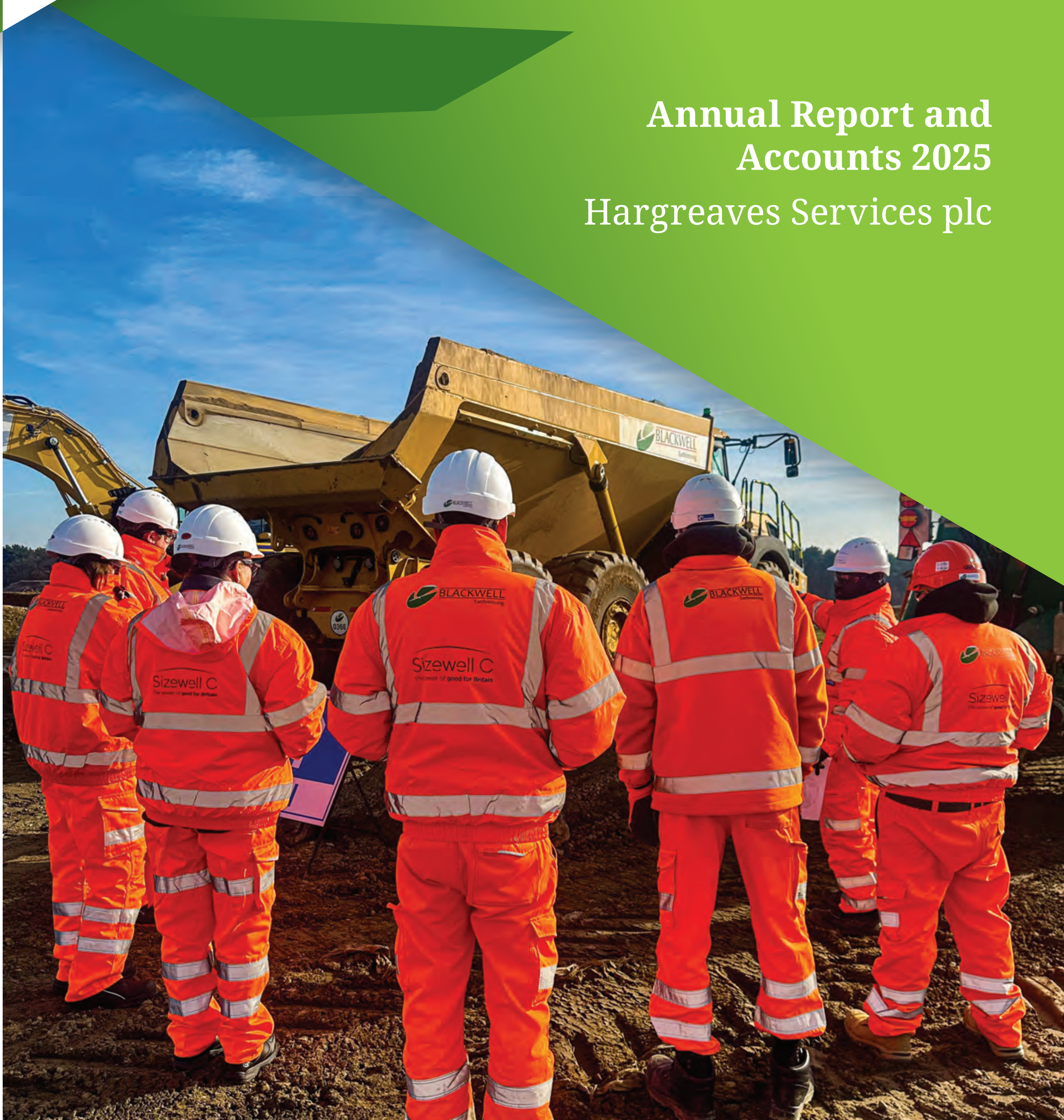
Annual Report and Accounts 2025

Hargreaves Services plc



Hargreaves Services plc – Annual Report and Accounts 2025

Hargreaves

Strategic Report

Directors' Report

Financial Statements

About us

The value proposition of Hargreaves Services plc is built on creating, delivering and realising value from its three business pillars of Services, Hargreaves Land and its investment in its German Joint Venture

Highlights of the Year

1
EBITDA up 29.1% to £33.7m from £26.1m

2
Revenue growth of 25.2%

3
Full year dividend of 37.0p proposed up 2.8% on prior year

4
Significant improvement in German JV

Trading	• Revenue of £264.4m (2024: £211.1m) • Underlying Profit before Tax ("UPBT")* of £17.6m (2024: £16.9m) • EBITDA* increased 29.1% to £33.7m (2024: £26.1m) • Basic underlying EPS* of 45.2p (2024: 38.2p)
Services	• Revenue increased by 19.7% to £244.3m (2024: £204.1m) • Services UPBT of £15.9m compared to £11.4m in FY24 • Strong contract portfolio, growing to over 70 term and framework contracts, providing visibility of 70% of next year's expected revenue
Hargreaves Land	• Two plot sales completed at Blindwells in the year generating proceeds of £13.8m • Near term renewable asset portfolio independently valued at between £27m-£29m
German Joint venture	• Performance less impacted by wider German economy with Group's share of Profit after Tax of £4.1m (2024: £1.3m) • Further cash repatriation from HRMS of £6.3m (2024: £7.8m)
Balance Sheet	• Cash and cash equivalents of £23.3m (2024: £22.7m) • Remains free of bank debt
Dividend	• Full year dividend increased 2.8% to 37.0p per share (2024: 36.0p)

Notes:
* Underlying Profit before Tax, EBITDA and Basic underlying EPS are defined in the Alternative Performance Measure Glossary.

About Hargreaves

Hargreaves Services plc is a diversified group covering infrastructure services and land development.

The Group is organised and managed in three pillars:

Services

The Services business is an invaluable partner for infrastructure services, providing exceptional support to the Energy, Transportation, Environmental, and Water sectors.

It delivers a comprehensive range of high quality services into the infrastructure supply chain.

With over 70 term and framework contracts and more than 70% of budgeted revenue already secured, the Services business is poised for robust and sustained growth.

Hargreaves Land

Experts in land and property development, transforming land into usable and liveable spaces.

Specialists in identifying and developing strategic land opportunities.

Our renewable energy land asset portfolio enables generation over 200 MW of wind generated power.

HRMS

Our joint venture located in Duisburg, Germany, recycles over 500kt of steel waste annually, into valuable materials for industrial applications.

This initiative not only reduces environmental impact by minimizing landfill waste but also supports sustainable practices within the steel industry.

The trading business sources essential raw materials worldwide, catering to a wide range of European industries such as automotive manufacturing, construction, and technology, ensuring a steady supply chain.

About Hargreaves:
Services

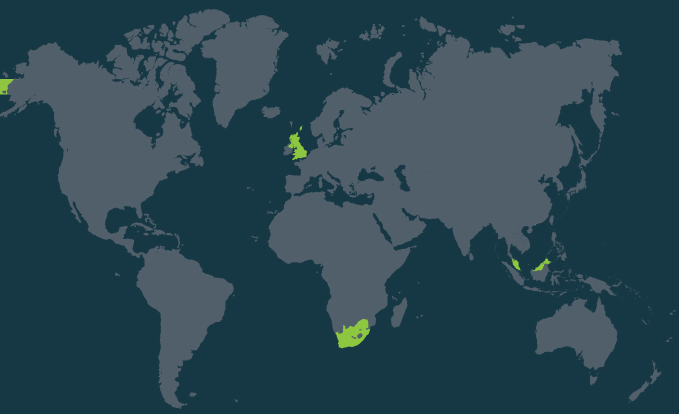
Market focus

Sectors

Clean Energy, Connectivity, Environmental & Water

Geography

UK-South East Asia



Strong contractual position – over 70 term and framework contracts, more than 70% of next year's budgeted revenue already secured.

Contracts largely resistant to inflation due to escalation clauses

Core competencies

- Logistics
- Specialist mechanical and electrical engineering
- Land remediation
- Bulk materials handling
- Major earthworks
- Waste management solutions

Number of employees:

1,405 (2024: 1,346)

Outlook

Both revenue and margins remain strong within Services. The comprehensive contract bank provides the Group with a strong platform for growth. Opportunities exist across all market sectors, particularly within Energy and Environmental, as the world transitions to lower carbon solutions. Hargreaves Services is well positioned to support this evolution, as well as to capitalize on emerging opportunities within the UK's infrastructure sector, including the development and maintenance of reservoirs and airports. These areas represent significant potential for growth and innovation, aligning with the Group's expertise and strategic objectives.

Operations at Hargreaves industrial Services, Hong Kong


Hargreaves
Safety First and Always: 時時刻刻安全第一

About Hargreaves:

Hargreaves Land

Our locations

Pipeline

Residential planning allocated
4 sites (5,043 plots)

Residential pre-planning allocation
2 sites (2,100 plots)

Residential planning promotion
18 sites (3,184 plots)

Our offering:

> **Master Developer** – managing large scale, multi-phase projects delivering serviced plots for residential and commercial development.

> **Commercial Development** – pre let/forward sold bespoke commercial developments for end users and investors

> **Planning Promotion** – promotion of greenfield land through the local plan process and subsequent onward sale

> **Renewables** – identification and promotion of renewables projects through the plan process and subsequent letting to specialist renewables asset developers

Outlook

The pipeline for property development has grown again, demonstrating a significant level of visibility in the planning promotion space. The business remains focused on adding to the pipeline with high quality opportunities to create value.

Renewables values are resilient and the Board is focused on the strategy of realising the value for shareholders once schemes reach generation stage.

Restored and developed mine site – Blindwells Edinburgh

Renewables

11 schemes

including 3 wind farms, 6 access agreements, 1 Solar scheme and 1 battery storage scheme.

Combined mid-point value of

£28m

generating almost

1,150MW

of green power.

Total of

206MW

currently generating on our land.

