plan to executive directors in relation to the 2023 bonus outcome. The awards will vest on 28 July 2026, subject to continued employment.

Measure	Type	Number of shares	Face value of shares ¹	Vesting date
Alan Dunsmore	Nil-cost option	211,416	£153,700	28 July 2026
Ian Cochrane	Nil-cost option	188,253	£136,860	28 July 2026
Derek Randall	Nil-cost option	156,893	£114,061	28 July 2026
Adam Semple	Nil-cost option	144,484	£105,040	28 July 2026

¹ Face value calculated using the average mid-market share price between 26 and 27 July 2023 (72.7p)

DIRECTORS' REMUNERATION REPORT

RSP awards granted in 2023 (audited)

Awards were granted on 15 September 2023 equal to 50 per cent of salary for all executive directors (excluding Ian Cochrane). The awards will vest in June 2026 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.

Performance underpins are determined by the committee on an annual basis. If one or more of the performance underpins are not achieved, the committee 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	335,133	50%	£201,750
Derek Randall	Nil-cost option	245,432	50%	£147,750
Adam Semple	Nil-cost option	229,028	50%	£137,875

¹ Face value calculated based on the pre-grant date share price of 60.2p on 14 September 2023

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 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Alan Dunsmore	2020	2023	EPS	529,809	–	–	(529,809)	–
	2021	2024	EPS	451,319	–	–	–	451,319
	2022	2025	EPS	634,076	–	–	–	634,076
	2023	2026	n/a ¹	–	335,133	–	–	335,133
Total				1,615,204	335,133		(529,809)	1,420,528
Derek Randall	2020	2023	EPS	291,210	–	–	(291,210)	–
	2021	2024	EPS	246,850	–	–	–	246,850
	2022	2025	EPS	348,144	–	–	–	348,144
	2023	2026	n/a ¹	–	245,432	–	–	245,432
Total				886,204	245,432		(291,210)	840,426
Adam Semple	2020	2023	EPS	271,739	–	–	(271,739)	–
	2021	2024	EPS	231,481	–	–	–	231,481
	2022	2025	EPS	325,000	–	–	–	325,000
	2023	2026	n/a ¹	–	229,028	–	–	229,028
Total				828,220	229,028		(271,739)	785,509

¹ The 2023 award was an RSP award with performance underpins.

² Vesting date is June/July in the relevant years other than 2023 when it was December

Former director	Year of award	Vesting date ²	Performance condition	Awards held at 1 April 2023	Awards granted in year	Awards lapsed in year	Awards vested in year	Awards held at 30 March 2024
Ian Cochrane ¹	2020	2023	EPS	472,133	–	–	(472,133)	–
	2021	2024	EPS	402,188	–	(402,188)	–	–
	2022	2025	EPS	564,604	–	(564,604)	–	–
Total				1,438,925	–	(966,792)	(472,133)	–
				4,768,553	809,593	(966,792)	(1,564,891)	3,046,463

¹ Stepped down from the board on 30 September 2023

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

Performance conditions are based on a range of EPS targets as follows:

Name	Threshold (25% vests)	Maximum (100% vests)
2021 award ¹	7.61p	9.92p
2022 award ²	7.50p	8.80p

¹ Represents an underlying PBT range of £30.0–40.0m

² Represents an underlying PBT range of £31.5–38.0m

Statement of directors' shareholding (audited)

As at 30 March 2024, 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 30 March 2024 ¹
Alan Dunsmore	200%	239%
Derek Randall	200%	252%
Adam Semple	200%	93%

¹ Value of actual share ownership was calculated with reference to the closing mid-market share price on 28 March 2024 of 54.8p. Actual share ownership includes net of tax figures for DSBP shares granted but still within the three-year deferral period and/or unexercised

DIRECTORS' REMUNERATION REPORT

Directors' current shareholdings (audited):

The following table provides details on the directors' beneficial interests in the Company's share capital as at 30 March 2024 (or date of stepping down from the board if earlier).

	Owned shares ¹	Share incentive plan (SIP) ²	Sharesave scheme	DSBP ³	PSP ⁴	RSP	Total ⁵
Executives							
Alan Dunsmore	1,521,539	5,403	28,743	444,564	1,085,395	335,133	3,420,777
Adam Semple	342,605	–	30,070	302,637	556,481	229,028	1,460,821
Derek Randall	1,035,945	–	–	379,542	594,994	245,432	2,255,913
Ian Cochrane ⁶	1,941,790	6,654	27,237	614,355	472,133	–	3,062,169
Non-executives							
Kevin Whiteman	65,619	–	–	–	–	–	65,619
Alun Griffiths	60,000	–	–	–	–	–	60,000
Louise Hardy	–	–	–	–	–	–	–
Mark Pegler	53,600	–	–	–	–	–	53,600
Tony Osbaldiston ⁷	–	–	–	–	–	–	–
Rosie Toogood ⁸	79,115	–	–	–	–	–	79,115

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 153

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 2021 awards that have not yet vested

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 Stepped down from the board on 30 September 2023

⁷ Stepped down from the board on 31 July 2023

⁸ Stepped down from the board on 12 February 2024

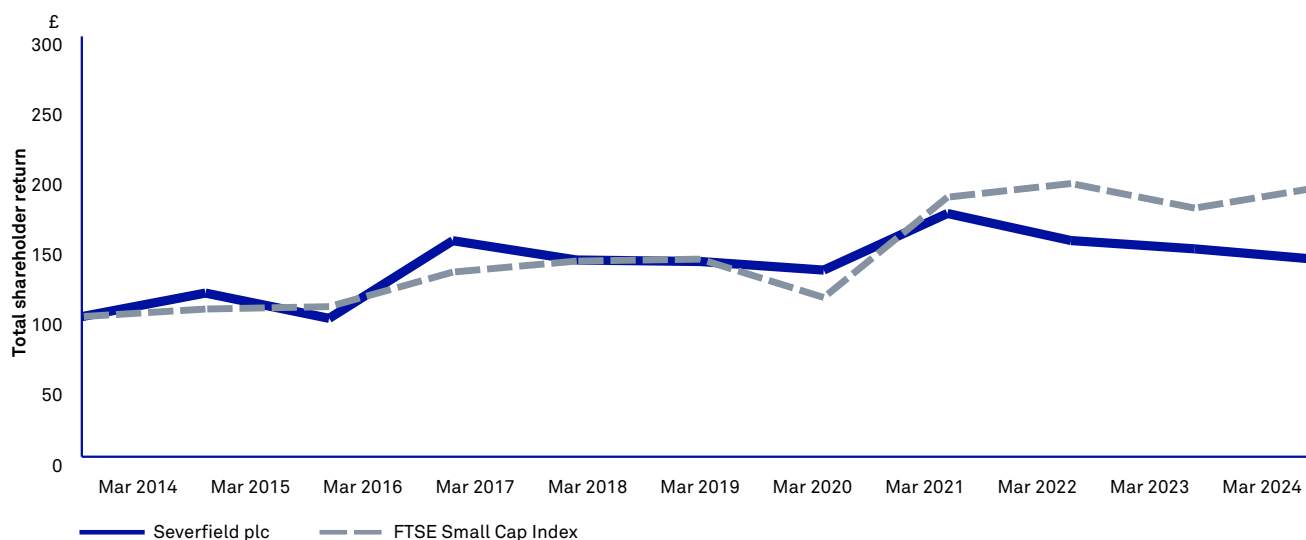
Position against dilution limits

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 per cent of the issued share capital in any rolling ten-year period. Within this 10 per cent limit, the Group can only issue 5 per cent of its issued share capital to satisfy awards under executive discretionary schemes. The Group was operating within these limits as at 30 March 2024.

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 2014 over the ten-year period ended 30 March 2024.

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 2014.



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).

	2015 Lawson	2016 Lawson	2017 Lawson	2018 Lawson ¹
Total remuneration (£000)	681	946	1,228	738
Annual bonus (%)	65.0%	63.0%	95.0%	–
LTIP vesting (%)	–	64.0%	74.0%	95.4%

	2018 Dunsmore ²	2019 Dunsmore	2020 Dunsmore	2021 Dunsmore	2022 Dunsmore	2023 Dunsmore	2024 Dunsmore
Total remuneration (£000)	819	890	880	747	521	1,125	933
Annual bonus (%)	62.6%	20.0%	61.0%	80.0%	17.0%	80.0%	44%
LTIP vesting (%)	95.4%	100.0%	85.0%	–	–	100.0%	74%

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

DIRECTORS' REMUNERATION REPORT

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 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 2024 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.

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 payout of 80 per cent compared to 17 per cent in 2022. When compared to 2021 (which also paid out at 80 per cent), bonuses have increased by an average of 6 per cent, 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

⁵ Ian Cochrane stepped down from the board on 30 September 2023

⁶ Tony Osbaldiston stepped down from the board on 31 July 2023

DIRECTORS' REMUNERATION REPORT

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)
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 19:1 is 27 per cent lower than the median ratio of 26:1 in 2023. 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 2024 (bonus: 44 per cent of maximum; PSP: 74 per cent of maximum) compared to 2023 (bonus: 80 per cent of maximum; PSP: 100 per cent 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 2024				
Salary	399	32	45	56
Total pay and benefits	933	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

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.

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:

	2024 £000	2023 £000	% change
Staff costs	116,440	99,479	17.0%
Revenue	463,465	491,753	(5.8)%
Underlying* operating profit	37,690	33,067	14.0%
Dividends	10,714	9,877	8.5%

* There were no share buybacks during the year

Shareholder voting

The results below show the response to the 2023 AGM shareholder voting for the directors' 2023 remuneration report (excluding remuneration policy):

	Total number of votes	% of votes cast
For	233,706,876	99.08
Against	2,177,930	0.92
Total votes cast (for and against)	235,884,806	100
Withheld votes	53,411	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

Implementation of policy for 2025

The executive directors' salaries

The executive directors' salaries at the start of the 2025 financial year are as follows:

	£
Alan Dunsmore	403,500
Adam Semple	275,750
Derek Randall	295,500

Salaries for the executive directors were reviewed in June 2024 and have been increased with effect from 1 July 2024. Alan Dunsmore's salary has been increased by 14.0 per cent to £460,000 and Adam Semple's salary has been increased by 14% to £315,000 for the reasons stated on pages 139 and 140. Derek Randall's salary has been increased by 4% in line with the salary increases to the wider workforce of 4-8%.

Benefits and pension

All executive directors will be entitled to a car allowance of £15,000 (Chief Executive Officer: £18,000), a fuel allowance, life insurance cover and medical insurance.

Pension opportunity for the executive directors is 7 per cent of salary. This is aligned with the level available to the entire UK workforce.

