

24 July 2025

Results for the year ended 29 March 2025

Diversified order book of £444m supports unchanged expectations for FY26, well-positioned in markets with positive long-term growth trends

Severfield plc, the market leading structural steel group, announces its results for the year ended 29 March 2025.

£m	Year ended ³ 29 March 2025	Year ended ³ 30 March 2024	Change
Revenue	450.9	463.5	-3%
Underlying ¹ operating profit (before JVs and associates)	21.7	37.7	-42%
Underlying ¹ operating margin (before JVs and associates)	4.8%	8.1%	-330 bps
Operating (loss) / profit	(13.7)	26.4	-152%
Operating margin	(3.0)%	5.7%	-870 bps
Underlying ¹ profit before tax	18.1	36.5	-50%
(Loss) / profit before tax	(17.5)	23.0	-176%
Underlying ¹ basic earnings per share	4.3p	8.9p	-52%
Basic (loss) / earnings per share	(4.7)p	5.2p	-190%
Underlying ¹ return on capital employed ('ROCE')	9.3%	17.5%	-820 bps

Headlines

- Revenue of £450.9m (2024: £463.5m)
- Underlying¹ profit before tax of £18.1m (2024: £36.5m) reflects tougher market conditions
- Underlying¹ basic earnings per share of 4.3p (2024: 8.9p)
- Net debt (on a pre-IFRS-16 basis²) of £43.1m (2024: £9.4m), includes amortising term loans of £13.8m, year-end leverage (on a pre-IFRS-16 basis²) of 1.2x
- Non-underlying items of £35.6m include estimated bridge testing and remedial costs (net of insurance recoveries) of £23.4m - bridge insurance settlement now agreed
- Diversified UK and Europe order book of £444m at 1 July 2025 (1 November 2024: £410m), of which £324m is for delivery over the next 12 months, includes new industrial, data centre, infrastructure, energy and commercial office orders
- Continued strategic progress in India - record JSSL order book of £240m at 1 July 2025 (1 November 2024: £197m), new production facilities in Gujarat expected to be operational in FY26
- Successful extension of £60m revolving credit facility to December 2027

Outlook

- UK and Europe:
 - Market for structural steelwork remains subdued
 - Tighter prices continue to impact our profitability in the short-term and some projects are not being awarded or progressing within normal timescales
 - Anticipated recovery in some sectors has been slower than expected albeit tendering activity has improved recently
 - We continue to see some good projects coming to market, particularly for FY27
- India: despite lower profits in FY25 due to lower output, we are well-positioned to take advantage of significant growth opportunities, with new markets being targeted, and a very encouraging outlook for structural steel
- Our position as the UK's largest and most diverse structural steelwork specialist provides a strong competitive advantage
- Our businesses remain well-positioned to win work in markets with excellent longer-term growth opportunities including those which are driving the green energy transition - our strategic growth targets remain unchanged
- Our expectations for FY26 are unchanged from those communicated at the time of the trading update on 3 March

Charlie Cornish, Non-Executive Chairman commented:

"After many years of strong profit growth, FY25 was a difficult year for the Group. Whilst we performed well operationally, delivering a diverse range of projects for clients across many of our key market sectors, tough market conditions in the UK and Europe, combined with the ongoing bridge remedial works programme, contributed to weaker financial results. In response to these challenges, we have taken and continue to take appropriate cost reduction and cash conservation measures. Despite the current market backdrop, we have secured a strong baseload

recovery and cash conservation measures. Despite the current market backdrop, we have secured a strong backlog of work for FY26 and into FY27, and we continue to see some good projects coming to market. Supported by our stronger financial position and proven track record of delivery, we are well placed to benefit from the anticipated market recovery.

Looking further ahead, we have a prominent position in market sectors with strong growth potential and are well-positioned to win projects in markets with positive long-term growth trends including those which are driving the green energy transition. We welcome the UK Government's commitments in the recent spending review and 10 Year Infrastructure Strategy to stimulating economic growth through maintaining, improving and expanding UK infrastructure and its commitment to invest in energy, transport and critical national infrastructure projects. Our positioning and prospects in these markets underpin the Board's confidence in the Group's ability to deliver attractive shareholder returns in the future and provides us with a strong platform to fulfil our strategic growth aspirations."

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Notes to financials:

¹ stated before non-underlying items of £35.6m (2024: £13.5m) including estimated bridge testing and remedial costs (net of insurance recoveries) of £23.4m (2024: £nil), other bridge-related costs of £9.1m (2024: £nil), the amortisation of acquired intangible assets of £2.6m (2024: £5.4m) and other non-underlying costs of £2.9m (2024: £nil). These costs have been offset by a legacy employment tax credit of £1.4m (2024: charge of £4.4m) and a net acquisition-related credit of £1.0m (2024: £0.8m). Non-underlying items have been separately identified by virtue of their magnitude or nature to enable a full understanding of the Group's financial performance and to make year-on-year comparisons. They are excluded by management for planning, budgeting and reporting purposes and for the internal assessment of operating performance across the Group and are normally excluded by investors, analysts and brokers when making investment and other decisions (see note 8).

² 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 (see note 8).

³ except as otherwise stated '2024 and FY24' and '2025 and FY25' refer to the 53-week period ended 30 March 2024 and the 52-week period ended 29 March 2025, respectively. '2026 and FY26' and '2027 and FY27' refer to the 52-week periods ending 28 March 2026 and 27 March 2027, respectively. The Group's accounts are made up to an appropriate weekend date around 31 March each year.

⁴ a reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures ('APMs') section (see note 8).

Notes to editors:

Severfield is the UK's market leader in the design, fabrication and construction of structural steel, with a total capacity of c.150,000 tonnes of steel per annum. The Group has seven sites, c.1,800 employees and expertise in large, complex projects across a broad range of sectors. The Group also has an established presence in the expanding Indian market through its joint venture partnership with JSW Steel (India's largest steel producer).