Renewables pipeline – further 6 schemes with a total of

861MW

of potential energy.

Strategy to realise the renewable energy asset portfolio once schemes reach generation stage.

About Hargreaves:

HRMS

Our Joint Venture, based in Duisburg, Germany, recycles over 500kt of steel waste annually into usable materials for industrial use. This operation plays a crucial role in reducing industrial waste and contributing to sustainable practices in the manufacturing sector.

HRMS has two material income streams: solid fuel trading, and DK Recycling und Roheisen GmbH ("DK"), as well as the carbon pulverisation plant. The trading business was the original focus of the company and is a strategic partner for the steel, foundry, lime, refractory, and ceramics industries across Europe. The team focuses on the global procurement and delivery of industrial raw materials into these markets, leveraging extensive networks and expertise to ensure timely and cost-effective solutions.

DK Recycling is one of the world's largest recyclers of ferrous waste materials, processing over 500kt of steel waste per year into 250kt of pig iron and 5kt of zinc for use in foundries and other industrial processes. The recycling facility employs cutting-edge equipment and methodologies to maximize the recovery of valuable metals from waste, thereby supporting the circular economy and reducing environmental impact.

The high-quality pig iron and zinc produced are vital components in various industrial applications, further emphasizing the importance of DK Recycling's contributions to manufacturing and sustainability.

The carbon pulverization plant is designed to produce up to 400kt of pulverized fuel each year. This pulverized fuel is intended to replace lignite, providing a cleaner alternative to traditional fossil fuels. The plant incorporates advanced technology to optimize the pulverization process and ensure high efficiency. Currently, the plant operates at 25% of its capacity to meet the DK requirement, indicating potential for significant growth and scalability in future operations.

Outlook

Looking forward, we anticipate an improvement in pig iron pricing in the coming year to drive DK back into delivering a profit above the current close to breakeven result.

Operations at DK Recycling

HRMS – Trading

Market leading trader in industrial raw materials in Germany and Northern Europe. Supplying solid fuels, refractory minerals, pig iron and ferro-alloys.

DK Recycling

One of the largest recyclers of ferrous waste materials in the world, producing pig iron and zinc.

Chair's Statement

"This year has seen substantial progress in securing additional opportunities as the business has capitalised on the momentum it has built over the last few years."

Roger McDowell,
Group Chair

Introduction

I am pleased to be able to report another strong set of results for the Group with substantial growth in both revenue and profits. Whilst Services has been a standout performer in terms of growth, this year has also seen a significant improvement in the performance of HRMS. The profit from Hargreaves Land has been lower than the prior period although it should be noted that was off the back of a record year in 2024.

We remain steadfast in our commitment to delivering value to shareholders through the following well established strategic targets:

- **Services** – Securing and retaining high quality, robust term service and framework contract positions in areas of core competence within the infrastructure supply chain.
- **Hargreaves Land** – Transitioning to a capital-light model through the managed realisation of the Blindwells site near Edinburgh and the Groups renewable energy land assets.
- **HRMS** – Focused on cash realisation by an annual return to the Group, whilst exploring longer term realisation potential.

Results and Progress update

Group revenue has increased by 25.2% to £264.4m (2024: £211.1m) due to a substantial increase in earthmoving activities on major infrastructure projects. This has resulted in a 4.1% increase in Underlying Profit Before Tax ("UPBT")* to £17.6m (2024: £16.9m). This growth in UPBT, driven by Services and HRMS, has been somewhat softened by a return to lower profit levels within Hargreaves Land following a record prior year.

Earnings Before Interest Tax Depreciation and Amortisation ("EBITDA")* for the Group has improved significantly to £33.7m (2024: £26.1m) reflecting the strong cash generation within the business. Basic earnings per share increased to 44.8p (2024: 37.8p) reflecting the improved profitability of the Group.

Services delivery and outlook

This year has seen substantial progress in securing additional opportunities as the business has capitalised on the momentum it has built over the last few years. We continue to support some of the most high-profile infrastructure works in the UK, such as HS2 and Sizewell C Nuclear Station, where our presence continues to grow. Additionally, we have been successful in growing our presence within the UK water and energy sector with recent partnerships signed up with Yorkshire Water, Northumbria Water and M Group.

The business holds a contract book of over 70 term and framework contracts, which provide excellent revenue and margin visibility for the coming years. It is this visibility that has allowed us to raise our expectations for this business in our most recent trading update, for the second time in the last twelve months.

Land realisations

Hargreaves Land has made progress at Blindwells with two plot sales completing in the year generating proceeds of £13.8m. Much of this has needed to be reinvested to support the ultimate unwind of the site, it is a strong reminder of the desirability of the site and an indication that markets are beginning to open up again. The Group's near-term renewable energy land assets have again been independently valued at between £27m and £29m (2024: £27m-£29m) based on a Market Value at Commissioning of Development**, it remains the objective of the Group to realise these assets in an orderly fashion.

HRMS performance

The result from HRMS has been significantly improved as many of the initiatives around solid fuel pricing and renegotiated gate fees have taken effect within the steel waste recycling operation. Furthermore, trading activity has remained stable despite the challenging German marketplace. The Group received £6.3m in cash from the joint venture during the year.

Board changes

We are pleased to welcome Simon Hicks as our new Chief Operating Officer, bringing a wealth of experience and expertise to further strengthen our leadership team. His appointment on 1 June 2025 marks the start of an exciting new chapter for our Group as we continue to drive growth and innovation across our diverse sectors. At the same time, we extend our deepest gratitude to David Anderson, who stepped down on 31 May 2025, for his outstanding service and dedication during his tenure. David's contribution has been instrumental in shaping the success and resilience of Hargreaves Land, and we wish him the very best in his future endeavours.

> "Hargreaves Services is well-positioned to capitalise on its strong pipeline of opportunities within the infrastructure sector."

Cash and leasing debt

On 31 May 2025 the Group held cash of £23.3m (2024: £22.7m). The business is cash generative, predominantly through the activities in Services and the receipt of HRMS dividends. The Group's debt relates solely to leasing debt and hire purchase arrangements for the acquisition of fixed assets. At the year end the balance of the debt was £32.8m (2024: £34.2m), the reduction reflects the net effect of new leases entered into during the year, leases terminated early and lease repayments.

Dividend

The Group paid an interim dividend of 18.5p (2024: 18.0p) in April 2025, reflecting the Group's stated aim of delivering a progressive dividend for shareholders.

The business has continued to trade well in the second half of the year and the Board is recommending a final dividend of 18.5p (2024: 18.0p) taking the full year dividend to 37.0p (2024: 36.0p), representing an increase of 2.8%.

If approved at the Annual General Meeting, the final dividend of 18.5p will be paid on 3 November 2025 to all shareholders on the register at the close of business on 26 September 2025. The shares will become ex-dividend on 25 September 2025.

Environmental, Social and Governance ("ESG")

The Group has continued its momentum and advanced its strategy in relation to ESG. Key highlights for the year include the achievement of PAS 2080 accreditation, demonstrating our commitment to carbon reduction within our Earthworks operations. Secondly the Group achieved a Gold rating from the Supply Chain Sustainability School, advancing from a Silver rating. The Group aims to identify new ways to add value to our services provided through increasingly sustainability-focused operations that benefit all stakeholders.

Outlook

Looking ahead, Hargreaves Services is well-positioned to capitalise on its strong pipeline of opportunities within the infrastructure sector. The Services business has already secured over 70% of its budgeted revenue for the upcoming year, showcasing its resilience and strength in key areas such as clean energy, water, and infrastructure projects. With further prospects emerging in these sectors, the Group continues to demonstrate its capacity to adapt and thrive amidst evolving market conditions, ensuring sustainable growth and delivering continued value to shareholders.

Despite challenges faced by HRMS, the notable improvement in the second half of the year, gives us confidence in an improved contribution for the current financial year. We plan to continue the realisation of value from our renewable energy land assets.

The Group maintains a robust, debt free balance sheet, providing a solid foundation for growth, whilst giving optionality as we look to realise value through targeted asset disposals over the coming years.

The Group's ongoing success is thanks to the expertise, commitment, and dedication of everyone at Hargreaves. I extend my sincere gratitude to all my colleagues.

Roger McDowell
Group Chair
30 July 2025

* The basis of Underlying Profit Before Tax and EBITDA are set out in the Alternative Performance Measures glossary.
** **Market Value at Commissioning of Development** – represents the price at which the portfolio would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.

Chief Executive's Review

"The Group has delivered strong performance in Services and experienced a significant improvement in the HRMS joint venture. With a strong order book in Services and promising long-term opportunities ahead, I firmly believe the Group is well-positioned to sustain its positive momentum."

Gordon Banham,
Group Chief Executive

Services

The Group has delivered a strong performance within the Services business, reporting a fourth consecutive year of growth with a compound annual growth rate of 32.9% in UPBT since 2021. Revenue increased to £244.3m, an improvement of 19.7% against the comparative period (2024: £204.1m). This growth has been driven by an increase in earthmoving activity on major infrastructure projects as well as growth in Hong Kong and Logistics operations. The HS2 contract remains the largest individual contract within the Group with revenue of £54.9m (2024: £48.3m) representing 22.5% of total Services revenue (2024: 23.7%).

Services delivered an UPBT of £15.9m compared to £11.4m in 2024, a growth of 39.5%. Whilst much of this improved result is due to additional volume, as evidenced by the increased revenue, the underlying net margin has also increased to 6.5% (2024: 5.6%). This improved margin demonstrates the continued focus on high quality contracts in areas where the Group's core competencies and high standards are valued.

Growing pipeline

The Services business, with a new point of leadership under Simon Hicks, remains focused on identifying, securing, delivering and retaining robust term and framework contracts to high quality counterparties in our areas of expertise. The year ended 31 May 2025 has been another successful period in adding quality to our pipeline.