DIRECTORS' REMUNERATION REPORT

Rewards for performance in 2025

Bonus

The maximum opportunity will be 125 per cent of salary for all executive directors in line with the 2023 remuneration policy and will be subject to metrics based on underlying PBT, safety performance and ESG performance.

Profit performance-based component – 80 per cent

Maximum bonus based on actual underlying PBT versus budget. The committee believes that the threshold and maximum targets (as a percentage of budget) are appropriately positioned, taking into account levels of growth forecast in the board's strategy review in December 2023 and external analyst consensus.

Underlying PBT % of budget	% of award
90 or below	–
100	50
110 or better	100

A sliding scale applies between the points.

Safety performance-based component – 15 per cent

This year we have moved away from an IFR based safety bonus target to a target based on a series of leading safety indicators. We believe the historic approach has been successful in reducing both the number and severity of our incidents to a point where a fresh approach is required to ensure we continue to improve.

We have identified metrics based on those indicators which we believe will drive the identification and control of risks that can cause incidents and injuries. When considering performance against these metrics the Remuneration Committee will be required to exercise its judgement with the underpin that there should be no significant step backwards in safety performance (as measured by IFR). The committee believes that the underlying PBT and safety targets are commercially sensitive and therefore are not disclosed at this time. Actual targets will be disclosed in next year's Directors' Remuneration Report.

ESG component – 5 per cent

The ESG metric is based on performance against the Group's key sustainability objectives set out in this annual report.

Restricted share awards

Restricted share awards will be granted to the executive directors at 50 per cent of salary. Awards will vest in June 2027 subject to the satisfaction of performance underpins, which will be the same as those set out for the 2023 award on page 144. Vested awards will be subject to a two-year holding period. 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.

The non-executive directors fees for 2024 and 2025

Charlie Cornish was appointed to the board as a non-executive director from 1 May 2024 and will succeed Kevin Whiteman as non-executive Chair after the AGM on 30 July 2024. Charlie Cornish's fee as non-executive Chair will be set at £162,500 per annum (and he will be paid the basic fee for a non-executive director for the period 1 May until 30 July). The remuneration committee believes this is an appropriate fee in the context of recruiting a high calibre and experienced individual and taking into account the size and complexity of the Group. The fee remains positioned between the lower quartile and median compared to FTSE SmallCap companies.

Fees for the non-executive directors were reviewed in June 2024 and increased in line with the wider workforce, by 4%, with effect from 1 July 2024. The adjusted fees for the non-executive directors are set out in the table below.

	£
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

Approval

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

LOUISE HARDY

CHAIR OF THE REMUNERATION COMMITTEE

19 June 2024

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 to 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.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

19 June 2024

FINANCIALS REPORT



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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 53 week period ended 30 March 2024 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, 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 30 March 2024 and of the Group's profit 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 nine financial years ended 30 March 2024. 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 (2023: £1.4m) 4.7% of normalised group profit before tax (2023: 5.1% of group profit before tax)
COVERAGE	94% (2023: 97%) of group profit before tax
KEY AUDIT MATTERS VS 2023	
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: Carrying value of parent Company's investments in subsidiaries and joint ventures, and recoverability of intercompany debtors ◀▶
EVENT DRIVEN	New: Identification and separate recognition of intangible assets and the resulting goodwill from the Voortman business combination ▲

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.

THE RISK	OUR RESPONSE
<p>Carrying value of construction contract assets and onerous contract provisions, and revenue and profit recognition in relation to construction contracts</p> <p>Revenue: £464.6m (2023: £491.8m)</p> <p>Contract Asset: £36.8m (2023: £48.8m)</p> <p>Onerous contract provisions: £8.4m (2023: £nil)</p> <p>Refer to page 126 Audit Committee Report, pages 179 to 187 (accounting policies) and note 18 (financial disclosures).</p>	<p>Subjective estimate</p> <p>The Group's activities are undertaken via long-term construction contracts.</p> <p>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).</p> <p>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, during the current year, the Group has identified a number of loss-making contracts, and therefore has recognised a contract loss provision.</p> <p>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.</p> <p>Subjective estimate</p> <p>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.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> – 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 management's judgement that revenue recognised is highly probable to not be reversed by agreeing to post period-end revenue certification, customer variation agreement or cash; – 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 management's 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 sample testing, including an assessment of whether the cost sampled was allocated to the appropriate contract; – Historical comparisons: Assessing the extent to which management 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 year 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 Advisory team 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. <p>Our results</p> <p>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 (2023: acceptable).</p>

INDEPENDENT AUDITOR'S REPORT

to the members of Severfield plc

	THE RISK	OUR RESPONSE
<p>Identification and separate recognition of intangible assets acquired and the resulting goodwill from the Voortman business combination</p> <p>Intangible assets acquired: (£3.9m)</p> <p>Resulting goodwill: (£16.3m)</p> <p>Refer to page 126 Audit Committee Report, page 181 (accounting policy) and page 213 (financial disclosures).</p>	<p>Significant judgement:</p> <p>On 3rd April 2023 the Group acquired 100 per cent of the share capital of Voortman Steel Construction Holding B.V. and its subsidiaries for a net cash consideration of €24m (£21.2m). Goodwill of £16.3m and identified intangible assets of £3.9m have been recognised in respect of this acquisition.</p> <p>Accounting for the acquisition involves the use of a high level of judgement to identify and recognise intangible assets separately from goodwill.</p>	<p>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.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> – Our valuation expertise: Using our own valuation specialists to assess the methodology used to identify the separate intangible assets that should be recognised, and challenging the completeness of these by considering other possible intangible assets which could have been recognised; – Test of details: Re-performing management's calculations in relation to the goodwill, consideration and intangible assets recognised on acquisition; – Test of details: Inspecting the purchase agreements, board minutes and market announcements and assessing whether the purchase price allocation accounting reflected these documents, as well as comparing the intangible assets identified by management to our understanding of the rationale for the purchase based on our inspection of these documents; – Assessing valuer's credentials: Assessing the competence, capabilities and objectivity of the external valuation experts engaged by the Group to assist in identifying the intangible assets. – Assess transparency: Assessing the adequacy of the Group's disclosures in respect of the judgements involved in determining the identification and separate recognition of intangible assets acquired and the resulting goodwill. <p>Our results</p> <p>We found the Group's conclusions with regards to the identification and separate recognition of intangible assets acquired and the resulting goodwill to be acceptable.</p>

THE RISK	OUR RESPONSE
<p>Carrying value of parent Company's investments in subsidiaries and joint ventures, and recoverability of intercompany debtors</p> <p>Investments: (£181.6 million; 2023: £152.6m)</p> <p>Amounts owed by subsidiary undertakings: (£42.4 million; 2023: £106.9)</p> <p>Refer to page 126 Audit Committee Report, page 224 (accounting policy) and page 227 (financial disclosures).</p>	<p>Low risk, high value:</p> <p>The carrying amount of the parent Company's investments in subsidiaries and joint ventures, and the intra-group debtor balances represent 61% (2023: 46%) and 14% (2023: 32%) respectively of the Company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement.</p> <p>However, 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.</p> <p>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.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> – 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; – Tests of detail: Assessing 100% of group debtors to identify, with reference to the relevant debtors' draft balance sheet, whether they have a positive net asset value and therefore coverage of the debt owed, as well as assessing whether those debtor companies have historically been profit-making. – Assessing subsidiary audits: Assessing the work performed by the subsidiary/joint venture audit team, and considering the results of that work, on their net assets and profits, including assessing the ability of the subsidiary/joint venture to obtain liquid funds and therefore their ability to fund the repayment of the receivable. – Comparing valuation: For the investments where the carrying amount exceeded the net asset value, comparing the carrying amount of the investment with the expected value of the business based on a suitable multiple of that subsidiary's or joint venture's profit. <p>Our results</p> <ul style="list-style-type: none"> – We found the Company's conclusion that there is no impairment of its investments in subsidiaries, joint ventures and intercompany debtors to be acceptable (2023: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1,500,000 (2023: £1,370,000), determined with reference to a benchmark of Group profit before tax, normalised to add back this year's legacy employment tax charges and asset impairment charges as disclosed in note 5 (2023: Group profit before tax), of which it represents 4.7% (2023: 5.1%). We adjusted for these items because they do not represent the normal, continuing operations of the Group. Materiality for the parent company financial statements as a

whole was set at £1,200,000 (2023: £959,000), determined with reference to a benchmark of Company total assets, of which it represents 0.4% (2023: 0.3%).

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% (2023: 75%) of materiality for

the financial statements as a whole, which equates to £1,125,000 (2023: £1,020,000) for the Group and £900,000 (2023: £719,000) 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 (2023: £68,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

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to the members of Severfield plc

Of the Group's 24 (2023: 15) reporting components, we subjected 7 (2023: 7) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite.

The remaining 11% (2023: 5%) of total Group revenue, 6% (2023: 3%) of Group profit before tax and 15% (2023: 4%) of total Group assets is represented by 17 (2023: 8) reporting components, none of which individually represented more than 6% (2023: 4%) of any of total Group revenue, Group profit before tax or total Group assets. For these components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back on.

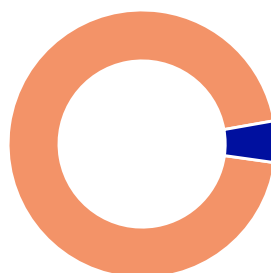
The Group team approved the component materialities, which ranged from £600,000 to £1,200,000 (2023: £411,000 to £1,096,000) having regard to the mix of size and risk profile of the Group across the components.

The work on 1 of the 7 components (2023: 1 of 7 components) was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team. The group team performed procedures on the items excluded from normalised group profit before tax.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

The Group team visited the component team in the Netherlands (2023: India) to assess the audit risk and strategy. Video and telephone conference meetings were also held with the component auditors. At these visits and meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor. The Group team also reviewed the audit file of the component auditor.

Normalised profit before tax
£31,976,000 (2022: £27,107,000 based on profit before tax)

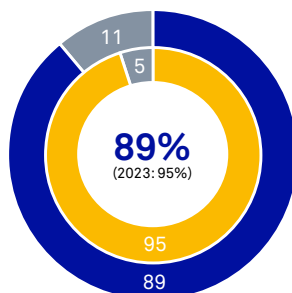


● Normalised PBT
● Group materiality

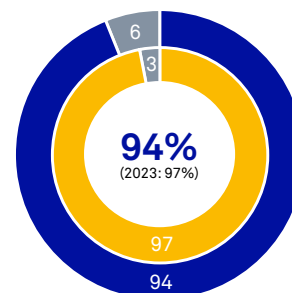
Group Materiality
£1.50m (2023: £1.37m)

£1,500,000	Whole financial statements materiality (2023: £1,370,000)
£1,125,000	Whole financial statements performance materiality (2023: £1,020,000)
£1,200,000	Range of materiality at seven components (£600,000-£1,200,000) (2023: £411,000 to £1,096,000)
£75,000	Misstatements reported to the audit committee (2023: £68,000)

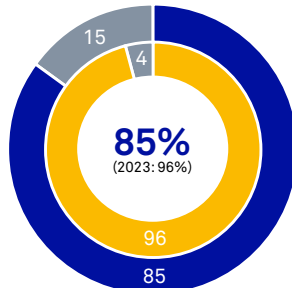
Group revenue



Group profit before tax



Group total assets



● Full scope for group audit purposes 2024
● Full scope for group audit purposes 2023
● Residual components

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").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most

likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- ongoing economic issues including inflationary pressures and the resulting challenging market; and
- the potential for contract assets to increase as a result of contractual disputes or operational difficulties, leading to an increased working capital requirement.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test).