INTRODUCTION

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

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

In light of the trading pressures that the Group is currently facing, we continue to take appropriate cost reduction actions. In March, we completed a headcount review which has resulted in a reduction in Group headcount of c.6 per cent through a combination of redundancies and the non-recruitment of approved vacancies. In addition, there is an enhanced focus on cash generation and conservation. This includes careful working capital management, the acceleration of certain tax refunds from HMRC, a reduction in planned capital expenditure, taking into account the significant investment in the asset base over recent years, the disposal of certain non-core assets, and other ongoing cost reduction actions in support of a stronger balance sheet and our objective of improving ROCE. Net debt (pre-IFRS-16 basis²) at the year-end was £43.1m, which represented RCF drawings of £29.3m and amortising term loans of £13.8m, providing facility headroom of c.£30m.

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

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

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

BRIDGE REMEDIAL WORKS

As reported in the half year results announcement, the Group identified some bridge structures which were not in compliance with the client's weld specification requirements, predominantly relating to 12 bridge projects that are either ongoing or were completed over the past four years. The issues all arise out of a particular bridge specification and related sub-optimal choices of welding procedures, exacerbated by limitations in the specified weld testing regime for these projects. The programme of testing and remedial work to resolve the issue is progressing as expected. In FY25, a net non-underlying charge of £23.4m was recognised, representing estimated testing and remedial costs of £43.4m for all the affected bridge projects noted above, offset by insurance recoveries of £20.0m which have been agreed with the Group's professional indemnity ('PI') insurers. The Group has incurred testing and remedial cash costs of £19.0m in FY25 and the remaining cash costs are expected to be incurred in FY26 and FY27. The insurance recoveries are expected to be received in H1 FY26.

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

OUTLOOK

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

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

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

STRATEGY

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

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

RESULTS OVERVIEW

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

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

*The references to underlying operating profit (before JVs and associates) and underlying profit before tax are set out on page 2. A reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures (APMs) section (see note 8).

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

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

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

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

Non-underlying items

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

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

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

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

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

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

OPERATIONAL REVIEW

UK AND EUROPE

Maintaining contract selectivity and bidding discipline to ensure there remains an appropriate balance of risk in the order book is of critical importance to the future success of the Group. Almost all of our work continues to be derived through either negotiated, framework or two-stage bidding procurement processes, in line with our established approach to strong risk management, commercial discipline and careful contract selection. The Group is pleased with the volume of work secured in the UK and Europe order book which stands at £444m at 1 July (1 November: £410m), of which £324m is for delivery over the next 12 months. The order book remains well-diversified and contains a good mix of projects across the Group's key market sectors including in Europe, with 22 per cent of the order book representing projects in continental Europe and Ireland (1 November: 29 per cent), reflecting our established access to growing market sectors and our prominent market position in Europe.

In the second half of the year, despite the absence of large 'anchor' projects coming to market, we continued to

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

Looking further ahead, we welcome the UK Government's focus on stimulating economic growth through maintaining, improving and expanding UK infrastructure and its commitment to invest in energy, transport and critical national infrastructure projects to achieve this goal. This commitment was reaffirmed in the Government's multi-year spending review and 10 Year Infrastructure Strategy which were announced in June. Many of our chosen markets continue to have a favourable long-term outlook - the Group has a prominent position in market sectors with strong growth potential and is well-positioned to win projects in support of a low-carbon economy and to deliver energy security. These include opportunities in both Commercial and Industrial and Nuclear and Infrastructure, such as battery plants, energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects together with work in the transport, nuclear and power and energy sectors given our capability to deliver major infrastructure projects.

Project Horizon

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

To date, based on the original plan, we have successfully completed 29 projects, and a further 21 of the 59 projects that we have classified as short to medium term are currently on-going. Our dedicated project team is currently self-funded through annual savings, with further benefits being tracked as more of the identified projects and initiatives are implemented.

Core Construction Operations

£m	2025	2024	Change
Revenue	435.4	449.2	-3%
Underlying operating profit (before JVs and associates)	21.3	37.4	-43%
Underlying profit before tax	21.3	37.4	-43%
Revenue:			
Commercial and Industrial	349.6	361.8	-3%
Nuclear and Infrastructure	85.9	87.4	-2%

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

Commercial and Industrial

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

During the year, work progressed on the SeAH Wind monopile manufacturing facility in Teesside and the AESC UK (Envision) battery plant in Sunderland, both of which are nearly complete, together with a manufacturing facility for BAE in Scotland, an Energy from Waste facility in London and a petrochemical project for Ineos in Belgium. We have also worked on a number of data centre projects including two for Google in Belgium and the Netherlands, one in Dublin and a package of data centres in Sweden, together with various mid-sized office developments, both in London and Ireland (including Harcourt Square in Dublin and Salisbury Square, 334 Oxford Street and 105 Victoria, in London).

The Commercial and Industrial order book at 1 July was £214m (1 November: £202m). This includes projects secured in recent months such as new industrial facilities, commercial offices, data centres and distribution centres. We have now secured the full order for the new state-of-the-art battery gigafactory for Agratas in Somerset, which will initially supply batteries for Jaguar Land Rover and Tata Motors. This facility, for which production commenced in early FY26, is set to be the largest of its kind in the UK once it is fully operational, and by the early 2030s could provide 40 per cent of the batteries needed by the domestic car industry.

We have already secured some attractive large projects for FY27 and we continue to see opportunities in markets which are driving the green energy transition such as energy efficient buildings, manufacturing facilities for renewable energy and offshore wind projects, together with new battery gigafactories in the UK and Europe. The Group's manufacturing scale, speed of construction and on-time delivery capabilities, leaves us well-positioned to win work from such projects, the majority of which are likely to be designed in steel. Demand for data centres in the UK and Europe remains strong and we are also seeing the emergence of several large commercial office opportunities in London. We are currently supporting clients on some of these office projects with cost planning and buildability advice.