This included a new contract with energy recovery group Enfinium providing day to day operations at the Skelton Grange energy recovery facility. Furthermore, we have secured a position with Thalia Waste Management providing maintenance and outage support services for the Milton Keynes station. Both contracts are with new clients to the Group, demonstrating the ability of the Group to take existing expertise into new environments.

In addition to the term and framework positions, the Group has seen success in smaller scale engineering works in the water and infrastructure sector with projects secured for M Group and Cemex delivering results in the year.

Whilst we are committed to pursuing new opportunities, it is important that we deliver a high-quality service which is valued by our clients. This is evidenced by our propensity to hold long term relationships with our customers, in the current year alone we have renewed long term agreements with the likes of Phillips 66, CF Fertilisers, Suez, FCC Environment and Peel NRE.

Taking a longer-term view, the recent Government announcements and positive statements regarding UK infrastructure spending provide opportunity for growth for the Services business. Lower Thames Crossing, the reservoir building programme and the plans for Heathrow and Luton airports are exciting long-term prospects for the Group.

The Services Group holds an increasingly strong contract portfolio which has grown to over 70 term and framework contracts, many of which contain escalation clauses to insulate the Group from inflationary pressures, providing the business with visibility of over 70% of budgeted revenue heading into the new financial year. This provides a stable base from which to explore further growth opportunities.

£'m	Services	Hargreaves Land	HRMS	Unallocated	Total
Revenue (2025)	**244.3**	**20.1**	**–**	**–**	**264.4**
Revenue (2024)	204.1	7.0	–	–	211.1
Underlying Profit/(Loss) before Tax* (2025)	**15.9**	**2.3**	**4.1**	**(4.7)**	**17.6**
Underlying Profit/(Loss) before Tax* (2024)	11.4	8.2	1.3	(4.0)	16.9

* The basis of Underlying Profit Before Tax is set out in the Alternative Performance Measures glossary.

> With a new point of leadership under Simon Hicks, the Services business remains focused on identifying, securing, delivering and retaining robust term and framework contracts to high quality counterparties in our areas of expertise."

We note the recent announcement from Tungsten West plc ("TW") regarding the revised development plan to recommence mining at the tungsten mine in Hemerdon, Devon. The Group remains party to an exclusive long-term Mining Services Contract with TW, which will commence should the project move to production. A further £1.0m instalment was received in June 2025, leaving a further £3.0m to be received over the next three years.

Hargreaves Land

Hargreaves Land has delivered an UPBT of £2.3m (2024: £8.2m) reflecting a number of successful completions at Blindwells. The prior year included material asset disposals at Westfield and Maltby raising combined proceeds of £12.5m and contributed to a record profit for the business unit.

Revenue for Hargreaves Land of £20.1m (2024: £7.0m) is substantially higher than the prior year due to the increase in sales activity within Blindwells, which is the Group's largest project. This is combined with the fact that prior year disposals were of investment properties, which did not count to the prior year revenue figure.

Pleasingly, we have seen more movement at Blindwells with two material sales completing in the period. Firstly, we completed the sale of a 10-acre plot to Avant Homes for proceeds of £9.25m, which were received in the year. Linked to this sale, there is a further 10-acre plot contracted for unconditional completion with Avant Homes for proceeds of £9.25m, due for completion in early 2026 calendar year. Further to this, the business also completed the sale of a 7-acre plot for Places for People delivering proceeds of £4.55m.

The Blindwells project continues to deliver a long-term regular profit stream for Hargreaves Land, the site is now home to over 350 families and has approximately 80 acres remaining to sell in Phase 1. Once Phase 1 is completed there is a second phase of over 135 acres for which a further planning allocation for up to an additional 1,500 homes is being progressed. Progress continues at the Group's other multi-phase development sites, including Unity where contracts have been exchanged for the sale of two roadside development plots to McDonalds and Starbucks for consideration of £1.2m.

Momentum within the housing market is growing, particularly at a strategic land level, but full recovery remains hampered by persistently high build costs and above average interest rates, which have limited the demand side of the equation. Supply side pressures remain and several Local Authorities, including the Scottish Government have declared 'Housing Emergencies' as they seek to tackle a lack of supply. The downward trajectory of lending rates over the last 12 months could bring some well needed liquidity back to the markets.

Retail and commercial demand, particularly from occupiers, remains cautious as economic uncertainties are limiting confidence and expansion planning. Quality locations across all sectors are more resilient to these challenges and we remain focused on prime opportunities when they present themselves. Investors are still adjusting to above average interest rates which have caused a reset in property valuations in general. Yields for commercial stock are now stabilising and further reductions in the base rate could promote more confidence over the next 12 months.

Pipeline

The pipeline of schemes within Hargreaves Land represents a key indicator of the ability of the Group to deliver value in the long-term as the business moves to a capital light model. The team have continued their success in signing up high-quality projects with several new schemes secured in the financial year just ended. Presently the pipeline consists of 24 schemes with over 10,000 residential plots at various stages through the planning and development cycle.

Pipeline Summary

	Number of sites	Residential plots	Acres
Residential (planning allocated)	4	5,043	698
Residential (pre-allocation)	2	2,100	179
Residential (planning promotion)	18	3,184	450
	24	**10,327**	**1,327**

Chief Executive's Review continued

Renewable energy land assets

The renewable energy land asset portfolio remains a key source of value creation for the Group in the coming years. The portfolio consists of 11 schemes on land owned by the Group. These schemes are a mixture of wind farms, battery energy storage and solar farms with a combined generation capacity of 1,148 MW. These assets have been independently valued by Jones Lang Lasalle ("JLL") at between £27.1m and £29.2m (2024: £27.0m - £28.8m), which reconfirmed the value inherent in these assets. The Group remains committed to realising the value from these assets through disposal, with the first tranche brought to market in the financial year just ended.

In addition to the well-established schemes, the Group has line of sight on a further six longer-term opportunities which are not currently included within the independent valuation with a total output of 861 MW.

HRMS

The Group's share of post-tax profits from HRMS was £4.1m (2024: £1.3m), representing a significant turnaround in performance compared to the previous financial year.

The trading side of the joint venture has continued to perform well and has navigated the recent German economic recession admirably, maintaining good volumes and solid margins. The recent announcements from the USA regarding tariffs have had no real impact on the trading business. The business has traded volumes of 755kt compared to 746kt in the prior year delivering a local PBT of £10.2m (2024: £10.0m).

The real driver for the improvement in the performance of the joint venture is the steel waste recycling facility at DK. The operation takes in approximately 500kt of waste dust from the steel industry and produces pig iron and zinc for sale. The business made a substantial loss of £7.4m in the prior year as it was impacted by low pig iron and zinc pricing as well as high coke costs (a key input fuel).

In the past year, DK made a loss of £1.4m, marking a substantial improvement of £6.0m compared to the previous year's performance. This impressive growth was primarily driven by three key factors. First, procuring low-cost fuels for the blast furnace significantly reduced operational expenses. Second, successfully renegotiating waste dust gate fee contracts led to a meaningful reduction in the cost of materials. Lastly, favourable zinc pricing in the market considerably increased revenue from the zinc output. These strategic actions collectively contributed to a substantial improvement in the business performance, showcasing DK's effective management and adaptability in a competitive industry.

Looking forward, we anticipate an improvement in pig iron pricing in the coming year to drive DK back into delivering a profit above the current close to breakeven result.

During the year, HRMS made a cash return to the Group of £6.3m (2024: £7.8m) reflecting the commitment from local management to continue to return funds to the Group. The distribution from HRMS is funded from the ongoing trading activities and is not dependent on the performance of DK.

Summary

The Group has delivered strong performance in Services and experienced a significant improvement in the HRMS joint venture. Despite the decrease in profits reported in Hargreaves Land, largely as a result of an exceptionally strong prior year, revenue increased following higher sales activity within the Group's largest project, Blindwells. With a strong order book in Services and promising long-term opportunities ahead, I firmly believe the Group is well-positioned to sustain its positive momentum.

Gordon Banham
Group Chief Executive
30 July 2025

Financial Review

"Revenue growth has been helped by an increase in activity across major infrastructure projects and the completion of a number of sales within the Blindwells site for Hargreaves Land."

Stephen Craigen
Chief Financial Officer

Results

Group revenue was £264.4m (2024: £211.1m) and UPBT* was £17.6m (2024: £16.9m). Revenue growth has been helped by an increase in activity across major infrastructure projects and the completion of a number of sales within the Blindwells site for Hargreaves Land. Disposals made within Hargreaves Land in the prior year were largely the sale of fixed assets and investment properties, which is not classified as revenue. UPBT increase is due to the impact of the major infrastructure schemes and the improvement within the HRMS joint venture. Gross profit margin has remained stable at 20.7% (2024: 20.5%).

Net finance expense was £1.9m (2024: £0.7m). This is reflective of a reduction in the interest received from the defined benefit pension scheme and the impact of foreign exchange movements in the year.

The Group recorded £4.0m (2024: £1.5m) in share of profits from joint ventures. £4.1m (2024: £1.3m) of this was attributable to HRMS, which is stated after tax. The increase in profits from HRMS is due to a reduction in input fuel pricing combined with improved gate fees and a growing zinc price. The remaining profits from joint ventures relate to the Unity joint venture, in which profits have been minimal in the year.

This results in a consolidated profit before tax of £17.5m (2024: £16.7m).

Taxation

The income tax charge for the year was £2.7m (2024: £4.5m). This represents an effective tax charge of 15.6% (2024: 26.7%) on consolidated profits. This figure is skewed by the impact of the share of profit from jointly controlled entities, removing this impact would increase the effective tax rate to 20.2% (2024: 29.4%).

In 2011, after taking professional advice, the Group engaged in a disclosable tax planning scheme relating to the leasing of assets, the legality of which has been challenged by HMRC. The Board was advised at the time that the scheme was lawful. All cash relating to the scheme has previously been paid to HMRC. This matter was heard by the First Tier Tribunal in June 2019 and a decision in favour of HMRC was issued on 23 March 2020. This decision was appealed at the Upper Tier Tribunal in June 2022 where the decision was overturned in favour of the taxpayers. HMRC have recently appealed this determination at a hearing in the Court of Appeal which took place in May 2024. The outcome of the Court of Appeal found in favour of HMRC. The taxpayers applied to appeal the decision to the Supreme Court, but on 10 December 2024 that application was not granted. This marks the end of the process, the Group has provided for all expected costs.