We assessed the completeness of the going concern disclosure.

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 Listing Rules set out on page 51 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.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at a Group level.

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 did not identify any additional fraud risks.

Further detail in respect of contract revenue 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 full 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 full 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. This included communication from the Group audit team to component audit teams of

INDEPENDENT AUDITOR'S REPORT

to the members of Severfield plc

relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

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.

For the legacy employment taxation matter discussed in note 5 we assessed disclosures against our understanding from correspondence with the taxation authorities and used our taxation specialists to help us assess the matter.

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 year 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 (page 52) 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 52 under the 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 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 163, 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

19 June 2024

CONSOLIDATED INCOME STATEMENT

Year ended 30 March 2024

	Note	Underlying year ended 30 March 2024 £000	Non- underlying year ended 30 March 2024 £000	Total year ended 30 March 2024 £000	Underlying year ended 25 March 2023 £000	Non- underlying year ended 25 March 2023 £000	Total year ended 25 March 2023 £000
Revenue	3	463,465	–	463,465	491,753	–	491,753
Operating costs	4	(425,775)	(13,225)	(439,000)	(458,686)	(4,811)	(463,497)
Operating profit before share of results of JVs and associates		37,690	(13,225)	24,465	33,067	(4,811)	28,256
Share of results of JVs and associates	15	1,950	–	1,950	1,898	–	1,898
Operating profit		39,640	(13,225)	26,415	34,965	(4,811)	30,154
Net finance expense	7	(3,095)	(300)	(3,395)	(2,489)	(558)	(3,047)
Profit before tax		36,545	(13,525)	23,020	32,476	(5,369)	27,107
Taxation	8	(9,076)	1,957	(7,119)	(6,238)	697	(5,541)
Profit for the year attributable to the equity holders of the parent		27,469	(11,568)	15,901	26,238	(4,672)	21,566
Earnings per share:							
Basic	10	8.94p	(3.76)p	5.18p	8.48p	(1.51)p	6.97p
Diluted	10	8.85p	(3.72)p	5.13p	8.39p	(1.49)p	6.90p

Further details of non-underlying items are disclosed in note 5 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 March 2024

	Note	Year ended 30 March 2024 £000	Year ended 25 March 2023 £000
Items that will not be reclassified to profit and loss:			
Actuarial loss on defined benefit pension scheme	30	(745)	(701)
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	186	175
		310	(526)
Items that may be reclassified to profit and loss:			
Gains/(losses) taken to equity on cash flow hedges	25	1,239	(1,147)
Reclassification adjustments on cash flow hedges	25	(314)	243
Exchange difference on foreign operations	25	(264)	(86)
Tax relating to components that may be reclassified	21	(398)	153
		263	(837)
Other comprehensive income for the year		573	(1,363)
Profit for the year from continuing operations		15,901	21,566
Total comprehensive income for the year attributable to equity holders of the parent		16,474	20,203

CONSOLIDATED BALANCE SHEET

At 30 March 2024

	Note	As at 30 March 2024 £000	As at 25 March 2023 £000
Assets			
Non-current assets			
Goodwill	11	98,469	82,188
Other intangible assets	12	5,508	7,095
Property, plant and equipment	13	96,434	92,067
Right-of-use assets	14	18,651	13,018
Interests in JVs and associates	15	37,364	31,784
Deferred tax assets	21	1,828	–
Contract assets, trade and other receivables	18	1,050	2,245
		259,304	228,397
Current assets			
Inventories	16	11,648	13,231
Contract assets, trade and other receivables	18	88,334	109,721
Derivative financial instruments	22	675	25
Current tax assets		4,646	2,278
Cash and cash equivalents	22	13,803	11,338
		119,106	136,593
Total assets		378,410	364,990
Liabilities			
Current liabilities			
Bank overdraft	22	(3,409)	–
Contract liabilities, trade and other payables	19	(78,934)	(102,699)
Provisions	20	(11,819)	–
Financial liabilities – borrowings	22	(6,200)	(4,150)
Financial liabilities – leases	22	(2,931)	(2,172)
		(103,293)	(109,021)
Non-current liabilities			
Contract liabilities, trade and other payables	19	(1,095)	(2,377)
Retirement benefit obligations	30	(11,464)	(12,871)
Financial liabilities – borrowings	22	(13,800)	(4,800)
Financial liabilities – leases	22	(16,142)	(11,224)
Deferred tax liabilities	21	(11,865)	(6,979)
		(54,366)	(38,251)
Total liabilities		(157,659)	(147,272)
Net assets		220,751	217,718
Equity			
Share capital	24	7,739	7,739
Share premium		88,522	88,522
Other reserves	25	4,728	5,959
Retained earnings		119,762	115,498
Total equity		220,751	217,718

The consolidated financial statements were approved by the board of directors on 19 June 2024 and signed on its behalf by:

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

ADAM SEMPLE
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 March 2024

	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

	Note	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 27 March 2022		7,738	88,511	4,485	103,226	203,960
Total comprehensive income for the year		–	–	(991)	21,194	20,203
Ordinary shares issued*		1	11	–	–	12
Equity-settled share-based payments	25	–	–	2,465	955	3,420
Dividends paid		–	–	–	(9,877)	(9,877)
At 25 March 2023		7,739	88,522	5,959	115,498	217,718

* The issue of shares represents shares allotted to satisfy the 2018, 2020 and 2021 Sharesave schemes.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 March 2024

	Note	Year ended 30 March 2024 £000	Year ended 25 March 2023 £000
Net cash flow from operating activities	26	45,136	50,292
Cash flows from investing activities			
Proceeds on disposal of other property, plant and equipment		408	317
Purchases of land and buildings		(410)	(635)
Purchases of intangible assets		–	(168)
Purchases of other property, plant and equipment		(10,911)	(5,668)
Acquisition of subsidiary, net of cash acquired	29	(22,551)	–
Investment in JVs and associates		(2,801)	–
Payment of deferred and contingent consideration		(1,183)	(8,534)
Net cash used in investing activities		(37,448)	(14,688)
Cash flows from financing activities			
Interest paid		(3,220)	(2,495)
Dividends paid		(10,714)	(9,877)
Proceeds from shares issued		–	12
Purchase of own shares (net of SAYE cash received)		(3,120)	–
Proceeds from borrowings		19,000	–
Repayment of borrowings		(7,950)	(5,900)
Repayment of lease liabilities		(2,628)	(2,032)
Net cash used in financing activities		(8,632)	(20,292)
Net (decrease)/increase in cash and cash equivalents		(944)	15,312
Cash and cash equivalents at beginning of year		11,338	(3,974)
Cash and cash equivalents at end of year	27	10,394	11,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

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 229. 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 2024, trading is shown for the 53-week period ended on 30 March 2024 (2023: 52-week period ended 25 March 2023). All references to 'the year ended 30 March 2024', throughout the annual report, relate to the 53-week period ended 30 March 2024.

The financial statements of the Group's joint venture, JSSL, are made up to the year ended 31 March 2024 (2023: year ended 31 March 2023).

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.

- IFRS 17 'Insurance Contracts' and Amendments to IFRS 17 'Insurance contracts';
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Account policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes: International Tax reform – Pillar Two Model Rules

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.

- 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 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability
- Amendments to IAS 1 'Non-Current Liabilities with Covenants' and;
- Amendments to IFRS 16 'Lease liability in a sale and lease back'.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

1. Significant accounting policies continued

Going concern

In determining whether the Group's annual consolidated financial statements can be prepared on the going concern basis, the directors considered all factors likely to affect its future development, performance and its financial position, including cash flows, liquidity position and borrowing facilities and the risks and uncertainties relating to its business activities.

The following factors were considered as relevant:

- The UK and Europe order book and the pipeline of potential future orders;
- The Group's cash position and its borrowing facilities (see note 22), which are committed until December 2026, including both the level of those facilities and the three financial covenants attached to them (interest cover ($>4x$), net debt to EBITDA ($<3.0x$) and cash flow cover ($>1x$)); and
- The current market trading conditions and the potential impact of significant downside risks linked to our principal risks on the Group's profits and cash flows.

In the current financial year, the Group continued to trade profitably with positive operating cash flows and has a significant order book with strong earnings visibility into the next financial year and beyond. The directors have reviewed the Group's forecasts and projections for 2025 and for at least 12 months from the date of approval of the financial statements, including sensitivity analysis to assess the Group's resilience to potential adverse outcomes including a highly pessimistic 'severe but plausible' scenario. This 'severe but plausible' scenario is based on the combined impact of securing only 25 per cent of budgeted uncontracted orders for the next 12 months, one-off contract losses, a deterioration of market conditions and other downside factors. Given the strong previous performance of the Group, this scenario is only being modelled to stress test our strong financial position and demonstrates the existence of considerable headroom in the Group's covenants and borrowing facilities in this 'severe but plausible' scenario.

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

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; and
- 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 remediation costs for completed contracts, certain one-off legal and consultancy costs, and impairments.

1. Significant accounting policies continued

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. 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.

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.

Negative goodwill arising on acquisition is recognised immediately in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

1. Significant accounting policies continued

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; and
- 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.

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.

1. Significant accounting policies continued

- 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 which 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

1. Significant accounting policies continued

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.

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.

1. Significant accounting policies continued

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; and
- Penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

1. Significant accounting policies continued

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.

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.

1. Significant accounting policies continued

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 an 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. Critical accounting judgements and estimates

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 following items are those that management considers to be critical due to the level of judgement and estimation required:

Revenue and profit recognition

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

A contract loss provision is measured at the present value of the lower of expected costs of terminating the contract and the expected net costs of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

2. Critical accounting judgements and estimates continued

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

Within this portfolio, there are a limited number of long-term contracts where the Group has incorporated significant judgements over revenue and profit, which have been recognised at a level at which a significant reversal of revenue is highly probable not to occur. However, there are a host of factors affecting potential outcomes in respect of these entitlements which could result in a range of reasonably possible outcomes on these contracts in the following financial year, ranging from a gain of £21,000,000 to a loss of £7,000,000. Management has assessed the range of reasonably possible outcomes on these limited number of contracts based on facts and circumstances that were present and known at the balance sheet date. As with any contract applying long-term contract accounting, these contracts are also affected by a variety of uncertainties that depend on future events, and so often need to be revised as contracts progress.