Strategic targets are unchanged: to grow revenues in line with GDP, enhanced by our European operations, with margins of 8-10 per cent.

Nuclear and Infrastructure

Revenue has remained broadly flat at £85.9m (2024: £87.4m). During the year, despite the bridge weld issues, we continued our work on road and rail bridges for a variety of clients. From a nuclear perspective, ongoing contracts include work at Hinkley Point and some large projects at Sellafield. In FY25, our nuclear operations were awarded the ISO 19443:2018 certification, making us only the twelfth company in the UK to achieve this accreditation, which sets strict requirements for quality management systems, ensuring compliance with stringent statutory and regulatory

requirements. This achievement also creates new opportunities for the Group in the UK and Europe as a Tier-1 supplier in the nuclear industry.

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

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

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

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

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

Modular Solutions

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

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

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

- Severstor - specialist equipment housings for critical electrical equipment and switchgear,
- Supply chain (steel components for modular homes and buildings) - raw material fabrication and modular systems including steel cassettes and framing, and

- Bulk handling solutions - a high-performance silo discharge system for the bulk handling of materials such as paints and other dispersible solids (of which Rotoflo is the premium product).

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

Despite the modest profit growth, 2025 was another year of progress for the division. The SMS business has seen further growth in its client base for Severstor and for steel framing solutions for modular building manufacturers, which is evident in its growing order book and pipeline of opportunities. For Severstor, we are seeing future opportunities in growth markets such as renewables and data centres, alongside work in areas such as power, rail and oil and gas, and we now have visibility of some large projects in the pipeline (>£5m), several of which we are aiming to convert to orders in FY26. For steel framing solutions, we have recently secured some high-quality orders and we are seeing opportunities for future growth, supported by our expanding customer base, and by CMF's significant cold rolled manufacturing capacity.

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

INDIA

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

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

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

Despite the underwhelming results in FY25, India's construction sector, and the use of steel within construction, continues to grow strongly, supported by public and private sector investment in manufacturing and energy projects, and government investment to improve and expand transport infrastructure. This position is evident in a record order book at 1 July of £240m (1 November: £197m), which contains a strong mix of higher margin commercial work of 86 per cent (1 November: 77 per cent). This includes two major commercial developments in Delhi for DLF India, one of JSSL's key strategic clients, and work for other significant clients such as Webwerks, CtrlS and the Multi-Modal Transport Hub in Ahmedabad. The expanding market picture is reflected in an improving pipeline of potential orders and in numerous growth opportunities in target markets, including commercial real estate, data centres, warehouses, infrastructure and in manufacturing sectors such as steel, cement and speciality chemicals. JSSL is also targeting opportunities for growth markets in new sectors and export markets including in Saudi Arabia, building on its brand and reputation for delivering high-quality steel solutions.

To support this expected market growth, in H2, we increased the factory capacity at the Bellary site from c.100,000 to c.114,000 tonnes (c.164,000 tonnes including sub-contracted work). The development of the new 55-acre site at Gujarat also commenced in H2, with new open yard and factory production facilities expected to be completed and ready for operation in FY26, further increasing JSSL's in-house production capacity from c.114,000 tonnes to c.184,000 tonnes. Further expansion work at Gujarat is expected in future years which, once complete, will result in JSSL's combined factory capacity (Bellary and Gujarat) increasing to c.266,000 tonnes (c.366,000 tonnes including sub-contracted work). The majority of this investment will be financed by debt, provided directly to JSSL by Indian lenders.

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

ESG

Safety

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

Sustainability

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

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

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

FINANCIAL REVIEW

£m	2025	2024	Change
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£m	2023	2024	Change
Revenue	450.9	463.5	-3%
Underlying* operating profit (before JVs and associates)	21.7	37.7	-42%
Underlying* operating margin (before JVs and associates)	4.8%	8.1%	-330 bps
Underlying* profit before tax	18.1	36.5	-50%
Underlying* basic earnings per share	4.3p	8.9p	-52%
Operating (loss) / profit	(13.7)	26.4	-152%
Operating margin	(3.0)%	5.7%	-870 bps
(Loss) / profit before tax	(17.5)	23.0	-176%
Basic (loss) / earnings per share	(4.7)p	5.2p	-190%
Underlying return on capital employed ('ROCE')	9.3%	17.5%	-820 bps

* The basis for stating results on an underlying basis is set out on page 3. A reconciliation of the Group's underlying results to its statutory results is provided in the Alternative Performance Measures ('APMs') section (see note 8).

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

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

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

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

Cash flow and financing

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

** The Group excludes IFRS 16 lease liabilities from its measure of net funds / debt as they are excluded from the definition of net debt as set out in the Group's borrowing facilities. A reconciliation of the Group's underlying results to its statutory results is provided in the APMs section (see note 8).

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

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

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

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

Pensions

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

Dividends and capital allocation

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

context, the board has established the following disciplined capital allocation policy.

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

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

Charlie Cornish
Non-Executive Chairman
24 July 2025

Adam Semple
Chief Financial Officer

Consolidated income statement
For the year ended 29 March 2025

	2023	00	3	2022		
	Year ended 29 March 2025			Year ended 30 March 2024		
	Underlying 2025 £000	Non- underlying 2025 £000	Total 2025 £000	Underlying 2024 £000	Non- underlying 2024 £000	Total 2024 £000
Revenue	450,913	-	450,913	463,465	-	463,465
Operating costs	(429,260)	(35,475)	(464,735)	(425,775)	(13,225)	(439,000)
Operating profit/(loss) before share of results of JVs and associates	21,653	(35,475)	(13,822)	37,690	(13,225)	24,465
Share of results of JVs and associates	101	-	101	1,950	-	1,950
Operating profit/(loss)	21,754	(35,475)	(13,721)	39,640	(13,225)	26,415
Net finance expense	(3,621)	(170)	(3,791)	(3,095)	(300)	(3,395)
Profit/(loss) before tax	18,133	(35,645)	(17,512)	36,545	(13,525)	23,020
Tax	(5,195)	8,620	3,425	(9,076)	1,957	(7,119)
Profit/(loss) for the year attributable to the equity holders of the parent	12,938	(27,025)	(14,087)	27,469	(11,568)	15,901

Earnings per share:

Basic	4.28p	(8.92)p	(4.66)p	8.94p	(3.76)p	5.18p
Diluted	4.28p	(8.92)p	(4.66)p	8.85p	(3.72)p	5.13p

Further details of 2025 non-underlying items are disclosed in note 3. A reconciliation of the Group's underlying results to its statutory results is disclosed in note 8.