Net Assets

The net assets of the Group were £194.2m (2024: £192.1m) and the net assets per share* was £5.88 (2024: £5.86). The increase in net assets is due the post tax profits of £14.7m, reduced by the dividend paid of £12.0m and a movement in the translation reserve, which was affected by the weakening of the Euro compared to the Pound over the last twelve months.

Cash Flow

The profit after tax for the year of £14.7m (2024: £12.2m) generated an EBITDA* of £33.7m (2024: £26.1m), which results from the improved profitability of the Services business. Depreciation for the year was £18.8m (2024: £16.2m) which increased by 16.0% due to the investment in plant and machinery in the prior year to support the various earthworks contracts.

The Group received gross proceeds of £1.0m (2024: £8.2m) from the sale of fixed assets and invested £3.9m (2024: £3.3m) into capital items. This includes £nil (2024: £7.9m) received from the sale of Investment Properties.

Leasing debt payments of £21.6m (2024: £17.4m) were made in the year reflecting the increase in right of use assets to support the increased volumes on major infrastructure projects.

Dividends totalling £12.0m (2024: £11.8m) were paid in the year. The Group received a payment of £6.3m (2024: £7.8m) from HRMS reflecting the new annual rate of cash return from the joint venture.

Banking Facilities

As of 31 May 2025 the Group had cash in hand of £23.3m (2024: £22.7m). In addition to the cash reserves, the Group also had access to a £12.0m invoice discounting facility with Santander which was undrawn at the year end. This facility provides the Group with additional flexibility to deal with any short-term working capital fluctuations.

Going Concern

The Group has adequate assets and financial resources at its disposal together with robust risk management and capital allocation processes to continue in operation for a period of at least 12 months from the approval of the Annual Report and Accounts. The Group held £23.3m of cash resources at 31 May 2025 and has the availability of a further £12.0m invoice discounting facility which is committed at this level for a period of 15 months from July 2025 and expires on 31 October 2026. This provides the Board with confidence that the Group has appropriate liquidity to meet any foreseeable cash requirements. A rigorous process of reviewing cash flow forecasts and testing for a range of challenging downside sensitivities has been undertaken. Only remedies to these downsides which are entirely within the Group's control have been assumed to be achievable mitigations to those sensitivities. Therefore, and after making appropriate enquiries, including reviewing budgets and strategic plans, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation for a period of at least 12 months from the approval of the Annual Report and Accounts. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts.

Pensions

The Group has the obligation to fund two defined benefit pension schemes and an unfunded concessionary fuel scheme, all of which are closed to new members and are related to the former mining operations at Maltby Colliery. A Buy-In of the two defined benefit pension schemes was concluded in the prior year for a final contribution of £3.7m. As a result of this Buy-In, all of the scheme's liabilities are matched with annuities which has removed the schemes investment and funding risks. The Buy-Out is likely to complete within the 2026 calendar year, at which point the asset balance will reduce to nil.

Regarding the concessionary fuel scheme, the Group made contributions of £0.1m (2024: £0.1m) and recognises a liability on the Balance Sheet of £2.9m (2024: £3.0m).

Dividends

The Board is recommending a final dividend of 18.5p (2024: 18.0p) per share bringing the total for the year to 37.0p (2024: 36.0p), reflecting a full year increase of 2.8%.

Share Capital

At 31 May 2025, there were 33,138,756 (2024: 33,138,756) ordinary shares of 10p each in issue of which the Company held 136,444 (2024: 332,401) in treasury. During the year, there were 195,957 (2024: 278,717) shares released from treasury to satisfy the exercise of share options.

Stephen Craigen
Chief Financial Officer
30 July 2025

Key Performance Indicators

The Group has established a number of Key Performance Indicators ("KPIs") which are used to measure its performance in a number of areas. These include some non-financial measures which reflect the Board's emphasis on health and safety.

The KPIs for the Services business include:

- Underlying profit before tax against budget
- Return on capital employed against budget
- Average working capital against budget
- Lost time accident ratios against annually determined minimum targets
- "Near Miss" reporting

The KPIs for the Hargreaves Land business include:

- Underlying profit before tax against budget
- Cash performance against budget
- Return on capital employed against individual project targets

Group level KPIs include:

- Underlying profit before tax against budget
- Cash at bank (exclusive of leasing debt) against budget
- Lost time accident ratios against annually determined minimum targets

The Group achieved all of its KPIs in the year ended 31 May 2025. Similar challenging KPIs have been set for the year ending 31 May 2026.

* EBITDA, UPBT and net asset per share are defined within the Alternative Performance Measures glossary.

Audit & Risk Committee Report

The Audit & Risk Committee is responsible for reviewing financial reporting matters and monitoring internal controls and key corporate risks

Nigel Halkes FCA,
Chair of the Audit & Risk Committee

On behalf of the Audit & Risk Committee I am pleased to present the Committee's Report for the year ended 31 May 2025.

Membership of the Committee

The Committee consists of the four Non-executive Directors and is chaired by myself as the Senior Independent Director. The Board believes that the Committee members have the skills, qualifications and experience to discharge their duties in accordance with the Committee's terms of reference and have appropriate knowledge and experience in the sectors within which the Group operates.

Committee Meeting Schedule

The Committee met on four occasions during the year with all members at the time in attendance. The Chief Financial Officer attends Committee meetings by invitation to ensure that the Committee is fully informed of all material matters within the Group. The external auditor attended two of the meetings and, for part of one of those meetings, the external auditor met with the Committee without any of the Executive Directors being present.

For the financial year ending 31 May 2026, the Committee intends to continue with its programme of four meetings to be held during the year ensuring the work of the Committee is evenly spread, particularly with respect to Risk Management and internal audit.

Terms of Reference of the Committee

The Committee is established by and is responsible to the Board. It has written terms of reference, which are available for review at: www.hsgplc.co.uk. The terms of reference are formally reviewed annually to ensure that they meet the Board's expectations of the Committee's remit.

The Committee is responsible for reviewing a wide range of financial reporting and related matters including the interim and annual financial statements before their submission to the Board. In particular, the Committee is required to consider all critical accounting policies and practices adopted by the Group, and any significant areas of judgement that could materially impact reported results. The Committee provides a forum for reporting by the Group's external auditor, and advises the Board on the appointment, independence and objectivity of the external auditor and on their remuneration both for statutory audit and non-audit work. It also discusses and agrees the nature, scope, planning and timing of the statutory audit with the external auditor.

The Committee is also responsible for monitoring the internal controls that are operated by management to ensure the integrity of the information reported to the shareholders. An internal audit function, which reports directly to the Chair of the Audit & Risk Committee, supports the Committee in this process. The Committee reviews the appropriateness of the annual internal audit programme for the Group and ensures that the internal audit function is adequately sponsored and resourced.

Additionally, the Committee receives reports on, and is responsible for, reviewing the Group's arrangements and processes which exist for employees and others to raise concerns over possible wrongdoing in financial reporting or other matters. This work includes reviewing the Group's systems for the prevention and detection of fraud and bribery and considering any matters arising under the General Data Protection Regulations or any whistleblowing matters which are reported. The Committee also receives reports on all litigation which the Group is engaged with either as plaintiff or defendant and recommends actions in respect of such to the Board.

External Auditor

The external auditor provides the Audit & Risk Committee with information about its internal procedures for maintaining independence and the rotation of personnel engaged on the audit, including the audit partner. After considering this information, the Committee is satisfied that the external auditor is independent.

Any non-audit services to be provided by the external auditor which exceed £50,000 in cost must be approved by the Committee in advance. During the financial year, there were £12,000 (2024: £12,000) of non-audit services provided by PricewaterhouseCoopers LLP and its network firms to the Group. The Committee is satisfied that the provision of these services has not compromised the external auditor's independence.

After due and careful enquiry and after reviewing the external auditor's Report to the Audit Committee and discussing the findings with the auditor, the Committee is satisfied

Activities of the Committee

During the year, the Committee's principal activities comprised:

> Reviewing and approving the internal audit programme for the year and monitoring the progress and outcome of that, including reviewing reports from the internal auditor;
> Reviewing the Quarterly Risk Report and recommending appropriate actions and responses to the Board;
> Receiving quarterly reports on legal actions with which the Group is concerned;
> Receiving reports on any whistleblowing matters;
> Reviewing and approving changes in the Group's internal control policies and procedures;
> Reviewing the Group's procedures in respect of GDPR;
> Reviewing the draft interim financial statements;
> Reviewing and approving the audit plan proposed by the external auditor;
> Reviewing the draft annual report and financial statements for the year ended 31 May 2025 and recommending their approval to the Board including:
  - Considering the accounting policies adopted for the preparation of the financial statements;
  - Considering the key accounting estimates and judgements used in their preparation including but not restricted to construction contract revenue and assets, dilapidation provisions, contract provisions, post-retirement employee benefits, measurement of recoverable amounts of cash-generating units ("CGUs"), valuation of land and the treatment of joint ventures;
  - Considering the assumptions used to support the adoption of the going concern basis of accounting;
  - Considering the Risk Management section of the annual report and in particular its completeness and relevance to the financial statements.

that the scope of the audit was appropriate and that all significant accounting judgements exercised by management had been suitably challenged and tested including, but not limited to, the matters referred to in the Audit Report. The Committee recommended to the Board that in their opinion the audit had been carried out effectively and that the report of the external auditor be accepted. In accordance with best practice, the Committee held a private session with the external auditor without executive management present.

The Committee has recommended to the Board that PricewaterhouseCoopers LLP be proposed for re-election as auditor at the forthcoming Annual General Meeting.