At the balance sheet date, amounts due from construction contract customers, included in contract assets, trade and other receivables, was £36,800,000 (2023: £48,840,000), see note 18.

Contingent liabilities

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.

Identification of intangible assets arising on the acquisition of VSCH

Under IFRS 3, Business Combinations, the identification of intangible assets acquired in a business combination requires judgment. This judgment involves determining whether identifiable intangible assets exist apart from goodwill and recognising them separately. An intangible asset is identifiable if it meets either the separability criterion or the contractual-legal criterion. Management have used external advisers to assist with the process of identification of intangible assets and are comfortable that this is in line with the requirements of IFRS 3. Further details are disclosed in note 29.

Retirement benefit obligations

The Group's defined benefit pension scheme has been valued in accordance with IAS 19 'Employee Benefits'. The benefit obligation is calculated using a number of assumptions, including forecast discount and mortality rates (as disclosed in note 30). The present value of the benefit obligations is calculated by discounting the benefit obligation using market rates on relevant AA corporate bonds at the balance sheet date.

Significant judgement is required in setting the criteria for the valuation of the liability. Effects of changes in the actuarial assumptions underlying the benefit obligation, discount rates and the difference between expected and actual returns on the scheme's assets are classified as actuarial gains and losses.

The defined benefit obligation recognised at the balance sheet date was £11,464,000 (2023: £12,871,000).

Of the items discussed above, revenue and profit recognition represents the key source of estimation uncertainty.

3. Revenue and segmental analysis

Revenue

An analysis of the Group's revenue is as follows:

	2024 £000	2023 £000
Revenue from construction contracts	463,465	491,753
Other operating income (note 4)	1,870	1,852
Interest received (note 7)	320	133
Total income	465,655	493,738

3. Revenue and segmental analysis continued

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, in the current year, 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 Voortman Steel Construction Holding ('VSCHE').
- 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. In the current year it has reduced the levels of intercompany fabrication work as it grows external revenues from its core products.

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

The C&I and N&I divisions 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.

	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ eliminations £000	Total £000
Year ended 30 March 2024:					
Revenue	449,168	21,489	–	(7,192)	463,465
Underlying operating profit	37,430	260	–	–	37,690
<i>Underlying operating profit margin</i>	8.3%	1.2%			8.1%
Results 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

3. Revenue and segmental analysis continued

	Core Construction Operations £000	Modular Solutions £000	JSSL £000	Central costs/ eliminations £000	Total £000
Year ended 25 March 2023*:					
Revenue	476,815	22,820	–	(7,882)	491,753
Underlying operating profit	33,705	(638)	–	–	33,067
<i>Underlying operating profit margin</i>	7.1%	(2.8%)			6.7%
Result from joint ventures (note 15)					
– Construction Metal Forming Limited	–	583	–	–	583
– JSSL	–	–	1,315	–	1,315
Finance expense (note 7)	–	–	–	(2,489)	(2,489)
Underlying profit before tax	33,705	(55)	1,315	(2,489)	32,476
Non-underlying items (note 5)	(3,338)	–	–	(2,031)	(5,369)
Profit before tax	30,367	(55)	1,315	(4,520)	27,107
Other material items of income and expense					
– Depreciation of owned property, plant and equipment (note 13)	(5,247)	(160)	–	–	(5,407)
– Depreciation of right-of-use assets (note 14)	(1,816)	(24)	–	–	(1,840)
– Other operating income (note 4)	1,659	193	–	–	1,852

* Comparative information has been restated to provide additional segmental disclosures.

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:

	2024 £000	2023* £000
– Commercial and Industrial	361,734	382,055
– Nuclear and Infrastructure	87,434	94,760
Total revenue from Core Construction Operations	449,168	476,815
Modular Solutions	21,489	22,820
Elimination of inter-segment revenue (Modular Solutions)	(7,192)	(7,882)
Total Group revenue	463,465	491,753

* Comparative information has been restated to provide additional segmental disclosures.

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.

	2024 £000	2023* £000
Core Construction Operations – revenue by destination		
United Kingdom	367,127	437,741
Republic of Ireland and continental Europe	82,041	39,074
	449,168	476,815

* Comparative information has been restated to provide additional segmental disclosures.

3. Revenue and segmental analysis continued

	2024 £000	2023* £000
Modular Solutions – revenue by destination		
United Kingdom	17,486	18,195
Rest of world	4,003	4,625
	21,489	22,820
Elimination of intercompany revenue (UK)	(7,192)	(7,882)
	14,297	14,938

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.

	2024 £000	2023* £000
Non-current assets by destination		
United Kingdom	151,856	146,111
Rest of world	8,979	98
	160,835	146,209

Contract balances

The following table provides information about the receivables, contract assets and contract liabilities from contracts with customers:

	2024 £000	2023 £000
Trade and other receivables (note 18)	38,788	42,838
Contract assets (note 18)	36,800	48,840
Contract liabilities (note 19)	(4,489)	(19,584)

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 the 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 30 March 2024 and have an original expected contract duration of more than one year:

	2025 £000	2026 £000
Construction contracts	111,948	26,823

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 £100,189,000 (2023: £135,318,000), relating to one major client (2023: two major clients), who individually contributed more than 10 per cent of Group revenue in the year ended 30 March 2024.

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Year ended 30 March 2024

4. Operating costs

	2024 £000	2023 £000
Raw materials and consumables (including subcontractor costs)	234,916	307,766
Staff costs (note 6)	116,440	99,479
Other operating charges	66,524	45,364
Amortisation of other intangible assets (note 12)	90	79
Operating lease expense:		
– plant and machinery	217	179
– land and buildings	137	190
– motor vehicles	158	234
Depreciation (notes 13 and 14):		
– owned property, plant and equipment	6,480	5,407
– right-of-use assets	2,683	1,840
Other operating income	(1,870)	(1,852)
Operating costs before non-underlying items	425,775	458,686
Non-underlying items (note 5)	13,225	4,811
	439,000	463,497
Other operating charges include:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	60	45
Fees payable to the Company's auditor for other services:		
– the audit of the Company's subsidiaries pursuant to legislation	840	650
– audit-related assurance services	96	25
– 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 126 and 129. No services were performed pursuant to contingent fee arrangements.

5. Non-underlying items

	2024 £000	2023 £000
Operating costs	13,225	4,811
Finance expense	300	558
Non-underlying items before tax	13,525	5,369
Tax on non-underlying items (note 5)	(1,957)	(697)
Non-underlying items after tax	11,568	4,672

	2024 £000	2023 £000
Non-underlying items before tax consist of:		
Amortisation of acquired intangible assets (note 12)	5,399	3,338
Legacy employment tax charge	4,413	–
Asset impairment charges (note 13)	4,543	–
Unwinding of discount on contingent consideration – DAM Structures	300	558
Fair value adjustment to contingent consideration – DAM Structures	(1,130)	(343)
Acquisition-related expenses – VSCH	–	1,816
Non-underlying items before tax	13,525	5,369

The amortisation of acquired intangible assets of £5,399,000 (2023: £3,338,000) 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 asset impairment charge of £4,543,000 relates to the impairment of assets at our leasehold facility in Sherburn. During the year, we were advised of the landlord's intention to terminate the factory lease. As a result, an impairment review of property, plant and equipment was performed, resulting in a non-cash charge.

The legacy employment tax charge of £4,413,000 relates to an assessment raised by HMRC for historical income tax and national insurance ('NIC') liabilities. The Group disputes the charge and is in ongoing discussions with HMRC to bring this matter to a conclusion. Notwithstanding this, since HMRC has issued formal determinations for the amounts it considers are due, a charge of £4,413,000 has been recognised, including interest of £428,000.

In the prior year acquisition-related expenses of £1,816,000, represent acquisition and transaction costs associated with the VSCH acquisition.

The basis for stating results on an underlying basis is set out on pages 180 and 181. 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 138.

The average number of persons employed by the Group (including executive directors) during the year was:

	2024 Number	2023 Number
Production and site	1,551	1,402
Sales and administration	367	317
	1,918	1,719

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

6. Staff costs continued

The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	100,061	86,131
Social security costs	11,587	9,188
Other pension costs	4,792	4,160
	116,440	99,479

In addition, in 2024 there were share-based payment charges of £1,589,000 (2023: £3,420,000), as detailed in note 23.

7. Net finance expense

	2024 £000	2023 £000
Finance income	(320)	(133)
Finance expense	3,395	2,622
	3,095	2,489
Unwinding of discount on contingent consideration	300	558
	3,395	3,047

8. Taxation

a) The taxation charge comprises:

	2024 £000	2023 £000
Current tax		
Corporation tax charge	(5,649)	(5,460)
Foreign tax relief/other relief	70	51
Foreign tax suffered	(70)	(51)
Adjustments to prior years' provisions	136	60
	(5,513)	(5,400)
Deferred tax (note 21)		
Current year charge	(973)	(144)
Impact of change in future years' tax rates	–	(14)
Adjustments to prior years' provisions	(633)	17
	(1,606)	(141)
	(7,119)	(5,541)

b) Tax reconciliation

The charge for the year can be reconciled to the profit per the income statement as follows:

	2024 £000	2023 £000
Profit before tax	23,020	27,107
Tax on profit at standard UK corporation tax rate	(5,755)	(5,150)
Expenses not deductible for tax purposes	(1,381)	(1,068)
Income not taxable	97	234
Effect of overseas tax rate	(57)	–
Tax effect of share of results of JVs and associates	474	380
Adjustments to prior years' provisions	(497)	77
Rate differences	–	(14)
	(7,119)	(5,541)

Legislation to increase the UK standard rate of corporation tax from 19% to 25% was substantively enacted on 24 May 2021, effective from 1 April 2023, which has resulted in a UK corporation tax rate of 25% in 2024. The UK deferred tax is calculated at 25%. The overseas tax is calculated at the rates prevailing in the respective jurisdictions.

9. Dividends

	2024 £000	2023 £000
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 25 March 2023 of 2.1p per share (2023: 1.9p)	6,423	5,864
Interim dividend for the year ended 30 March 2024 of 1.4p per share (2023: 1.3p)	4,291	4,013
	10,714	9,877

The directors are recommending a final dividend of 2.3p per share (2023: 2.1p). This, together with the interim dividend of 1.4p per share (2023: 1.3p) will result in a total dividend of 3.7p per share (2023: 3.4p).