Consolidated statement of comprehensive income
For the year ended 29 March 2025

	Year ended 29 March 2025 £000	Year ended 30 March 2024 £000
Items that will not be reclassified to profit and loss:		
Actuarial gain/(loss) on defined benefit pension scheme	2,313	(745)
Share of other comprehensive income of JVs and associates accounted for using the equity method	-	869
Tax relating to components that will not be reclassified	(578)	186
	1,735	310
Items that may be reclassified to profit and loss:		
Gains taken to equity on cash flow hedges	809	1,239
Reclassification adjustments on cash flow hedges	(1,529)	(314)
Exchange difference on foreign operations	(5,663)	(264)
Tax relating to components that may be reclassified	175	(398)
	(6,208)	263
Other comprehensive income/(expense) for the	(4,473)	573

year	(15,715)	370
Profit/(loss) for the year from continuing operations	(14,087)	15,901
Total comprehensive income/(expense) for the year attributable to equity holders of the parent	(18,560)	16,474

Consolidated balance sheet
As at 29 March 2025

	As at 29 March 2025 £000	As at 30 March 2024 £000
ASSETS		
Non-current assets		
Goodwill	97,587	98,469
Other intangible assets	2,809	5,508
Property, plant and equipment	96,699	96,434
Right-of-use assets	20,051	18,651
Interests in JVs and associates	32,936	37,364
Deferred tax assets	1,584	1,828
Contract assets, trade and other receivables	2,618	1,050
	254,284	259,304
Current assets		
Inventories	11,809	11,648
Contract assets, trade and other receivables	116,393	88,334
Derivative financial instruments	103	675
Current tax assets	2,793	4,646
Cash and cash equivalents	15,520	13,803
	146,618	119,106
Total assets	400,902	378,410
LIABILITIES		
Current liabilities		
Bank overdrafts	-	(3,409)
Trade and other payables	(82,092)	(78,934)
Provisions	(30,508)	(11,819)
Financial liabilities - borrowings	(6,200)	(6,200)
Financial liabilities - leases	(4,097)	(2,931)
	(122,897)	(103,293)
Non-current liabilities		
Trade and other payables	(130)	(1,095)
Provisions	(7,581)	-
Retirement benefit obligations	(6,855)	(11,464)
Financial liabilities - borrowings	(52,600)	(13,800)
Financial liabilities - leases	(16,364)	(16,142)
Deferred tax liabilities	(11,515)	(11,865)
	(95,045)	(54,366)
Total liabilities	(217,942)	(157,659)
NET ASSETS	182,960	220,751
EQUITY		
Share capital	7,405	7,739
Share premium	88,522	88,522
Other reserves	(924)	4,728
Retained earnings	87,957	119,762
TOTAL EQUITY	182,960	220,751

Consolidated statement of changes in equity
For the year ended 29 March 2025

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
At 31 March 2024	7,739	88,522	4,728	119,762	220,751
Total comprehensive income for the year	-	-	(6,383)	(12,177)	(18,560)
Equity settled share-based payments	-	-	(920)	2,115	1,195
Purchase of owned shares	-	-	(9,262)	-	(9,262)
Cancellation of own shares	(334)	-	9,596	(9,262)	-
Allocation of owned shares	-	-	1,317	(1,317)	-
Dividend paid	-	-	-	(11,164)	(11,164)
At 29 March 2025	7,405	88,522	(924)	87,957	182,960

	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	1,944	16,474
Equity settled share-based payments	-	-	(1,234)	3,007	1,773
Purchase of owned shares	-	-	(4,500)	-	(4,500)
Allocation of owned shares	-	-	2,973	(2,973)	-
Dividend paid	-	-	-	(10,714)	(10,714)
At 30 March 2024	7,739	88,522	4,728	119,762	220,751

Consolidated cash flow statement
For the year ended 29 March 2025

	Year ended 29 March 2025 £000	Year ended 30 March 2024 £000
Net cash flow (used in)/from operating activities	(522)	45,136
Cash flows from investing activities		
Proceeds on disposal of other property, plant and equipment	909	408
Purchases of land and buildings	(32)	(410)
Purchases of other property, plant and equipment	(7,796)	(10,911)
Acquisition of subsidiary, net of cash acquired	-	(22,551)
Investment in JVs and associates	-	(2,801)
Payment of deferred and contingent consideration	(120)	(1,183)
Net cash used in investing activities	(7,039)	(37,448)
Cash flows from financing activities		
Interest paid	(3,185)	(3,220)
Dividends paid	(11,164)	(10,714)
Purchase of owned shares (net of SAYE cash received)	(8,556)	(3,120)
Proceeds from borrowing	45,000	19,000
Repayment of borrowings	(6,200)	(7,950)
Repayment of obligations under finance leases	(3,208)	(2,628)
Net cash from/(used in) financing activities	12,687	(8,632)
Net increase/(decrease) in cash and cash equivalents	5,126	(944)

Cash and cash equivalents at beginning of year	10,394	11,338
Cash and cash equivalents at end of year	15,520	10,394

1) Basis of preparation

The preliminary announcement has been prepared on the basis of accounting policies as set out in the statutory accounts for the year ended 29 March 2025. The consolidated financial statements have been prepared on the historical cost convention, except for the revaluation of financial instruments. The financial statements are prepared in accordance with UK-adopted International Accounting Standards and in conformity with the Companies Act 2006.