Internal Audit

Before the start of each financial year, the Committee agrees a programme of work for the internal audit function. The programme is designed to test the effectiveness of the internal control systems and seeks to recommend improvements to processes, covering key financial and other controls which the Committee recognises are important in ensuring the integrity of the Group's operations, as well as its financial reporting. The programme includes self-assessment questionnaires, detailed testing of processes and the review of appropriate documentation. The use of computer aided audit techniques to monitor transactional data using the Group's existing management information systems continues to be developed and monitored, improving the efficiency, scope and effectiveness of the internal audit function.

The internal audit function maintains the Audit Universe which has been adopted as the governing document in setting the scope and frequency of internal audit work across the Group. Each audit area is cross-referenced to the related corporate risk to ensure an integrated and targeted approach to the annual internal audit programme.

The 2024/25 programme was approved by the Committee and completed in full. Key audits completed during the year included a review of the Authorisations & Approvals Mandate, Contract Management and Tendering assessments and overseeing a third party review into IT and data security.

The 2025/26 programme will again include cyclical reviews of compliance with the Approvals and Authorisations Mandate, key financial controls and various regulatory requirements. Assurance will also be provided around the procurement processes in the Group.

Risk Management

The internal audit function reports quarterly to the Committee on the key risks identified by the Board as being so material that they need to be regularly monitored as to whether those risks have increased or decreased during the period and what remedial actions may need to be taken to counter them. Risk registers at a business unit level are reviewed on a quarterly basis, with any material changes being escalated to the Board. The Risk Management report which follows this report sets out these risks and the steps the Group has taken to mitigate them.

Going Concern Basis of Accounting

The Group has adequate assets and financial resources at its disposal together with robust risk management and capital allocation processes to continue in operation for a period of at least 12 months from the approval of the Annual Report and Accounts. The Group's cash flow model prepared as part of the annual budget and five-year plan process was subjected to a number of stress tests. These included measuring the impact of the deferral of certain specific anticipated revenues (for example in Hargreaves Land) alongside other more general sensitivity tests related to fluctuations in revenue. These assumptions and sensitivities were subjected to thorough analysis and review by the external auditor. The Committee questioned both management and the external auditor on the assumptions and testing they had applied and were satisfied to recommend to the Board that the going concern basis of accounting remains appropriate.

The Audit & Risk Committee Report was approved by the Board on 30 July 2025 and signed on its behalf by:

Nigel Halkes FCA
Chair of the Audit & Risk Committee
30 July 2025

Risk Management

The Board retains overall responsibility for the identification, assessment and mitigation of risk throughout the Group.

The Group is exposed to a number of risks, which it must assess, manage and control in the ordinary course of business in the interest of all stakeholders to deliver shareholder value. It is accepted that some risks may never be entirely eliminated. The Board recognises that it is essential to have robust risk management systems and practices in place to identify, assess and prioritise the mitigation of risks affecting the Group.

Safety, Health and the Environment

The Board has identified that the risk of a material incident in the areas of Safety, Health and the Environment ("SHE") is a particularly significant area and, as such, the Board continues to receive a detailed monthly report from the Group Head of Health & Safety.

The Board's vision is to maintain an environment where all its employees, contractors and third parties experience zero harm as a result of its activities. To achieve this, the Group takes a proactive approach and is committed to achieving the highest standards of safety and health management and the minimisation of any adverse environmental impacts.

The Board ensures that the Health and Safety of employees, customers and the public are at the forefront of all Group activities. The Group Chief Executive, supported by both internal and external competent and experienced advisers, is charged with overall responsibility. All businesses have formulated and implemented SHE management arrangements consisting of competent staff along with policies, procedures and objectives to meet both legislative and best practice requirements. SHE performance and delivery is ingrained in the operational delivery and day-to-day activities and not seen as a bolt on to each business. Where appropriate the management procedures are externally certified to internationally recognised standards including ISO 45001 and ISO 14001.

Alongside management systems and legal compliance, the Group recognises the benefits that effective leadership and the setting of clear expectations has upon workplace behaviour. Therefore, the Group has visible performance metrics, which are communicated at all levels throughout the organisation and are designed to enable the early identification of adverse trends and the development of suitable intervention and improvement measures. The Board carries out annual random site visits each year to see SHE processes at first hand and to emphasise to employees the importance the Board places on SHE activities. The past year the Board visited the earthmoving activities at the Sizewell C nuclear power station project. The Board was satisfied that the safety culture of the Group is well embedded into these operations.

The year ended 31 May 2025 was a year with three lost time incidents reported (2024: seven). The aim of the Board is to continuously push to reduce and remove lost time incidents wherever possible.

Insurance

The Group has worked closely with its risk advisers, Marsh Limited, to develop processes and reporting in respect of motor and other liability claims. This has resulted in the Group having greater insight in respect of ongoing claims, historic claims and claims trends. Learnings and best practice taken from this has resulted in an improved understanding of risk in relation to the Group's operational activities and a reduction in the number of incidents and associated claims.

Corporate Risks

The Board undertakes a full annual review of the Group's risk profile and strategic approach to risk. A condensed high-level Risk Register, which identifies key areas of corporate risk which the Board has determined are the most critical, has been reviewed and updated to reflect the Group's current risk profile. These areas of risk have been selected on the basis that a material adverse event in any one of them could potentially either:

- prevent the Group from achieving its financial or operational objectives or
- cause material loss or damage to the Group's assets or reputation.

The Committee continues to visualise risk throughout the Group, via 'Risk Webs'. Risk Webs have been incorporated within the Corporate and Business Unit Risk Registers. The webs provide the Board and senior management a relative visual representation of Inherent Risk, Residual Risk, Minimum Risk and Risk Appetite. The webs are used as a tool to highlight where additional focus is required to reduce residual risk to an acceptable level.

The identified areas of risk are monitored, reviewed and investigated as necessary by the internal audit function. The Audit & Risk Committee receives a written report on these risks every quarter, including a commentary which notes any material changes which have been identified. This report assesses whether each area has increased or decreased in the level of risk and where necessary corrective actions are implemented.

Internal audit and risk management are intrinsically linked, shown within the below graphic:

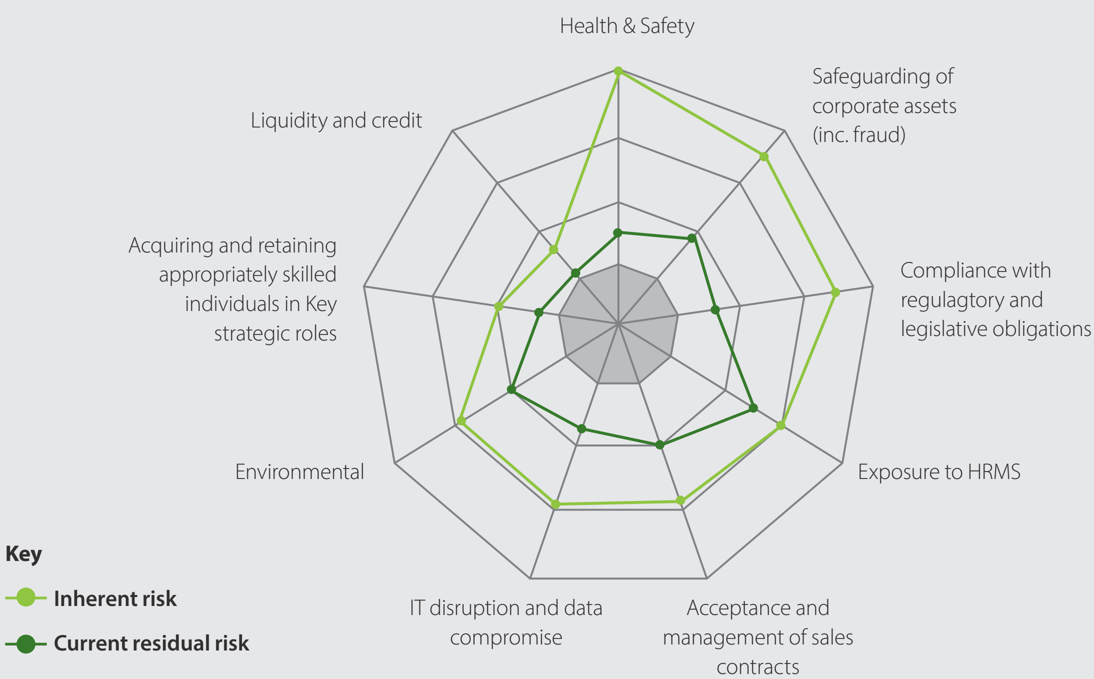
Risk Register Framework

The areas of critical corporate risk which have been identified are as follows:

- Safeguarding of Corporate assets (including Fraud)
- Compliance with Regulatory and Legislative Compliance
- Health and Safety
- Exposure to HRMS
- Acceptance and Management of Sales Contracts
- IT Disruption and Data Compromise
- Environmental
- Acquiring and Retaining Appropriately Skilled Individuals in Key Strategic Roles
- Liquidity and Credit Risk

The Audit & Risk Committee has considered an assessment of the risks which the Group may face as a result of climate change but at this stage does not assess those risks as material. Each business unit within the Group has carried out a climate change risk assessment process and that is embedded into each business unit's general risk register. Any risks identified will have mitigation procedures implemented where appropriate.

The below graphic provides an overview of the identified critical corporate risks relative to each other. The light green line represents 'Inherent Risk' (the level of risk without controls or mitigation in place), and the dark green line represents 'Current Residual Risk' (the level of risk remaining after risk treatment):



Risk Management continued

A table describing the key risks and the mitigations in place throughout the Group to protect against them is set out below, including the movement of risk since the end of the previous financial year.

Safeguarding of Corporate assets (including Fraud)

Description

In the course of its operations, the Group is exposed to fraud risks from a number of internal and external sources.