10. Earnings per share

Earnings per share is calculated as follows:

	2024 £000	2023 £000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent Company	15,901	21,566
Earnings for the purposes of underlying basic earnings per share being underlying net profit attributable to equity holders of the parent Company	27,469	26,238

	Number	Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	307,131,912	309,533,696
Effect of dilutive potential ordinary shares	3,093,177	3,239,813
Weighted average number of ordinary shares for the purposes of diluted earnings per share	310,225,089	312,773,509
Basic earnings per share	5.18p	6.97p
Underlying basic earnings per share	8.94p	8.48p
Diluted earnings per share	5.13p	6.90p
Underlying diluted earnings per share	8.85p	8.39p

	2024 £000	2023 £000
Reconciliation of earnings		
Net profit attributable to equity holders of the parent Company	15,901	21,566
Non-underlying items (note 5)	11,568	4,672
Underlying net profit attributable to equity holders of the parent Company	27,469	26,238

Basic earnings per share is calculated by dividing the profit after tax attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding those shares held in employee benefit trusts. Shares held in employee benefit trusts are treated as cancelled because, except for a nominal amount, dividends have been waived.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares from the vesting of share awards. Underlying earnings per share calculations are included to give a better indication of the Group's underlying performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

11. Goodwill

The goodwill balance was created on the following acquisitions:

	£000
On the Voortman Steel Construction Holdings acquisition in 2023	16,281
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
	98,469

All of the acquisitions above are included in one reported segment (Core Construction Operations) and the cash flows of the businesses are closely related. Testing for impairment is performed at the cash-generating unit ('CGU') level, which is the level at which management monitors goodwill for internal purposes. There are five CGUs identified as part of the impairment, these mainly reflect the acquisitions made by the Group.

The Group tests goodwill annually for impairment, or more frequently if there are indicators that goodwill may be impaired.

The recoverable amounts of goodwill are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. Changes in selling prices and direct costs are based on past practices and expectations on future changes in the market.

The Group has prepared cash flows for the next financial year, which the directors believe capture the Group's most up-to-date 'realistic' forecast position, together with cash flows based on projections for the following two years. After this period, cash flows have been extrapolated using a growth rate of 2.0 per cent (2023: 1.5 per cent) which does not exceed the long-term growth rate for the relevant markets. The cash flow forecasts have been discounted using a pre-tax discount rate of 13.0 per cent (2023: 12.5 per cent).

Following the impairment reviews performed by the Group, no impairment charge was recorded in the year ended 30 March 2024.

Management has analysed a number of sensitivity scenarios when performing the impairment reviews, including a reduction in operating margin and an increased discount rate. None of those scenarios resulted in an impairment to goodwill. Management considers that no reasonably possible change in the key assumptions would cause the goodwill to fall below its carrying value at 30 March 2024.

12. Other intangible assets

	Intangible assets acquired on acquisition £000	Other intangible assets £000	Total £000
Cost			
At 27 March 2022	19,504	1,508	21,012
Additions	–	168	168
At 26 March 2023	19,504	1,676	21,180
Additions	3,902	–	3,902
At 30 March 2024	23,406	1,676	25,082
Amortisation			
At 27 March 2022	9,454	1,215	10,669
Charge for the year	3,338	78	3,416
At 26 March 2023	12,792	1,293	14,085
Charge for the year	5,399	90	5,489
At 30 March 2024	18,191	1,383	19,574
Carrying amount			
At 30 March 2024	5,215	293	5,508
At 25 March 2023	6,712	383	7,095

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 27 March 2022	14,923	813	3,768	19,504
At 26 March 2023	14,923	813	3,768	19,504
Additions	2,512	–	1,390	3,902
At 30 March 2024	17,435	813	5,158	23,406
Amortisation				
At 27 March 2022	5,316	370	3,768	9,454
Charge for the year	3,190	148	–	3,338
At 26 March 2023	8,506	518	3,768	12,792
Charge for the year	3,714	295	1,390	5,399
At 30 March 2024	12,220	813	5,158	18,191
Carrying amount				
At 30 March 2024	5,215	–	–	5,215
At 25 March 2023	6,417	295	–	6,712

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 30 March 2024

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 27 March 2022	73,423	51,065	11,893	379	136,760
Additions	635	5,008	660	–	6,303
Disposals	–	(847)	(24)	(84)	(955)
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 30 March 2024	74,468	63,418	14,279	1,276	153,441
Accumulated depreciation					
At 27 March 2022	8,012	32,268	4,926	118	45,324
Charge for the year	748	3,405	1,165	89	5,407
Disposals	–	(615)	(14)	(61)	(690)
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 30 March 2024	13,985	35,998	6,777	247	57,007
Carrying amount					
At 30 March 2024	60,483	27,420	7,502	1,029	96,434
At 25 March 2023	65,298	20,168	6,452	149	92,067

The impairment charge to land and buildings is included in the consolidated income statement as part of operating costs and is 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 27 March 2022	10,212	3,033	2,077	15,322
Additions	1,576	1,285	984	3,845
Disposals	(421)	(2)	(771)	(1,194)
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 30 March 2024	17,004	5,757	3,038	25,799
Accumulated depreciation				
At 27 March 2022	2,631	372	1,249	4,252
Charge for the year	964	306	570	1,840
Disposals	(421)	(2)	(714)	(1,137)
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 30 March 2024	4,586	1,322	1,240	7,148
Carrying amount				
At 30 March 2024	12,418	4,435	1,798	18,651
At 25 March 2023	8,193	3,640	1,185	13,018

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 — Dormant	50.0	Ordinary

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 invested a further £2,767,000 (2023: £nil) into JSW Severfield Structures Limited for the purchase of land in Gujarat to facilitate future expansion. The Group did not make any further investments in Construction Metal Forming Limited, Fabsec Limited or Bouwcombinatie Van Wijnen during the year (2023: £nil).

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Year ended 30 March 2024

15. Interests in JVs and associates continued

	Goodwill £000	Share of net assets/ (liabilities) £000	Total £000
At 27 March 2022	5,326	24,810	30,136
Profit retained	–	1,898	1,898
Deferred tax adjustments	–	(250)	(250)
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

The Group's share of the retained profit for the year of JVs and associates is made up as follows:

	Fabsec Limited £000	JSW Severfield Structures Limited £000	CMF Limited £000	Bouwcombinatie Van Wijnen £000	Total £000
Share of results					
2024	–	1,858	92	–	1,950
2023	–	1,315	583	–	1,898

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	2024 £000	2023 £000
Current assets	184	118,352	10,459	219	129,214	122,567
Non-current assets	–	26,001	24,685	–	50,686	36,380
Current liabilities	(17)	(98,268)	(14,826)	(36)	(113,147)	(107,696)
Non-current liabilities	–	(2,724)	(9,532)	–	(12,256)	(6,594)
Net assets	167	43,361	10,786	183	54,497	44,657
Group's share of net (liabilities)/ assets	84	21,681	5,393	91	27,249	22,550
Goodwill	–	–	5,326	–	5,326	5,326
Investment	–	–	2,444	–	2,444	2,444
Impact of foreign exchange on share of net assets	–	923	–	–	923	671
Accounting policy alignment	(84)	1,357	116	33	1,422	793
Carrying amount of interest in JVs and associates	–	23,961	13,279	124	37,364	31,784
Revenue	177	130,773	29,107	–	160,057	178,571
Depreciation and amortisation	(1)	(2,674)	(136)	–	(2,811)	(2,368)
Net finance expense	–	(5,590)	(638)	–	(6,228)	(5,508)
Taxation	–	(575)	50	–	(525)	(1,223)
Profit after tax	1,049	3,716	184	–	4,949	3,851
Group's share of profit after tax	–	1,858	92	–	1,950	1,898

There were no contingent liabilities or capital commitments (2023: none) associated with the Group's JVs and associates.

16. Inventories

	2024 £000	2023 £000
Raw materials and consumables	11,377	12,328
Work-in-progress	271	903
	11,648	13,231

17. Construction contracts

	2024 £000	2023 £000
Contracts-in-progress at balance sheet date:		
Amounts due from construction contract customers included in contract assets, trade and other receivables	75,558	91,678
Amounts due to construction contract customers included in trade and other payables (note 19)	(4,489)	(19,584)
	71,069	72,094
Contract costs incurred plus recognised profits less recognised losses to date	489,085	722,342
Less: progress billings received	(418,016)	(650,248)
	71,069	72,094

18. Contract assets, trade and other receivables

	2024 £000	2023 £000
Current assets		
Amounts due from construction contract customers (note 17):		
Trade and other receivables	37,738	40,593
Contract assets	36,800	48,840
Total	74,538	89,433
Other receivables	5,232	7,281
Prepayments and accrued income	8,199	11,027
Amounts due from JVs and associates	365	1,980
	88,334	109,721
Non-current assets		
Trade and other receivables	1,050	2,245
	1,050	2,245

Contract assets of £36,800,000 (2023: £48,840,000) 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 57 days (2023: 85 days). No interest is charged on receivables.

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 settlement of retentions in a prompt manner. Overdue retentions at 30 March 2024 were £nil (2023: £nil).

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Year ended 30 March 2024

19. Contract liabilities, trade and other payables

	2024 £000	2023 £000
Trade creditors	28,690	36,284
Other taxation and social security	5,777	4,432
Other creditors and accruals	37,502	37,645
Contract liabilities (note 17)	4,489	19,584
Amounts owed to JVs and associates	2,476	4,754
	78,934	102,699

In the current year, other creditors and accruals includes the outstanding contingent purchase consideration for DAM Structures of £120,000 (2023: £881,000) which is payable in the next 12 months.

Contract liabilities of £4,489,000 (2023: £19,584,000) reflect advance payments from customers for construction contracts for which revenue has not been recognised as at 30 March 2024.

	2024 £000	2023 £000
Non-current liabilities		
Other creditors and accruals	1,095	2,377
	1,095	2,377

Non-current other creditors and accruals in the current and prior year reflects the outstanding contingent purchase consideration for DAM Structures of £1,095,000 (2023: £2,377,000) 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 36 days (2023: 39 days).

20. Provisions

	Legacy employment tax	Loss provisions	Total
Balance at 26 March 2023	–	–	–
Provisions made during the year	4,413	8,446	12,859
Provisions used during the year	(1,040)	–	(1,040)
Balance at 30 March 2024	3,373	8,446	11,819

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

Legacy employment tax charge

During the year, HMRC raised an assessment for historical income tax and national insurance ('NIC') liabilities. The Group disputes the charge and is in ongoing discussions with HMRC to bring this matter to a conclusion. Notwithstanding this, since HMRC has issued formal determinations for the amounts it considers are due, a provision has been recognised to reflect the amounts claimed by HMRC.

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.