The preliminary announcement is made up to an appropriate Saturday around 31 March each year. For 2025, trading is shown for the 52-week period ended on 29 March 2025 (2024: 53-week period ended on 30 March 2024).

The financial statements of the Group's joint venture, JSSL, are made up to the year ended 31 March 2025 (2024: year ended 31 March 2024).

The preliminary announcement does not constitute the statutory financial statements of the Group within the meaning of Section 434 of the Companies Act 2006. The statutory financial statements for the year ended 30 March 2024 have been filed with the Registrar of Companies. The auditor has reported on those financial statements and on the statutory financial statements for the year ended 29 March 2025, which will be filed with the Registrar of Companies following the annual general meeting. Both the audit reports were unqualified, did not draw attention to any emphasis of matter, without qualifying their report, and did not contain any statements under Section 498(2) or (3) of the Companies Act 2006.

The preliminary announcement has been agreed with the Company's auditor for release.

2) Segment reporting

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 Severfield Europe Holdings ('SEH').
- **Modular Solutions** - comprising Severfield Modular Solutions ('SMS') and the Group's share of profit (50 per cent) from the joint venture company, Construction Metal Forming Limited ('CMF').

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

The C&I and N&I divisions presented in the operational review of the preliminary announcement 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	Modular Solutions	JSSL	Central costs/ eliminations	Total
Year ended 29 March 2025:	£000	£000	£000	£000	£000
Revenue	435,448	24,152	-	(8,687)	450,913
Underlying operating profit	21,285	368	-	-	21,653
<i>Underlying operating profit margin</i>	<i>4.9%</i>	<i>1.5%</i>			4.8%
Result from joint ventures					
- Bouwcombinatie Van Wijnen	6	-	-	-	6
- CMF	-	8	-	-	8
- JSSL	-	-	87	-	87
Finance costs	-	-	-	(3,621)	(3,621)
Underlying profit before tax	21,291	376	87	(3,621)	18,133
Non-underlying items (note 3)	(36,610)	-	-	965	(35,645)

Profit/(loss) before tax	(15,319)	376	87	(2,656)	(17,512)
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Other material items of income and expense:

- Depreciation of owned property, plant and equipment	(7,028)	(189)	-	-	(7,217)
- Depreciation of right-of-use assets	(2,709)	(42)	-	-	(2,751)
- Other operating income	2,557	344	-	-	2,901

	Core Construction Operations	Modular Solutions	JSSL	Central costs/ eliminations	Total
Year ended 30 March 2024:	£000	£000	£000	£000	£000
Revenue	449,168	21,489	-	(7,192)	463,465
Underlying operating profit	37,430	260	-	-	37,690
<i>Underlying operating profit margin</i>	<i>8.3%</i>	<i>1.2%</i>			<i>8.1%</i>
Result from joint ventures					
- CMF	-	92	-	-	92
- JSSL	-	-	1,858	-	1,858
Finance costs	-	-	-	(3,095)	(3,095)
Underlying profit before tax	37,430	352	1,858	(3,095)	36,545
Non-underlying items (note 3)	(14,270)	(115)	-	860	(13,525)
Profit before tax	23,160	237	1,858	(2,235)	23,020

Other material items of income and expense:

- Depreciation of owned property, plant and equipment	(6,317)	(163)	-	-	(6,480)
- Depreciation of right-of-use assets	(2,644)	(39)	-	-	(2,683)
- Other operating income	1,625	245	-	-	1,870

Revenue

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

	2025 £000	2024 £000
Commercial and Industrial	349,588	361,734
Nuclear and Infrastructure	85,860	87,434
Core Construction Operations	435,448	449,168
Modular Solutions	24,152	21,489
Elimination of inter-segment revenue (Modular Solutions)	(8,687)	(7,192)
Total Group revenue	450,913	463,465

Geographical information

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

Core Construction Operations - revenue by destination	2025 £'000	2024 £'000
United Kingdom	265,300	367,127
Republic of Ireland and continental Europe	170,148	82,041

	435,448	449,168
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	2025	2024
	£'000	£'000
Modular Solutions - revenue by destination		
United Kingdom	23,007	17,486
Republic of Ireland and continental Europe	1,145	4,003
	24,152	21,489
Elimination of intercompany revenue (UK)	(8,687)	(7,192)
	15,465	14,297

All revenue is derived from construction contracts and related assets. Group revenue includes revenue of £50,262,000 (2024: £100,189,000), relating to one major client (2024: one major client), who individually contributed more than 10 per cent of Group revenue in the year ended 29 March 2025.

3) Non-underlying items

	2025	2024
	£000	£000
Amortisation of acquired intangible assets	2,609	5,399
Bridge remedial and testing costs	43,367	-
Insurance recovery	(20,000)	-
Other bridge related costs	9,159	-
Legacy employment tax charge	(1,373)	4,413
Other non-underlying costs	2,848	-
Asset impairment charges	-	4,543
	(965)	(830)
Acquisition-related credits		
Non-underlying items before tax	35,645	13,525
Tax on non-underlying items	(8,620)	(1,957)
Non-underlying items after tax	27,025	11,568

The amortisation of acquired intangible assets of £2,609,000 (2024: £5,399,000) represents the amortisation of customer relationships, order books and brand name, which were identified on the acquisitions of Harry Peers, DAM Structures and VSCH in 2020, 2021 and 2023, respectively.

The bridge testing and remedial costs of £43,367,000 relate to the ongoing programme of bridge remedial work and represent works undertaken during FY25 and an estimate of remaining testing and remedial costs for all affected bridge projects. The Group has recognised an insurance receivable in respect of the bridge testing and remedial costs, in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and IFRS 9 (Financial Instruments). The receivable has been recognised as the recovery is considered virtually certain and the amount can be reliably measured. It is presented as a current asset within trade and other receivables.