Mitigation

- Fraud risk management policy is in place across the Group.
- Fraud risk awareness training has been rolled out across the Group.
- Fraud risk is discussed regularly in the Audit & Risk Committee with both internal and external audit.
- The Group has many controls and procedures in place to limit the risk of fraud. These controls include, but are not limited to, detailed Authorisation and Approvals Mandates, system automated controls, whistleblower procedures, code of conduct, segregation of duties on particular processes and periodic Internal Audit reviews.

Overall Change During the Year

No material changes during 2025.

Compliance with Regulatory and Legislative Compliance

Description

Failure of the Group or a business within the Group to comply with its applicable regulatory and legislative obligations, resulting in financial, reputational, and potentially criminal implications for the Group or its responsible employees.

Mitigation

- Appropriate and specialist management systems are in place across the Group to ensure compliance with our obligations.
- Competent and appropriately skilled individuals hold key roles in assuring our compliance to our regulatory and legislative obligations.
- Memberships to relevant trade bodies provides access to proposed regulatory changes and helps to highlight any issues, allowing for early planning and appropriate representation.

Overall Change During the Year

No material changes during 2025.

Health and Safety

Description

The heath and safety of our employees and all other stakeholders who interact with the operations of the Group is of paramount importance. Failure to maintain a high safety standard could result in serious injury to an individual. Whist this would have a significant impact on the individual impacted by the accident there are additional impacts on the Group, including lost time, lower productivity, repetitional damage and financial impact from fines or insurance costs amongst others.

Mitigation

- Experienced head of Health and Safety installed within the Group, providing clear best practice and guidance to the businesses operations.
- Step Back Speak Up culture, if something does not look or feel right all employees are encouraged to stop their activity and raise their concerns.
- Clear Health and Safety policies and procedures are in place across the Group.
- Implementation of high quality after technology on our plant and equipment to minimise the impact of human error.

Overall Change During the Year

No material changes during 2025.

Exposure to HRMS

Description

The Board assesses that the failure of HRMS in particular would create a material risk to the Group. HRMS is a key supplier of specialist raw materials to major European customers in the steel, foundry, smelting, ferroalloy, sugar, limestone, insulation, refractory and ceramic industries. HRMS owns a material steel waste recycling business and has invested in a carbon pulverisation plant, however this has not yet achieved critical mass. HRMS is independently funded from the Group, however HRMS holds substantial monies in respect of undistributed profits and loans.

HRMS is exposed to the movements in certain commodity prices which can be variable, and which could cause material fluctuations in profits. The Group's share of HRMS' profits represents a material contribution to the Group profit before tax.

HRMS has agreed to pay an annual dividend of a minimum of £6m per annum to the Group, the failure to pay this would represent an increased pressure on the Group cash flow.

Mitigation

- The Group's investment in HRMS is governed by a shareholders' agreement which provides a series of protective rights to the Group including controls over the approval of budgets, the granting of security and business activities.
- The agreement provides step in rights to the Group in the event of a material breach of the agreement.
- The Group Chief Executive is a member of the Board of HRMS which meets each month.
- Monthly financial information is submitted to the Group and subject to review by the Chief Financial Officer, this includes monthly and year-to-date results, cash flow forecasting, banking covenants and facility headroom information, as well as details on stock levels and associated data.
- HRMS mitigates against its exposure to commodity prices by both hedging forward sales positions and ensuring that it does not enter into open trading positions so that purchases of commodities are back to back with secured sales.

Overall Change During the Year

This risk was previously named as 'Failure of a Material Business Unit'. No material changes during 2025.

Acceptance and Management of Sales Contracts

Description

Multiple businesses of the Group enter into and manage diverse and complex contracts as part of their core operations. Bad planning, agreement to onerous terms, ineffective management and delivering services outside of the Group's core competencies could all erode the value of the contract and increase the risk exposure to the Group. Attached to the risk surrounding contracts are the potential financial and reputational impacts on the resolution of defective works and warranty claims following contract completion.

Mitigation

- Delegated Authority Mandates in place throughout the Group requiring appropriate levels of senior personnel to approve contracts.
- Requirement for legal review of all potential contracts which meet the agreed criteria, detailed within the Delegated Authority Mandates.
- Recruitment and employment of suitably qualified and competent personnel at all levels to undertake works to minimise risk relating to defective works and associated warranty claims.
- Targeting of contracts where the scope of work fits the core competencies of available resources.
- Contracts have specific risk registers, which are prepared at tender stage and maintained throughout the progress of the contract. These registers highlight the potential risks inherent in a particular contract as well as the controls required to mitigate them. They form a critical part of the management of the contract and are updated regularly throughout.

Overall Change During the Year

No material changes during 2025.

Risk Management continued

IT Disruption and Data Compromise

Description

There is an ever increasing reliance on the stability and security of the IT network for delivering day-to-day operations, whilst the volume and types of data held within it increases. This reliance on IT increases the potential for sophisticated cyber-attacks to target the Group's computer systems, infrastructure, networks and personal devices with the intention of paralysing operations for an immeasurable amount of time, carrying material financial and reputational implications for the Group.

Mitigation

- The Group has a dedicated IT function, with a high degree of skill and experience in maintaining and monitoring the IT infrastructure.
- A risk-based IT strategy is in place focusing on four strategic initiatives: technology and innovation, compliance, culture and education and delivery.
- Third party hosting of core business applications with a full business continuity and disaster recovery infrastructure as well as regular tiered backup solutions.
- Mobile device management applied to all company devices to protect network and data via mobile platforms.
- A "zero-trust" philosophy with regard to system access.
- Full Checkpoint security application in place to cover our end-points, VPN connectivity and access to cloud platforms.
- Global leading email security application presides over all email traffic, protecting against all targeted threats, phishing, malware and URL protection.
- Full user security awareness programme with regular training videos rolled out to all users across the Group.

Overall Change During the Year

No material changes during 2025.

Environmental

Description

There are inherent environmental risks within some of the Group's operations. If not properly managed, these risks could result in environmental contamination with disruption to business, financial costs and loss of reputation.

Mitigation

- Provision of clear guidance on the environmental standards which the Group's operations must adhere to.
- Compliance with laws, regulations and industry best practice is a priority across the business.
- Environmental management strategies are in place at all applicable sites.
- The ESG Group sets the tone for the Group's approach to minimise the impact of activities on the environment, through the setting and monitoring of targets.

Overall Change During the Year

No material changes during 2025.

Acquiring and Retaining Appropriately Skilled Individuals in Key Strategic Roles

Description

Key executives, senior management and skilled employees possess the industry knowledge and experience, without which, our strategic objectives may not be achieved. If the Group is unable to recruit or retain both key executives and skilled employees, this could adversely affect the Group both operationally and financially.

Mitigation

- The provision of remuneration and terms of employment that are competitive in the market.
- Identification of key strategic roles across the Group.
- Succession planning for these identified key strategic roles.
- Supporting employees through the Employee Assistance Programme, retail discount schemes and other initiatives.
- Provision of Mental Health first aiders to identify and provide first line treatment to employees.

Overall Change During the Year

No material changes during 2025.

Liquidity and Credit Risk

Description

The failure of the Group to maintain access to liquidity could result in a material adverse financial impact for the Group.

The Group needs to ensure that sufficient liquid funds are available to meet its contractual demands and wider operational uncertainties, either through available cash reserves or external funding capacity. The Group has put in place a limited invoice discounting facility which provides working capital flexibility in addition to the Group's cash reserves. The Group is not dependent on bank borrowings.

The Group's trading relationships require contract and credit exposures to specific customers that are material to the results of the Group, sometimes over a long period. Credit risk arises from the possibility that customers may not be able to pay their debts.

Mitigation

- Whilst the Group is in a positive cash position, it maintains strong relationships with prospective lenders and seeks to put in place appropriate finance facilities aligned to both the short and medium-term requirements of the business with sufficient flexibility to manage liquidity fluctuations within reasonable parameters.
- Short and medium-term cash flow forecasting is in place across the Group, ranging from daily cash flow forecasting to five-year planning together with the annual in-depth going concern review.
- The Group regularly assesses the financial reliability of customers.
- The Credit Control function closely monitors and chases any overdue debts and the majority of the Group's trade receivables are due for payment within 45 days.
- The Group remains vigilant to monitoring and controlling counterparty exposures that are material to the results of the Group. All such exposures are carefully considered before contractual commitments are made to take account of the risks presented by the contract or relationship, the returns available and the opportunities that are, or are not, available to mitigate that exposure.
- Authorisation of credit limits is restricted to a limited number of individuals, with the input of third-party credit scoring.
- A robust capital expenditure procedure is in place Group-wide to control investment in illiquid assets.

Overall Change During the Year

No material changes during 2025.

Nigel Halkes FCA
Chair of the Audit & Risk Committee
30 July 2025

Environmental, Social, and Governance Report

The Role of ESG at Hargreaves

ESG at Hargreaves continues to develop and advance strategically, operationally, and culturally at all levels of the organisation.

The Board acknowledges the role of ESG as a conduit to business growth, while also benefiting the environment, the community, and its stakeholders. Adopting a sustainability approach to business also reduces risk and promotes long-term client relationships by fostering ESG strategies that add value to services and benefit both parties.

The Group recognises ESG as

"A set of standards that measure the business's impact on the environment and society, and how robust and accountable its governance is."

The Group maintains an informed position to ensure awareness of the market ESG drivers, demands, and the need to monitor, manage, and mitigate potential environmental impact resulting from business activities.

Through its ESG strategy and activity, the Group aims to continually advance its sustainability performance, which it recognises as increasingly important for commercial, environmental, and ethical reasons.

Highlights from FY25

Targets achieved

- The Group achieved PAS 2080 accreditation, demonstrating its commitment to carbon reduction in Earthworks operations.
- The Group achieved a Gold rating from the Supply Chain Sustainability School, advancing from a Silver rating.
- An in-house digital platform has been created and designed specifically for measuring and reporting against external environmental and social frameworks.
- The Supply Chain Sustainability School Gold Status was achieved in 2025.