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:

	2024 £000	2023 £000
Deferred tax liabilities	(11,865)	(11,661)
Deferred tax assets	3,493	4,682
	(10,037)	(6,979)

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 £1,828,000 (2023: £nil) 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 27 March 2022	(9,682)	(2,201)	3,599	446	672	(7,166)
Prior year adjustment	1	–	–	–	16	17
(Charge)/credit to income statement	(615)	834	(557)	(105)	285	(158)
Charge to other comprehensive income	–	–	175	–	153	328
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)

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 while 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

	2024 £000	2023 £000
Borrowings	(20,000)	(8,950)
Cash and cash equivalents (net of overdraft)	10,394	11,338
Unamortised debt arrangement fees	235	321
Net (debt)/funds	(9,371)	2,709
Equity	220,751	217,718
Net debt to equity ratio	4.2%	(1.2%)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

22. Financial instruments continued

ii) 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.

	2024 £000	2023 £000
Underlying operating profit		
Underlying operating profit (before JVs and associates)	37,690	33,067
Share of results of JVs and associates	1,950	1,898
	39,640	34,965
Capital employed:		
Shareholders' equity	220,751	217,718
Cash and cash equivalents (net of overdrafts)	(10,394)	(11,338)
Borrowings	20,000	8,950
Net debt/(funds) (for ROCE purposes)	9,606	(2,388)
Acquired intangible assets (note 12)	(5,215)	(6,712)
Retirement benefit obligations (net of deferred tax) (note 30)	8,599	9,654
	233,741	218,272
Average capital employed	226,007	220,902
Return on capital employed	17.5%	15.8%

Categories of financial instruments

	Carrying value	
	2024 £000	2023 £000
Financial assets		
Cash and cash equivalents	13,803	11,338
Trade and other receivables (note 18)	38,788	42,838
Derivative financial instruments	675	25
Financial liabilities		
Bank overdrafts	(3,409)	–
Trade creditors (note 19)	(28,690)	(36,284)
Other creditors and accruals (note 19)	(38,597)	(40,022)
Lease liabilities	(19,073)	(13,396)

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); and

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 30 March 2024 were £5,332,000 (2023: £7,146,000).

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.

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 has a £60m revolving credit facility ('RCF') with HSBC Bank PLC and Virgin Money which matures in December 2026. This facility provides additional liquidity following the VSCH acquisition and to support the continued growth strategy of the Group. The RCF is subject to three financial covenants, namely interest cover, net debt to EBITDA and debt service (cash flow) cover. The Group operated well within these covenant limits throughout the year ended 30 March 2024.

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Year ended 30 March 2024

22. Financial instruments continued

As at 30 March 2024, £56,591,000 (2023: £60,000,000) of this facility was not drawn but available. Up to £15,000,000 of this facility is available by way of an overdraft (2023: £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						Total £000
	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	
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
	118,179	76,340	13,187	10,870	15,004	9,996	125,397
Liabilities – 2023							
Trade and other payables	77,845	72,821	2,649	658	1,717	–	77,845
Financial liabilities – leases	13,396	630	1,899	2,187	5,025	8,338	18,079
Borrowings	8,950	1,598	2,982	2,654	2,498	–	9,732
	100,191	75,049	7,530	5,499	9,240	8,338	105,656

The Group's debt facility consists of the revolving credit facility of which £nil is drawn and the overdraft facility of which £3.4m is drawn. This agreement expires in December 2026. In addition £20m is outstanding on the acquisition term loans, which is repayable in instalments until December 2026. Interest on both agreements is charged at a floating rate based on SONIA plus a variable margin.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans	Lease liabilities
Balance at 26 March 2023	8,950	13,396
Changes from financing cashflows		
Payments of borrowings	(7,950)	–
New borrowings	19,000	–
Interest paid	(1,696)	(882)
Payments of lease liabilities	–	(2,628)
Total changes arising from financing cash flows	9,354	(3,510)
Other changes		
Interest expense	1,696	882
Acquired on acquisition	–	5,042
New leases	–	3,324
Lease disposals	–	(61)
Total other changes	1,696	9,187
Balance at 30 March 2024	20,000	19,073

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.

22. Financial instruments continued

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	
	2024 £000	2023 £000	2024 £000	2023 £000
Euro	(14,574)	(3,831)	35,314	10,672
US dollar	(5)	(18)	16	2
	(14,579)	(3,849)	35,330	10,674

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	
	2024 £000	2023 £000	2024 £000	2023 £000
Profit or loss and equity	1	2	230	118

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 30 March 2024, derivatives designated as cash flow hedges were an asset of £675,000 (2023: £25,000) and recognised total gains of £925,000 (2023: losses of £904,000) in equity and losses of £274,000 (2023: gains of £256,000) in profit and loss in the year.

At 30 March 2024, the Group had forward exchange contracts of 18.5m Euros (2023: 5.7m Euros) at an average exchange rate of €1.14/£ (2023: €1.13/£) which mature within 12 months of the year end. In addition, the Group had forward exchange contracts of 498m SEK (2023: nil) at an average exchange rate of 13.34 (2023: N/A) which mature within 12 months of the year end.

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Year ended 30 March 2024

22. Financial instruments continued

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 per cent higher and all other variables were held constant, the Group's profit for the year ended 30 March 2024 and the Group's equity at that date would decrease by £172,000 (2023: £173,000). If the £60,000,000 facility is fully utilised the exposure increases by £300,000. 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 134 to 162. The Group recognised a total charge of £1,589,000 (2023: £3,420,000) 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 charge of £428,000 for the year (2023: £2,352,000) with a corresponding entry to reserves. The weighted average fair value of share options granted during the year was £0.61 per share. Three outstanding awards had been granted to 30 March 2024: During the year ended 26 March 2022 the remuneration committee granted 2,709,748 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 28 March 2021 to 30 March 2024. The following vesting schedule applies:

<u>Underlying EPS performance for year ended 30 March 2024</u>	<u>% of award vesting</u>
Equal to less than 7.61p	0%
Equal to 9.92p or better	100%
Between 7.61p and 9.92p	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	£0.81*
Exercise price	nil
Expected volatility (using historical performance)	94%
Risk-free rate	0.3%
Dividend	3.1p
Actual life	three years

* Granted on 17 June 2021.

The Black Scholes pricing model was used, with the above assumptions, to produce a grant date fair value of £1,929,000. 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 FY24 this charge was £87,000 (FY23: £839,000).

During the period ended 25 March 2023 the remuneration committee granted 3,204,413 ordinary shares of 2.5p each at £nil value.

23. Share-based payments continued

The vesting of these awards will be 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 30 March 2024	% 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 is calculated based on the expected number of options to vest when factoring in changes to non-market conditions. For FY24 this charge was £1,000 (FY23: £527,000).

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 5 performance underpins as agreed by the remuneration committee and disclosed on page 154.

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 FY24 this charge was £340,000 (FY23: nil).

Reconciliation of share awards outstanding under the performance/restricted share plans are as follows:

	2024 Number	2023 Number
Outstanding at the beginning of the year	8,496,227	8,110,391
Granted during the year	1,480,979	3,204,413
Vested during the year	(2,825,886)	–
Lapsed during the year	(1,145,757)	(2,818,577)
Outstanding at the end of the year	6,005,563	8,496,227

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Year ended 30 March 2024

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 2021 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 2021 Sharesave scheme in 2024, these options will become exercisable for a period of six months. A charge of £322,000 (2023: £322,000) was recognised in the current period in relation to the 2021 Sharesave scheme.

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 (2023: £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 (2023: £nil) was recognised in the current period in relation to the 2023 Sharesave scheme.

Reconciliation of share awards outstanding under the Sharesave plan are as follows:

Save As You Earn option plan ('Sharesave')

	2024 Number	2023 Number
Outstanding at the beginning of the year	7,308,555	5,918,097
Granted during the year	3,489,038	3,023,688
Lapsed during the year	(2,603,678)	(1,617,970)
Vested during the year	(2,073,852)	(15,260)
Outstanding at the end of the year	6,120,063	7,308,555

24. Share capital

	2024 £000	2023 £000
Issued and fully paid:		
309,538,321 ordinary shares of 2.5p each (2023: 309,538,321 ordinary shares of 2.5p each)	7,739	7,739

The ordinary shares carry no right to fixed income. There are no share options outstanding as at 30 March 2024 (2023: nil).

25. Other reserves

	Share-based payment reserve £000	Shares held in trust	Revaluation reserve	Capital redemption reserve £000	Hedge accounting reserve £000	Currency translation reserve £000	Total £000
At 27 March 2022	3,386	–	–	139	903	57	4,485
Share-based payments	2,465	–	–	–	–	–	2,465
Losses taken to equity on cash flow hedges	–	–	–	–	(1,147)	–	(1,147)
Reclassification adjustments on cash flow hedges	–	–	–	–	243	–	243
Exchange difference on foreign operations	–	–	–	–	–	(87)	(87)
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 JV's 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	4,616	(1,527)	869	139	924	(293)	4,728

Reconciliation of share based payment transactions in the statement of changes in equity

	Year ended 30 March 2024		Year ended 25 March 2023	
	Other reserves	Retained earnings	Other reserves	Retained earnings
Share based payment charge ¹	1,589	–	3,420	–
Tax paid on vesting of 2020 award ¹	(1,196)	–	–	–
SAYE cash received ²	1,380	–	–	–
Awards vested/lapsed in the year	(3,006)	3,006	(955)	955
Equity settled share based payments	(1,234)	3,006	2,465	955
Purchase of own shares ²	(4,500)	–	–	–
Allocation of owned shares on vesting	2,973	(2,973)	–	–
Total reserves movements	(2,761)	33	2,465	955

¹ Operating cash flows

² Cash flows from financing activities

During the year the company instructed the employee benefit trust to purchase shares for 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 April 2023	–	–
Purchased in the year	4,500	6,705,486
Used during the year	(2,973)	(4,299,077)
Closing 30 April 2024	1,527	2,406,409

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Year ended 30 March 2024

26. Net cash flow from operating activities

	2024 £000	2023 £000
Operating profit from operations	26,415	30,154
Adjustments:		
Depreciation of property, plant and equipment (note 13)	6,480	5,407
Depreciation of right-of-use assets (note 14)	2,683	1,840
Gain on disposal of other property, plant and equipment	(92)	(52)
Fixed asset impairment (note 5, 13)	4,543	–
Amortisation of intangible assets (note 12)	5,489	3,416
Movements in pension scheme (note 30)	(2,152)	(2,226)
Share of results of JVs and associates (note 15)	(1,950)	(1,898)
Share-based payments (note 25)	392	3,420
Exchange adjustments	(373)	–
Operating cash flows before movements in working capital	41,435	40,061
Decrease in inventories	1,729	4,774
Decrease in receivables	31,232	10,701
Decrease in payables	(21,962)	(1,724)
Cash generated from operations	52,434	53,812
Tax paid	(7,298)	(3,520)
Net cash flow from operating activities	45,136	50,292

	2024 £000	2023 £000
Cash generated from operations	52,434	53,812
Proceeds on disposal of other property, plant and equipment	408	317
Purchases of land and buildings	(410)	(635)
Purchases of other property, plant and equipment	(10,911)	(5,668)
	41,521	47,826
Underlying operating profit (before JVs and associates)	37,690	33,067
Operating cash conversion	110%	145%

27. Analysis of net (debt)/funds

	2024 £000	2023 £000
Borrowings	(20,000)	(8,950)
Cash and cash equivalents (net of overdraft)	10,394	11,338
Unamortised debt arrangement fees	235	321
	(9,371)	2,709

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.