Other bridge related costs of £9,159,000 include £4,200,000 in relation to the reversal of previously recognised variation orders, due to delays in payment and increased uncertainty over their recoverability, and £4,959,000 in respect of provisions for third-party claims. The overall contract value has been reduced by £9,159,000 to reflect a decrease in variable consideration. The impact in FY25 is to reduce revenue by £5,626,000 based on the associated stage of completion, with the remaining balance recognised as a loss provision through cost of sales. The full amount of £9,159,000 has been presented as a single non-underlying expense as the directors believe presenting an underlying result which excludes the effect of bridge remedial works to be meaningful and useful information and facilitates analysis of the impact of the remedial programme. In the absence of notification of any further consequential claims and noting that, in certain cases, such claims may be limited by contractual liability caps, the Group's current assumption is that any further costs will remain with the respective parties.

Other non-underlying costs include £1,342,000 in redundancy and severance costs associated with a headcount reduction programme aimed at improving operational efficiency, as well as severance costs relating to the departure of the former CEO. In addition, legal and other costs of £1,506,000 were incurred in connection with the bridge testing and remedial programme.

Costs related to the bridge weld issue, along with the associated insurance recovery income, and redundancies have been separately identified and presented as non-underlying items, reflecting their one-off and material nature.

During the prior year, HMRC issued an assessment for historical income tax and National Insurance Contributions ('NIC'). While the Group initially disputed the charge, official determinations were subsequently issued by HMRC, and a liability of £4,413,000 was recognised in the 2024 financial results. During the current year, the Group reached a final settlement with HMRC, resulting in a reduction of the liability. Consequently, a credit of £1,373,000 was recognised within non-underlying items. The separate presentation within non-underlying items reflects the one-off and material nature of the costs in the prior year and the associated credit in the current year.

The prior year impairment charge of £4,543,000 related to the write-down of assets at the Group's leasehold facility in Sherburn, following notification of the landlord's intention to terminate the lease. As a result, an impairment review of property, plant and equipment was undertaken, leading to a non-cash charge.

A corresponding corporation tax charge or credit applies to all of the above non-underlying items, except for amortisation costs, which attract a deferred tax credit, and the DAM acquisition costs, which are non-deductible for tax purposes. For tax on non-underlying items in the year a credit of £8,620,000 has been

recognised for tax purposes for tax on non-underlying items in the year a credit of £593,000 has been recognised, comprising a tax credit on non-underlying items of £9,213,000, offset by a charge of £593,000 relating to prior year adjustments.

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).

4) Taxation

The taxation charge comprises:

	2025 £000	2024 £000
Current tax		
Corporation tax charge	3,945	(5,649)
Foreign tax relief / other relief	445	70
Foreign tax suffered	(445)	(70)
Adjustments to prior years' provisions	(1,088)	136
	2,857	(5,513)
Deferred tax		
Current year charge	73	(973)
Adjustments to prior years' provisions	495	(633)
	568	(1,606)
Total tax charge	3,425	(7,119)

5) Dividends

	2025 £000	2024 £000
Amounts recognised as distributions to equity holders in the year:		
2024 final - 2.3p per share (2024: 2.1p per share)	7,013	6,423
2025 interim - 1.4p per share (2024: 1.4p per share)	4,151	4,291
	11,164	10,714

The directors have made the decision to suspend the final dividend (2024: 2.3p per share).

6) Earnings per share

Earnings per share is calculated as follows:

	2025 £000	2024 £000
Earnings for the purposes of basic earnings per share being net profit attributable to equity holders of the parent company	(14,087)	15,901
Earnings for the purposes of underlying basic earnings per share being underlying net profit attributable to equity holders of the parent company	12,938	27,469
Number of shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	302,512,024	307,131,912
Effect of dilutive potential ordinary shares	-	3,093,177
Weighted average number of ordinary shares for the purposes of diluted earnings per share	302,512,024	310,225,089
Basic earnings per share	(4.66)p	5.18p
Underlying basic earnings per share	4.28p	8.94p
Diluted earnings per share	(4.66)p	5.13p
Underlying diluted earnings per share	4.28p	8.85p

Basic earnings per share is calculated by dividing the profit after tax attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held in employee benefit trusts. These shares are treated as cancelled for the purpose of the calculation as dividend

employee benefit trusts. These shares are treated as cancelled for the purpose of the calculation, as shareholders' rights have been waived other than for a nominal amount.

For the purposes of diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to reflect the potential dilutive effect of outstanding share awards. However, as the Group incurred a loss for the year, no such adjustment has been made, in accordance with IAS 33, since the inclusion of potentially dilutive shares would be anti-dilutive.

Underlying earnings per share are also presented to provide a more representative measure of the Group's underlying financial performance, excluding the impact of non-underlying items.

7) Net cash flow from operating activities

	2025 £000	2024 £000
Profit/(loss) before tax	(17,512)	23,020
Adjustments:		
Net finance expense	3,791	3,395
Depreciation - property, plant and equipment	7,217	6,480
Depreciation - right-of-use assets	2,729	2,683
Fixed asset impairments	-	4,543
Gain on disposal of other property, plant and equipment	(413)	(92)
Amortisation of intangible assets	2,699	5,489
Movements in pension scheme	(2,296)	(2,152)
Share of results of JVs and associates	(101)	(1,950)
Exchange adjustments	100	(373)
Share-based payments	489	392
Operating cash flows before movements in working capital	(3,297)	41,435
(Increase)/decrease in inventories	(161)	1,729
(Increase)/decrease in receivables	(30,597)	31,232
Increase/(decrease) in payables	27,999	(21,962)
Movements in working capital	(2,759)	10,999
Cash (used in)/generated from operations	(6,056)	52,434
Tax paid	5,534	(7,298)
Net cash flow from operating activities	(522)	45,136

Net debt

The Group's net debt are as follows:

	2025 £000	2024 £000
Borrowings	(13,800)	(20,000)
Cash and cash equivalents	15,520	10,394
Rolling credit facility	(45,000)	-
Unamortised debt arrangement fees	150	235
Net debt (pre-IFRS 16)	(43,130)	(9,371)
IFRS 16 lease liabilities	(20,461)	(19,073)
Net debt (post-IFRS 16)	(63,591)	(28,444)

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 disclosed in note 8.