GOLD SUPPLY CHAIN SUSTAINABILITY SCHOOL

Other highlights

- Key milestones set out for 2025 in the Group's first Net Zero Plan have been achieved. The Plan has been reviewed and republished.
- The Group has developed its environmental data management to enable real-time monitoring and reporting, aiding with metric and target-setting against the Net Zero Plan.
- Over 174,000 trees have been planted on land owned by the Group, amounting to the equivalent of over 1.7million kg of carbon per year.
- The Group's CSR fund has provided over £51k for circa 100 beneficiaries, ranging from grassroots sports to employee-based charity fundraisers.

Environmental

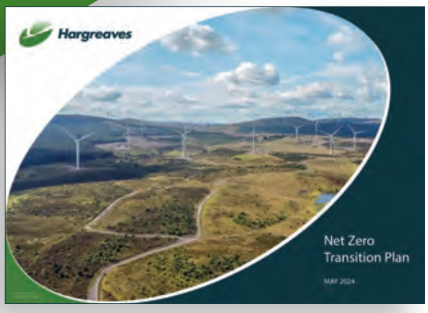
Monitors and reports how the company controls its impact on the environment and adopts practices to reduce its carbon footprint.

Social

Examines how the Company manages, interacts, and supports its people, suppliers, clients, and communities.

Governance

Controls and monitors how the Company deals with its leadership, internal controls, and shareholders.



The ESG Working Group

The ESG Working Group, now in its 4th year, has benefited from the addition of a newly appointed Head of ESG & Marketing. The Group has been extended for increased company representation, and the meeting cadence has been increased to monthly to further momentum. Key areas of focus include Net Zero Plan progress, carbon reporting, sustainability-related compliance and risks, social value impact, and industry best practice.

The ESG Working Group reports quarterly to the Board and is now also featured as a standing agenda item in all Board meetings, giving it more prominence and maintaining awareness. It recommends proposals to the Board for actions, targets and metrics to be adopted to illustrate the Group's response to climate change, including reporting in compliance with statutory obligations. This internal governance and regular communication work to keep all informed and promote engagement with core ESG activity at the highest levels in the organisation.

The ESG Working Group Philosophy

All operations and core Group functions are represented in the ESG Working Group.

The shared view and approach for all stakeholders in the Group is to adopt Group ESG standards and practices. The ESG Working Group convenes to provide senior expertise, share learnings across the business, and collaborate to identify optimal solutions to the emerging challenges and opportunities that the businesses face and foresee.

Recognising the broad remit of ESG, the Group has introduced the framework below to bring added structure and focus to the company's ESG effort. This serves as a reference point for planning, highlighting core work streams, and aligning work programmes and priorities.

ESG Priorities

Net Zero Roadmap	ESG Working Group	Compliance	Meeting Market Needs
Development with input and commitment from MD's/SBU's. Using data to highlight 'hotspots'.	Mini programmes of work based on SCSS gap analysis to inform a plan. A holistic area addressing S & G especially as well as E.	Data development and reporting. Input from relevant depts; finance, auditing, legal etc. Identification of emerging requirements.	Recognising emerging requirements and reacting to meet the needs of current and future business. Attracting and retaining investment.

Environmental, Social, and Governance Report continued

Environmental

Sustainability Frameworks and Standards

The Group acknowledges and supports international sustainability frameworks, including the 17 United Nations Sustainable Development Goals ("UNSDGs"), where applicable in the business, and identifies with the below nine goals.

The Group adheres to the UK Sustainability Disclosure Requirements (SDR), which draws on global best practice and international leading standards. This includes the former 'Task Force on Climate-Related Financial Disclosures' (TCFD), which has transitioned to the 'International Sustainability Standards Board' (ISSB) and the issuing of the 'International Financial Reporting Standards' (IFRS) Sustainability Disclosure Standards S1 and S2.

Environmental Reporting

The ESG Group continues to advance the business's data collation, monitoring, reporting, and analysis to facilitate operational ESG insights, goal setting, and reporting for internal requirements and external legal frameworks. This includes reviewing emissions data sources for accuracy, standardising emissions metrics across businesses, collating additional data for greater analysis, and further development of real-time reporting.

Data reports are also shared with nominated 'Net Zero Subgroups' to equip colleagues working in an operational capacity to monitor, track, and help identify ways to improve carbon emissions. This exercise also serves to disseminate information across the business and raise awareness.

The Group has invested in the development of a specially designed data gathering and reporting tool, which continues to be advanced and is already proving to streamline data processes and reporting, digitising previously manual tasks and enabling the early stages of a data bank.

Climate-Related Risk Assessments

Hargreaves Services plc and the businesses within the Group face numerous climate-related risks. Such business risks are referred to as **'potential financial and operational disruptions a company may face due to climate change'**.

All the operational areas in the Group maintain a business-specific climate-related risk assessment, which was reviewed and renewed in May 2025. The climate-related risk assessment identifies risks that are broadly categorised into physical and transitional risks. It includes an overview of potential mitigations and reductions for each inherent risk. This includes highlighting protocols, processes, and compliance for management, working practices, health and safety, and business continuity, to minimise business disruption and ensure the safety and wellbeing of employees. All assessments are reviewed biannually as deemed necessary.

The Group also maintains and regularly reviews its insurance cover for comprehensiveness and holds financial reserves for business security.

Net Zero Plan

The Group published its first Net Zero Plan in May 2024, with a target of being net zero by 2050. This included roadmaps for Corporate Emissions, Plant Emissions, Vehicle Emissions and Maintenance, Construction & Infrastructure Emissions as well as an 8-point plan with key milestones to achieve.

The plan was critically reviewed at least annually by the ESG Working Group, which confirmed the Group has met its core objectives for 2024 and those in 2025 to date and is on course to achieve its near-term targets, noting the earthmoving business achieved a 20% decrease in plant carbon emissions per machine hour.

An updated version of the Plan was agreed and has been added to the company website; no changes have been made to the core timelines and objectives.

Industry Benchmarking

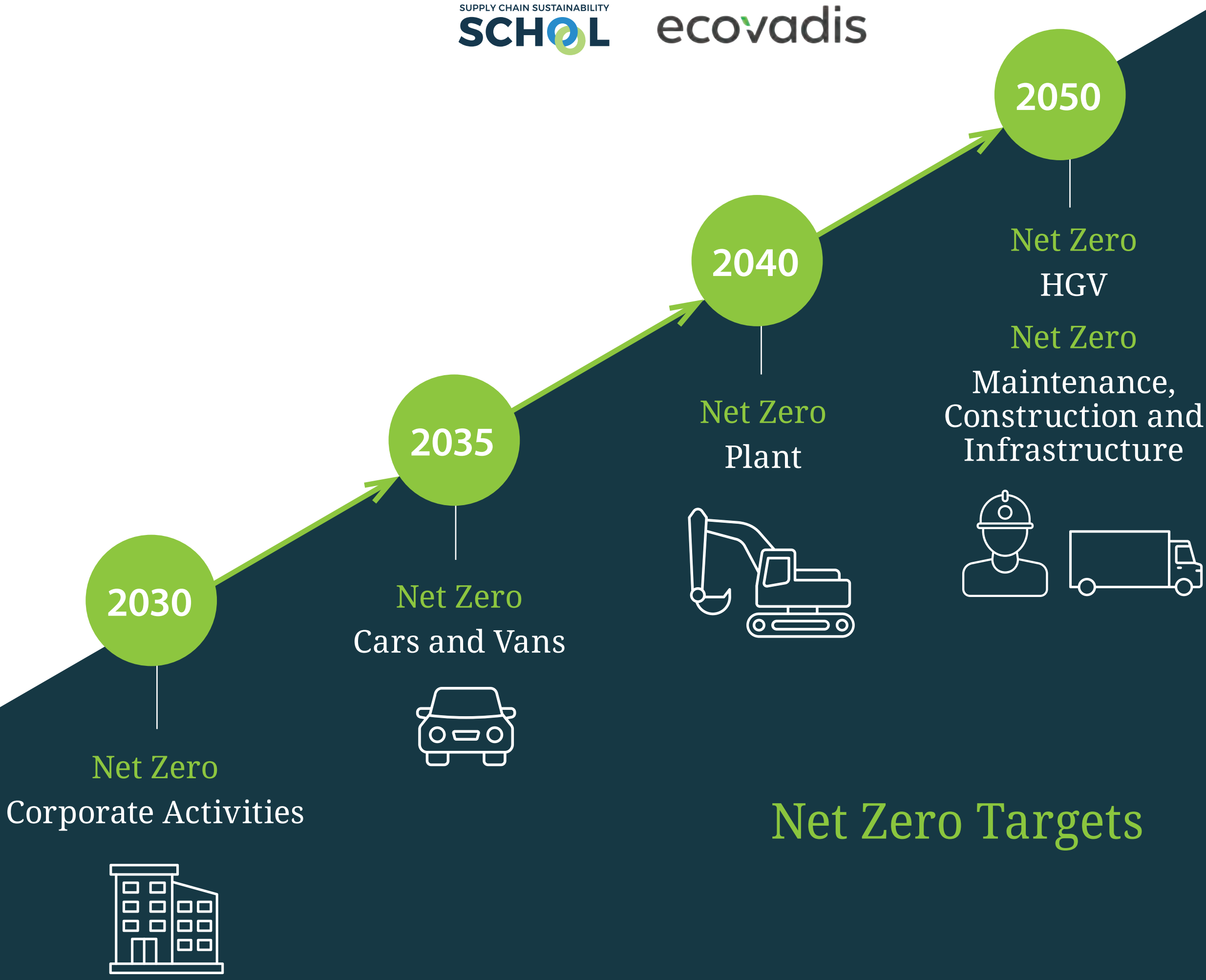
The Group is a member of the 'Supply Chain Sustainability School' (SCSS) – an industry-recognized platform that promotes *a collaborative sectorwide approach to developing sustainability competence* in supply chains. Through the SCSS, the Group conducts periodic sustainability assessments that identify areas for development while also providing high-quality training content.