The Company and its subsidiaries have provided unlimited multilateral guarantees to secure any bank overdrafts and loans of all other Group companies. At 30 March 2024 this amounted to £nil (2023: £nil). The Group has also given performance bonds in the normal course of trade.

29. Business combinations

Summary of 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

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Year ended 30 March 2024

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 (see note 5).

The acquired business contributed, to the Group, revenues of £59,480,000 and profit after tax of £4,934,000 since the acquisition date.

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 £4,792,000 (2023: £4,160,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 30 March 2024, contributions of £950,000 (2023: £765,000) 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 most recent actuarial valuations of plan assets and the present value of the defined benefit obligation was carried out at 25 March 2023 by Mr Chris Hunter, Fellow of the Institute of Actuaries. 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.

	2024 %	2023 %
Key assumptions used:		
Discount rate	4.8	4.6
Inflation (RPI)	3.4	3.1

30. Retirement benefit obligations continued

When considering mortality assumptions, a life expectancy to 85 at age 65 has been used for the year ended 30 March 2024 (2023: 86). For the year ended 30 March 2024, the Group updated the allowance for future mortality improvements from the CMI 2021 model to the CMI 2022 model. The 2022 model includes a partial allowance (a weight of 25%) for mortality experience in 2022 to reflect emerging evidence that current rates may now be more indicative of future experience. The 0.25% early years adjustment has been removed as it is now less appropriate to assume lower early years mortality in light of post pandemic mortality experience in the general population.

The discount rate and RPI inflation assumptions for the 2024 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 0.5%	Decrease/increase by 6.0%
Rate of mortality	Reducing by 10%	Increase by 2.4%
Price inflation	Increase/decrease by 0.5%	Increase/decrease by 4.2%

Amounts recognised in income in respect of these defined benefit schemes are as follows:

	2024 £000	2023 £000
Interest cost	1,517	1,217
Interest income	(987)	(844)
	530	373

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 £20,345,000 (2023: £19,600,000).

The actual return on scheme assets were a gain of £693,000 (2023: loss of £8,990,000).

The amount included in the balance sheet arising from the Group's obligations in respect of the defined benefit retirement scheme is as follows:

	2024 £000	2023 £000
Present value of defined benefit obligations	(34,003)	(33,933)
Fair value of scheme assets	22,539	21,062
	(11,464)	(12,871)

The major categories of scheme assets as a percentage of the total scheme assets are as follows:

	2024 £000	2023 £000	2024 %	2023 %
Equities	3,337	3,307	14.8	15.7
Bonds and gilts	6,378	5,287	28.3	25.1
Cash	4,067	1,598	18.1	7.6
Property	1,876	2,534	8.3	12.0
LDI funds	6,521	4,993	28.9	23.7
Other	360	3,343	1.6	15.9
	22,539	21,062	100.0	100.0

Bonds and gilts include a mixture of corporate and government bonds and fixed and index-linked gilts. Approximately 8 per cent of bonds have a sub-investment grade credit rating (BB+ or lower) and approximately 76 per cent of gilts are index-linked, with 24 per cent being fixed.

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Year ended 30 March 2024

30. Retirement benefit obligations continued

Movements in the present value of defined benefit obligations were as follows:

	2024 £000	2023 £000
At start of year	(33,933)	(43,562)
Interest cost	(1,517)	(1,217)
Actuarial (losses)/gains	(451)	9,133
Benefits paid	1,898	1,713
At end of year	(34,003)	(33,933)

Actuarial gains arising from changes in demographic assumptions, changes in financial assumptions and gains or losses arising from experience were gains of £1,084,000 (2023: gains of £19,000), losses of £317,000 (2023: gains of £10,464,000) and losses of £1,218,000 (2023: losses of £1,350,000) respectively. The large gain in 2023 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:

	2024 £000	2023 £000
Liability in respect of deferred members	(15,237)	(19,811)
Liability in respect of pensioner members	(18,766)	(14,122)
	(34,003)	(33,933)

Movements in the fair value of scheme assets were as follows:

	2024 £000	2023 £000
At start of year	21,062	29,166
Interest income	987	844
Actuarial losses	(294)	(9,834)
Employer contributions	2,682	2,599
Benefits paid	(1,898)	(1,713)
At end of year	22,539	21,062

During the course of 2024, bond yields increased slightly, which increased the discount rate. However this has been offset by higher 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 marginal 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 marginally lower than assumed during the period.

The Group expects to contribute £231,000 (2023: £224,000) per month to its defined benefit pension scheme in the year to 29 March 2025.

History of experience of gains and losses:

	2024	2023	2022	2021	2020
Experience (losses)/gains on scheme assets (£000)	(294)	(9,834)	(60)	2,222	(1,093)
Percentage of scheme assets	(1.3%)	(46.7%)	(0.2%)	8.0%	(4.3%)
Experience gains/(losses) on scheme liabilities (£000)	(451)	1,350	157	419	(1,007)
Percentage of the present value of scheme liabilities	(1.3%)	4.0%	0.4%	0.8%	(2.2%)
Total amount recognised in the consolidated statement of comprehensive income (£000)	(745)	(701)	5,938	(4,906)	255
Percentage of the present value of scheme liabilities	2.2%	2.1%	13.6%	(9.8%)	0.6%

The weighted average period over which benefits are expected to be paid, or the duration of the liabilities, is currently 12 years (2023: 14 years). The reduction in duration is due to the increase in discount rates and the use of more up to date membership data following the completion of the 5 April 2023 triennial valuation. Annual increases are provided to pensions in payment at the lower of of RPI and 5% for the majority of members.

30. Retirement benefit obligations continued

The Scheme's investments in the BNY Mellon Real Return Fund (formerly referred to as the Newton Real Return Fund), non-Liability Driven Investment (LDI) funds invested with Legal & General, and M&G Alpha Opportunities Funds are quoted on a recognisable exchange with respective stock market identifiers. However, the assets invested with Legal & General in their LDI Funds and the Standard Life Pooled Property Fund are not publicly quoted.

The Scheme invests in several pooled LDI funds, through unit linked insurance policies, with Legal & General 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.

Subsequently to the balance sheet date the pension schemes principal employer was transferred to another company within the group. As a result the pension schemes assets and liabilities were transferred at fair value. The scheme continues to benefit from a parent company guarantee from Severfield plc.

31. Related party transactions

	Directors		Key management	
	2024 £000	2023 £000	2024 £000	2023 £000
Short-term employee benefits	1,138	1,259	2,640	3,334
Contributions into the pension schemes	79	151	93	96
Share based payments	200	1,377	137	568
Total income statement charge	1,417	2,787	2,870	3,998
PSP awards vesting based on respective performance year ¹	550	1,093	316	428
Gain on exercise of share options ²	1,076	–	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 138.

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 £48,000 (2023: £48,000). The amount due to Fabsec at 30 March 2024 was £117,000 (2023: £117,000).

During the year the Group has purchased services from Construction Metal Forming Limited ('CMF') at a cost of £9,085,000 (2023: £16,808,000). The amount due from and to CMF at 30 March 2024 was £nil (2023: £4,637,000) and £2,126,000 (2023: £1,001,000) respectively.

During the year the Group incurred additional operating costs in relation to the day-to-day running of its Indian joint venture (JSSL) of £234,000 (2023: £271,000). Those costs were recharged to JSSL during the year and the amount due from JSSL at 30 March 2024 was £132,000 (2023: £806,000).

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32. Subsequent events

On 17 April 2024, the Group announced and launched a share buyback programme, with the intention to purchase its ordinary shares of 2.5 pence, with a maximum aggregate consideration of £10m (excluding stamp duty and other expenses). The purpose of this buyback programme is to return surplus capital to shareholders.

The Company has entered into an irrevocable non-discretionary agreement with Liberum Capital Limited ('Liberum'), pursuant to which Liberum shall purchase Ordinary Shares as riskless principal (and not as agent of Severfield) for the subsequent sale on to, and purchase by, Severfield, up to the maximum aggregate consideration of £10m. Liberum will make its trading decisions in relation to the Ordinary Shares independently of, and uninfluenced by, the Company, within the programme terms and certain pre-set parameters.

Any purchase of Ordinary Shares under the Buyback will take place in open market transactions and may be made from time to time depending on market conditions, share price and trading volumes. Any Ordinary Shares purchased by the Company will be cancelled and the number of Ordinary Shares in issue reduced accordingly.

As at 18 June, the Group had purchased and cancelled 1,370,344 Ordinary Shares at a cost of £968,000.

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)/funds (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.

33. Alternative performance measures continued

Alternative performance measure ('APM')	Definition	Rationale
Underlying return on capital employed	<p>Underlying operating profit divided by the average of opening and closing capital employed.</p> <p>Capital employed is defined as shareholders' equity excluding retirement benefit obligations (net of tax), acquired intangible assets and net funds (see note 22)</p>	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	<p>Economic value generated reflects Group revenue.</p> <p>Economic value distributed is operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments.</p>	A basic indication of how the Group has created wealth for its stakeholders and an important ESG measure.