8) Alternative Performance Measures

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

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 funds / (debt) (pre-IFRS 16)	Balance drawn down on the Group's revolving credit facility, with unamortised debt arrangement costs added back, less cash and cash equivalents (including bank overdrafts) before IFRS-16 lease liabilities.	Measure of the Group's cash indebtedness before IFRS-16 lease liabilities, which are excluded from the definition of net funds / (debt) in the Group's borrowing facilities. This measure supports the assessment of available liquidity and cash flow generation in the reporting period.
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).	Measure of how successful we are in converting profit to cash through management of working capital and capital expenditure. Widely used by investors and analysts.
Underlying return on capital employed	Underlying operating profit divided by the average of opening and closing capital employed. Capital employed is defined as shareholders' equity excluding retirement benefit obligations (net of tax), acquired intangible assets and net funds.	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.

Reconciliations to IFRS measures

	2025 £000	2024 £000
<u>A. Underlying operating profit (before JVs and associates)</u>		
Underlying operating profit (before JVs and associates)	21,653	37,690
Non-underlying operating items	(35,475)	(13,225)
Share of results of JVs and associates	101	1,950
Operating profit/(loss)	(13,721)	26,415
<u>B. Underlying profit before tax</u>	2025 £000	2024 £000
Underlying profit before tax	18,133	36,545
Non-underlying items	(35,645)	(13,525)
Profit/(loss) before tax	(17,512)	23,020
<u>C. Underlying basic EPS</u>	2025 £000	2024 £000
Underlying net profit attributable to equity holders of the parent Company	12,938	27,469
Non-underlying items after tax	(27,025)	(11,568)
Net profit attributable to equity holders of the parent Company	(14,087)	15,901
Weighted average number of ordinary shares	302,512,024	307,131,912
Underlying basic earnings per share	4.28p	8.94p
Basic earnings per share	(4.66)p	5.18p
<u>D. Net debt (pre-IFRS 16)</u>	2025 £000	2024 £000
Borrowings	(13,800)	(20,000)
Cash and cash equivalents	15,520	10,394
Revolving credit facility	(45,000)	-
Unamortised debt arrangement costs	150	235
Net debt (pre-IFRS 16)	(43,130)	(9,371)

IFRS 16 lease liabilities	(20,461)	(19,073)
Net debt (post-IFRS 16)	(63,591)	(28,444)

E. Operating cash conversion	2025 £000	2024 £000
Cash generated from operations	(6,056)	52,434
Proceeds on disposal of other property, plant and equipment	909	408
Purchases of land and buildings	(32)	(410)
Purchases of other property, plant and equipment	(7,796)	(10,911)
	(12,975)	41,521
Underlying operating profit (before JVs and associates)	21,653	37,690
Operating cash conversion	(60)%	110%

Reconciliations to IFRS measures	2025 £000	2024 £000
F. Underlying return on capital employed		
Underlying operating profit		
Underlying operating profit (before JVs and associates)	21,653	37,690
Share of results from JVs and associates	101	1,950
Underlying operating profit	21,754	39,640
Capital employed		
Shareholders' equity	187,454	220,751
Cash and cash equivalents (net of overdraft)	(15,520)	(10,394)
Borrowings	58,800	20,000
Net debt (for ROCE purposes)	43,280	9,606
Acquired intangible assets	(2,606)	(5,215)
Retirement benefit obligation (net of deferred tax)	5,140	8,599
	233,268	233,741
Average capital employed	233,505	226,007
Underlying return on capital employed	9.3%	17.5%

Principal risks and uncertainties

The board has conducted a robust assessment of the principal risks and uncertainties which have the potential to impact the Group's profitability and ability to achieve its strategic objectives. 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. Risk management processes are put in place to assess, manage and control these on an ongoing basis. Our principal risks are set out below:

1 Health and safety

Movement:	Description
No change	The Group works on significant, complex and potentially hazardous projects, which require continuous monitoring and management of health and safety risks so as to avoid serious injury, death and damage to property or equipment.
Scoring: High	
	Impact
	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.
	Mitigation
	<ul style="list-style-type: none"> • Embedded protocols covering safety systems, site visits, safety audits, training, monitoring and reporting, and detailed health and safety policies and procedures. • Director-led safety leadership teams established to bring innovative solutions and to engage with all stakeholders. • Regular reporting of, and investigation and root cause analysis of accidents and near misses with lessons learned analysis with a focus on preventative measures. • Ongoing bespoke behavioural safety cultural change programme. • Occupational health and wellbeing programme including mental health alongside health surveillance, safety critical medicals and night worker assessments. • Achievement of challenging leading and lagging health and safety performance targets is a key element of management remuneration. • Scheduled Director leadership tours. • Supply chain engagement with safety performance embedding Severfield working practice and procedures. • Externally verified and audited management systems and processes.

2 Supply chain

Movement:	Description
No change	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
Scoring: Medium	

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.

Impact

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.

Mitigation

- Process in place to select supply chain partners that match our expectations in terms of quality, sustainability and commitment to client service - new sources of supply are quality controlled.
- Ongoing reassessment of the strategic value of supply relationships and the potential to utilise alternative arrangements, including for steel supply.
- Contingency plans developed to address supplier and subcontractor issues (including the failure of a supplier or subcontractor).
- Strong relationships maintained with key suppliers, including a programme of regular meetings and reviews.
- Implementation of best practice improvement initiatives, including automated supplier accreditation processes.
- Key supplier audits are performed within projects to ensure they can deliver consistently against requirements.

3 People

Movement:

No change

Scoring: Medium

Description

The ability to identify, attract, develop and retain talent is crucial to satisfy the current and future needs of the business. Skills shortages in the construction industry are likely to remain an issue for the foreseeable future. This has been exacerbated in recent years due to macroeconomic factors such as the impact of inflation and shortages of labour.

Impact

Loss of key people could adversely impact the Group's existing market position and reputation. Insufficient growth and development of its people and skill sets could adversely affect its ability to deliver its strategic objectives.

A high level of staff turnover or low employee engagement could result in a decrease of confidence in the business within the market, customer relationships being lost and an inability to focus on business improvements.

Mitigation

- Training and development schemes to build skills and experience, such as our successful graduate, trainee and apprenticeship programmes.
- Detailed talent identification and succession planning for future leaders across the business.
- Attractive working environments, remuneration packages, technology tools and wellbeing initiatives to help improve employees' working lives.
- Annual appraisal process providing two-way feedback on performance.
- Robust people strategy focused on culture, and continually enhancing all aspects of our approach to performance, development, careers, recruitment and reward.
- Maintained our approach to flexible working practices and hybrid working.
- Widening the geographical outreach of our recruitment programme.

4 Commercial and market environment

Movement:

No change

Scoring: High

Description

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.

Impact

A significant fall in construction activity and higher costs could adversely impact revenues, profits, ability to recover overheads and cash generation.

Mitigation

- Regular reviews of market trends performed (as part of the Group's annual strategic planning and market review process) to ensure actual and anticipated impacts from macroeconomic risks are minimised and managed effectively.
- Regular monitoring and reporting of financial performance, orders secured, prospects and the conversion rate of the pipeline of opportunities and marshalling of market opportunities is undertaken on a co-ordinated Group-wide basis.
- Selection of opportunities that will provide sustainable margins and repeat business.
- Strategic planning is undertaken to identify and focus on the addressable market (including new overseas and domestic opportunities).
- Monitoring our pipeline of opportunities in continental Europe and in the Republic of Ireland, supported by our European operations.
- Maintenance and establishment of supply chain in mainland Europe.
- Continuing use of credit insurance to minimise impact of customer failure.
- Recent acquisitions have broadened our reach and cross-selling opportunities, resulting in improved market resilience.

5 Mispricing a contract (at tender)

Movement:

No change

Scoring: Medium

Description

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.

Impact

If a contract is incorrectly priced, particularly on complex contracts, this could lead to loss of profitability, adverse business performance and missed performance targets.

This could also damage relationships with clients and the supply chain.

this could also damage relationships with clients and the supply chain.

Mitigation

- 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.

6 Cyber security

Movement:

No change

Scoring: High

Description

A cyber attack could lead to IT disruption with resultant loss of data, loss of system functionality and business interruption.

The Group's core IT systems must be managed effectively, to keep pace with new technologies and respond to threats to data and security.

Impact

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.

Mitigation

- IT is the responsibility of a central function, which manages the majority of the systems across the Group. Other IT systems are managed locally by experienced IT personnel.
 - Significant investments in IT systems, which are subject to board approval, including anti-virus software, off-site and on-site backups, storage area networks, software maintenance agreements and virtualisation of the IT environment.
 - Specific software has been acquired to combat the risk of ransomware attacks.
 - Robust business continuity plans are in place and disaster recovery and penetration testing are undertaken on a systematic basis. A Group-wide cyber attack simulation exercise was undertaken in 2024 by the executive committee and IT DR plans are regularly tested.
 - Data protection and information security policies are in place across the Group.
 - ISO 27001 and Cyber Essentials accreditation achieved for the Group's information security environment and regular employee engagement undertaken to reinforce key messages.
 - Insurance covers certain losses and is reviewed annually to establish further opportunities for affordable risk transfer to reduce the financial impact of this risk.

7 Failure to mitigate onerous contract terms

Movement:

No change

Scoring: Medium

Description

Given the highly competitive environment in which we operate, contract terms need to reflect the risks arising from the nature of 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.

Impact

Loss of profitability on contracts as costs incurred may not be recovered, and potential reputational damage for the Group.

Mitigation

- The Group has identified minimum standard terms, which mitigate contract risk.
- Robust tendering process with detailed legal and commercial review and approval of proposed contractual terms at a senior level (including the risk committee) are required before contract acceptance so that onerous terms are challenged, removed or mitigated as appropriate.
- Regular contract audits are performed to ensure contract acceptance and approval procedures have been adhered to.
- Through regular project reviews and lessons learned reviews we capture early those occasions where onerous terms could have an adverse impact and are able to implement appropriate mitigating action at the earliest stage.

8. Industrial relations

Movement:

No change

Scoring: Medium

Description

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.

Impact

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.

Mitigation

- 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.

9 Product risk**Movement:****New risk****Scoring: Medium****Description**

The Group operates in infrastructure markets where it is critical that its products meet customer and legislative requirements and where the consequences of failure in manufactured steel parts are potentially significant.

Impact

Defects or warranty issues may require remediation including replacement or repair, resulting in direct financial costs to the Group and/or wider reputational risk.

Mitigation

- Each manufacturing facility has a robust quality management system with regular audits undertaken by quality staff, industry bodies and clients.
 - There are strict terms and conditions associated with the supply of services to clients and potential liabilities are carefully managed.
 - Improvement plans implemented in response to the bridge welding issue.
 - Group Quality Director appointed to oversee and implement systemic change.
 - Independent quality assurance testers are deployed in each facility and independent experts are appointed to advise on best practice improvements in quality control and assurance.
 - Quality control procedures are adopted for suppliers and subcontractors including visits to third party facilities, audits and performance management.
 - Certain potential damages resulting from this risk are fully or partially covered through the Group's various insurance policies.
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