Reconciliations to IFRS measures

	Note	2024 £000	2023 £000
Underlying operating profit (before JVs and associates)			
Underlying operating profit (before JVs and associates)		37,690	33,067
Non-underlying operating items	5	(13,225)	(4,811)
Share of results of JVs and associates	15	1,950	1,898
Operating profit		26,415	30,154
Underlying profit before tax			
Underlying profit before tax		36,545	32,476
Non-underlying items	5	(13,525)	(5,369)
Profit before tax		23,020	27,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 30 March 2024

33. Alternative performance measures continued

	Note	2024 £000	2023 £000
Underlying basic earnings per share			
Underlying net profit attributable to equity holders of the parent Company	10	27,469	26,238
Non-underlying items after tax	5	(11,568)	(4,672)
Net profit attributable to equity holders of the parent Company		15,901	21,566
Weighted average number of ordinary shares	10	307,131,912	309,533,696
Underlying basic earnings per share		8.94p	8.48p
Basic earnings per share		5.18p	6.97p

	Note	2024 £000	2023 £000
Net funds/(debt) (pre-IFRS 16)			
Borrowings		(20,000)	(8,950)
Cash and cash equivalents		10,394	11,338
Unamortised debt arrangement costs		235	321
Net funds/(debt) (pre-IFRS 16)	27	(9,371)	2,709
IFRS 16 lease liabilities	22	(19,073)	(13,396)
Net debt (post-IFRS 16)		(28,444)	(10,687)

	Note	2024 £000	2023 £000
Economic value generated and distributed			
Revenue	3	463,465	491,753
Economic value generated		464,588	491,753
Operating costs	4	439,000	463,497
Non-underlying operating items	5	(13,225)	(4,811)
Underlying operating costs		425,775	458,686
Payments to providers of capital		3,715	3,180
Non-underlying finance expense	5	(300)	(558)
Underlying payments to providers of capital		3,415	2,622
Payments to government		9,076	6,238
Economic value distributed		438,266	467,546

FIVE YEAR SUMMARY

Year ended 30 March 2024

	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Results					
Revenue	463,465	491,753	403,563	363,254	327,364
Underlying* operating profit (before JVs and associates)	37,690	33,067	26,881	25,470	26,978
Underlying* profit before tax	36,545	32,476	27,098	24,331	28,621
Non-underlying items before tax	(13,525)	(5,369)	(6,098)	(3,224)	(2,808)
Profit attributable to equity holders of Severfield plc	15,901	21,566	15,601	17,304	20,415
Assets employed					
Non-current assets	257,476	228,397	230,054	230,076	203,783
Net current assets	12,764	27,572	17,383	22,247	21,068
Non-current liabilities	(49,184)	(38,251)	(43,477)	(61,394)	(41,176)
Net assets	221,056	217,718	203,960	190,929	183,675
Key statistics					
Earnings per share:					
Basic – underlying*	8.94p	8.48p	7.22p	6.43p	7.74p
Basic	5.18p	6.97p	5.05p	5.63p	6.68p
Diluted – underlying*	8.85p	8.39p	7.19p	6.43p	7.70p
Diluted	5.13p	6.90p	5.03p	5.63p	6.64p
Dividends per share	3.70p	3.40p	3.10p	2.90p	2.90p
Dividend cover (times) – underlying* basis	2.4	2.4	2.4	2.2	2.7
Share price – high	76.20p	75.49p	84.80p	79.90p	96.00p
– low	48.10p	46.65p	62.60p	51.20p	57.20p

* The basis of stating results on an underlying basis is set out on pages 180 to 181.

FINANCIAL CALENDAR

Preliminary announcement of full-year results	19 June 2024
Publication of annual report	July 2024
Annual general meeting	30 July 2024
Announcement of interim results (provisional)	20 November 2024

COMPANY BALANCE SHEET

Year ended 30 March 2024

	Note	Year ended 30 March 2024 £000	Year ended 25 March 2023 £000
Non-current assets			
Tangible assets	2	54,778	58,602
Intangible assets		167	208
Right-of-use asset	3	1,713	2,061
Investments	4	181,607	152,598
Debtors – amounts falling due after one year	5	18,091	106,898
		256,356	320,367
Current assets			
Debtors – amounts falling due within one year	5	8,060	11,312
Cash at bank		–	1,845
		8,060	13,157
Current liabilities			
Bank overdraft		(4,541)	–
Trade and other payables	6	(100,699)	(179,121)
Provisions		(3,373)	–
Financial liabilities – borrowings		(6,200)	(4,150)
Financial liabilities – leases		(327)	(287)
		(115,140)	(183,558)
Non-current liabilities			
Trade and other payables	6	(1,095)	(2,377)
Financial liabilities – borrowings		(13,800)	(4,800)
Financial Liabilities – leases		(1,458)	(1,786)
		(16,353)	(8,963)
Total assets less liabilities		132,923	141,003
Capital and reserves			
Share capital		7,739	7,739
Share premium		88,522	88,522
Other reserves		3,189	5,950
Profit and loss account		33,473	38,792
Equity and total shareholders' funds		132,923	141,003

The Company reported a profit for the financial year ended 30 March 2024 of £5,361,000 (2023: profit of £7,847,000).

The financial statements were approved by the board of directors on 19 June 2024 and signed on its behalf by:

ALAN DUNSMORE

CHIEF EXECUTIVE OFFICER

ADAM SEMPLE

CHIEF FINANCIAL OFFICER

Severfield plc
Registered in England No.1721262

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 March 2024

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 26 March 2023	7,739	88,522	5,950	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

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 27 March 2022	7,738	88,511	3,485	39,867	139,601
Total comprehensive income for the year	–	–	–	7,847	7,847
Ordinary shares issued*	1	11	–	–	12
Equity settled share-based payments	–	–	2,465	955	3,420
Dividends paid	–	–	–	(9,877)	(9,877)
At 25 March 2023	7,739	88,522	5,950	38,792	141,003

* The issue of shares represents shares allotted to satisfy the 2018, 2020 and 2021 and Sharesave scheme.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year ended 30 March 2024

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 138 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 is 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 26 March 2023	66,129	688	33	66,850
Additions	–	1,210	–	1,210
Disposals	–	–	(33)	(33)
At 30 March 2024	66,129	1,898	–	68,027
Accumulated depreciation				
At 26 March 2023	7,932	285	31	8,248
Charge for the year	559	45	–	604
Impairments	4,428	–	–	4,428
Disposals	–	–	(31)	(31)
At 30 March 2024	12,919	330	–	13,249
Carrying amount				
At 30 March 2024	53,210	1,568	–	54,778
At 25 March 2023	58,197	403	2	58,602

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 (2023: £600,000), which is set at a rate only to cover certain of the costs of maintaining the properties.

The impairment charge against fixed assets is included in the consolidated income statement as part of operating costs and is classified as a non-underlying item (see note 5 to the Group's consolidated financial statements).

3. Right-of-use assets

	Long leasehold land and buildings £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 26 March 2023	794	1,284	90	2,168
Disposals	–	–	(45)	(45)
At 30 March 2024	794	1,284	45	2,123
Accumulated depreciation				
At 26 March 2023	7	42	58	107
Charge for the year	79	258	10	347
Disposals	–	–	(44)	(44)
At 30 March 2024	86	300	24	410
Carrying amount				
At 30 March 2024	708	984	21	1,713
At 25 March 2023	787	1,242	32	2,061

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year ended 30 March 2024

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 30 March 2024 is disclosed below. All of these had a reporting period ended 30 March 2024, except where indicated.

Name of undertaking	Incorporated in	Class of capital
100% owned by Severfield plc		
Severfield Commercial and Industrial Limited (formerly Severfield (UK) Limited)	England and Wales	Ordinary
Severfield Commercial and 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 B.V. ⁽ⁱⁱ⁾	Netherlands	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 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 2022.

** 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 2023.

Registered office classification key:

⁽ⁱ⁾ Fisher House, Main Street, Ballinamallard, Enniskillen, Co Fermanagh BT94 2FY

⁽ⁱⁱ⁾ Gildelaan 11 2e Verdiepin, 4761 BA Zevenbergen

⁽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, Santacruz 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

	2024 £000	2023 £000
Investment in subsidiaries	146,079	119,671
Investment in joint ventures	35,528	32,927
	181,607	152,598
Investment in subsidiaries		£000
Cost		
At 26 March 2023		119,671
Investment in the year		26,408
At 30 March 2024		146,079
Provision for impairment		
At 30 March 2024		–
Net book value		
At 30 March 2024		146,079
At 26 March 2023		119,671

Investment in joint ventures

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, serving primarily the Indian market.

JSW Severfield Structures Limited is registered in India. During the financial year the company invested £2,781,000 in the joint venture for the purchase of land in Gujarat to facilitate future expansion, taking the total equity investment in JSSL to £26.2m (2023: £23.4m). The investment is carried in Severfield Mauritius Limited, a wholly owned subsidiary of the Company.

5. Debtors – amounts falling due within one year

	2024 £000	2023 £000
Current assets		
Other debtors	2,035	1,488
Amounts owed by JVs and associates	252	179
Corporation tax recoverable	5,773	9,645
	8,060	11,312
Non-current assets		
Amounts owed by subsidiary undertakings	18,091	106,898
	18,091	106,898

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 30 March 2024 or 25 March 2023.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

Year ended 30 March 2024

6. Creditors – amounts falling due within one year

	2024 £000	2023 £000
Current liabilities		
Other creditors and accruals	7,611	16,082
Amounts owed to subsidiary undertakings	86,186	156,640
Amounts owed to JVs and associates	346	129
Deferred tax liability (note 7)	6,556	6,270
	100,699	179,121

	2024 £000	2023 £000
Non-current liabilities		
Other creditors and accruals	1,095	2,377
	1,095	2,377

7. Provisions

	Legacy employment tax	Total
Balance at 26 March 2023	–	–
Provisions made during the year	4,413	4,413
Provisions used during the year	(1,040)	(1,040)
Balance at 30 March 2024	3,373	3,373

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

Legacy employment tax charge

During the year, HMRC raised an assessment for historical income tax and national insurance ('NIC') liabilities. The Group disputes the charge and is in ongoing discussions with HMRC to bring this matter to a conclusion. Notwithstanding this, since HMRC has issued formal determinations for the amounts it considers are due, a provision has been recognised to reflect the amounts claimed by HMRC.

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.

	2024 £000	2023 £000
Deferred tax liabilities	(7,027)	(6,779)
Deferred tax assets	471	509
	(6,556)	(6,270)

Deferred tax – movement for the year:

	Excess capital allowances £000	Other temporary differences £000	Total £000
At 27 March 2022	(6,852)	297	(6,555)
Current year credit	73	212	285
At 26 March 2023	(6,779)	509	(6,270)
Current year charge	(248)	(38)	(286)
At 30 March 2024	(7,027)	471	(6,556)

9. Contingent liabilities

The Company has provided an unlimited multilateral guarantee to secure any bank overdrafts and loans of all other Group companies. At 30 March 2024 these amounted to £3,409,000 (2023: £nil).

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 (formerly Severfield (UK) 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 (formerly Severfield (NI) Limited)

Fisher House
Ballinamallard
Enniskillen
Co Fermanagh
BT94 2FY

Severfield (Products & Processing) Limited

Severs House
Dalton Airfield
Industrial Estate
Dalton, Thirsk
North Yorkshire
YO7 3JN

Severfield Europe B.V.

Gildelaan 11
4761 BA Zevenbergen
The 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
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Bharat Nagar, Bandra East
Mumbai 400 051
India

Construction Metal Forming Limited

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Old Abergavenny Road
Mamhilad
Monmouthshire, NP4 0JJ

Severfield Europe Holding B.V. (formerly Voortman Steel Construction Holding B.V.)

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Public Relations

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Stockbrokers

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International Limited

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HSBC Bank plc

Maingate
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Team Valley Trading Estate
Gateshead, NE11 0BE

Solicitor

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Registrars

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Severfield

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