The Group also subscribes to 'Ecovadis' - a globally recognised assessment platform that rates businesses' sustainability based on environmental impact, labour, and human rights standards, ethics, and procurement practices. This platform also serves to provide an independent assessment of the Group's sustainability performance and maturity and is another useful data and training source.

Environmental Standards

The Group maintains ISO9001, ISO14001, ISO45001, and ISO270001, demonstrating both the business's commitment to excellence and its quality standards.

The Group has also achieved and retained the Carbon Management in Infrastructure and Built Environment PAS2080 accreditation following an external audit by BSI earlier this year. The certification is a standard for managing whole-life carbon across the lifecycle of buildings and infrastructure and aims to commit suppliers to decarbonising the built environment and effective carbon management.



Environmental, Social, and Governance Report continued

Sustainability Initiatives

Before remediation at Broken Cross (Scotland)

After remediation at Broken Cross (Scotland)

The Group has continued to build on previous years' sustainability initiatives, while also extending the 'in-scope' activities to broaden its impact.

During FY25, the Group has improved its sustainability practices in core operations, including environmental management, energy and carbon, procurement, waste recycling, people-related policies, training and skills, and social value to improve business practices.

Sustainability initiatives have resulted from a combination of ESG Working Group activities, Net Zero Plan milestones and targets, and improvements in service delivery to meet and exceed client and market expectations.

There are some market-leading sustainability practices underway across the Group, which influence industry standards and further reduce the environmental impact of their operations.

Powharnall restoration work completed by MRL (Mines Restoration Limited) for SMRT (Scottish Mines Restoration Trust)

Land

Hargreaves Land has continued to develop its renewable energy schemes, which now feature on numerous sites and. To date, 21 wind turbines have been installed on the 2,000-hectare development by Brockwell Energy at East Ayrshire. Once operational, the wind turbines will generate enough green energy to power the equivalent of 168,000 homes each year. In addition, over the project's lifetime, it is estimated that the windfarm will generate £65 million in community benefit funds.

The second phase of the development, dubbed 'Europe's largest battery storage project', is underway in South Lanarkshire in conjunction with a leading energy company. Plans for the facility include up to 1 GW of energy storage. Blindwells, the Group's flagship residential site near Edinburgh, has continued to progress to provide much-needed housing for the local population. New land contracts will see a further 100 new homes being built, with almost half to be allocated to affordable rented housing built on one plot. Through a separate contract, on an 11-acre site, there will be a further 174 energy-efficient homes built, with 52 dedicated to affordable housing.

Over 174,000 trees have now been planted on Hargreaves-owned land, and an additional 3,000 trees have been planted at the Westfield development this year alone, amounting to over 1.7m kg of Carbon per year.

There are currently three operational windfarms on Hargreaves' owned land, and access is facilitated to a further five windfarms located on third-party land.

The land team working with the Environmental Services team has remediated a further 50ha of land in the Ayrshire region, returning once barren landscapes to places where biodiversity can be restored and forestry can resume. This brings the total land restored to over 290 ha since the programme started in 2015.

We continue to lead the way in sustainable earthmoving. Our fleet is the only one in the UK to contain two electric excavators, as we continue to work closely with our partners to deliver innovative low-carbon solutions to UK infrastructure.

The Group has also committed to supporting the '5 Client Carbon Commitments', an initiative by the Construction Leadership Council (CLC), which aims to provide a common language and ways of working between clients and core supply chain businesses and to reduce carbon in projects and practice.

Biogas vehicles implemented delivering lower-carbon service

Suez award for Logistics innovative health and safety approach

Services

In conjunction with Durham County Council, we have launched a new lower-carbon bulk waste management service, following the introduction of Iveco Bio-CNG vehicles, a new 'greener' Bio-CNG (Compressed Natural Gas) fuelled option.

Following successful trials, it is estimated that the new Iveco Bio-CNG vehicles, now operational, will reduce carbon emissions per vehicle by approximately 80% annually, and reduce Nitrogen Oxide (Nox) emissions substantially, compared to diesel equivalents, providing a greener waste transport service. This marks the first Bio-CNG operational contract and will serve as an example for future operations. Hydrogenated Vegetable Oil (HVO)-fuelled vehicles are also provided as an option for clients and have been for many years. This service is further supplemented by a new telematics system, which improves operational efficiency of the fleet.

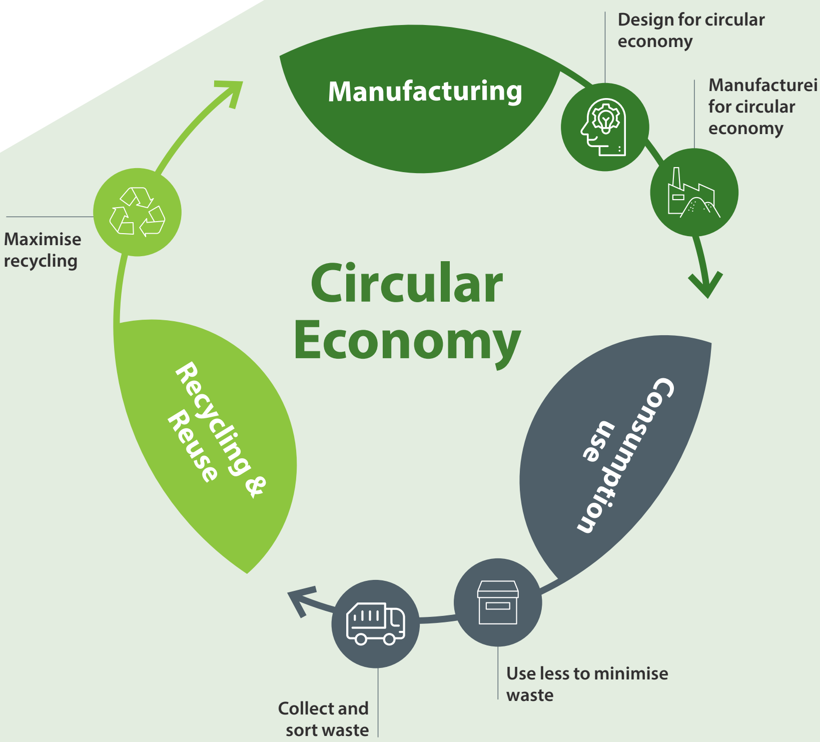
More than 80% of materials collected and transferred by the fleet go on to be used for circulator practices as part of production/recycling/upcycling processes.

The Group increased the amount of social value activity in the last year, including community and employment initiatives. We have also been recognised for our health and safety practices and scooped an award at the Suez Sustainable Supplier Awards. The 'People Safety Award', which recognises the effectiveness of technologies used to highlight the dangers of blind spot areas.

The business has also enhanced its materials testing services, including the testing of byproduct ash to ensure suitable specification and integrity for use in construction.

The Group's waste handling service continues to grow and, in turn, increases its positive contribution to the environment by diverting considerable amounts of various wastes that would otherwise go to landfill, and instead locating alternative repurposing/upcycling projects that can benefit.

The aggregates team has introduced recycled materials for sale, including sands, single-size aggregates, recycled glass sand, and topsoil.



Hargreaves' role in supporting a circular UK economy is increasing. The services we provide can all enable 'waste' or 'byproduct' materials to be collated, transferred, and recycled or reused by other businesses.

No significant environmental incidents were reported in the year within the Group.

Environmental, Social, and Governance Report continued

Sustainability Initiatives

Streamlined Energy and Carbon Reporting (SECR)

The Group's Scope 1, Scope 2, and Scope 3 emission data is set out in the table below.

	Tonnes of CO_2e 2025	Tonnes of CO_2e 2024
Scope 1 and 2 Global GHG emissions:		
Combustion of fuels in operations and services provided	**23,435**	21,856
Electricity, steam, heat and cooling for own use	**170**	194
Total footprint	**23,605**	**22,050**
Emissions reported above per employee	**16.1**	15.7
Scope 3		
Business travel (air, rail and vehicles)	**599**	445
Electricity - Transmission distribution	**15**	17
Total Annual Gross Emissions	**24,219**	**22,512**
Green electricity tariffs	**(145)**	(173)
Trees planted	**(1,745)**	(1,715)
Total Annual Net Emissions	**22,329**	**20,624**

Based on 10kg CO_2 released per tree per annum

Transport CO_2e per mile	**0.71**	0.71
BEL CO_2e per machine hour	**47.34**	59.80

Summary

The table above shows an increase in Scope 1 emissions, which reflects an increase in business activity, particularly the earthworks operations at Sizewell C Nuclear Power Station as work on the project has ramped up. This is largely due to an increase in plant usage, which has affected the emissions per employee metric.

Total carbon net emissions have increased by 8.3% since the year ended on 31st May 2024 compared with a revenue increase of 25.2%. The emissions are not offset as the Group does not undertake carbon offsetting in conjunction with third parties. Any carbon offsetting reported is as a result of the Group's own business activity or that resulting from trees planted on company-owned land.

Methodology

The Group takes an operational approach to reporting following ISO1406:1.

Calculations of fuel CO2 conversions are based on the UK Government's Conversion Factors.

Scope 1 emissions are based on the total number of litres of fuel used in operations during the financial year, which are then converted using an appropriate factor.

Scope 2 emissions are based on the total kWh of electricity and gas used at the Group's owned premises, converted using an appropriate factor.

Scope 3 emissions are based on the total litres of fuel purchased for business travel as well as an estimate of emissions for business flights and the impact of the transmission and distribution of the Group's electricity usage.

As the Group predominantly provides services, the 'emissions per employee' calculation is used as it is the most meaningful intensity ratio.

The Board considers the disclosures above meet the requirements of the Companies Act 2006 sections 414CA and 414CB (2A) with the exclusion of paragraphs 414CB (2A) (e), (f), (g), and (h) as the Board considered there to be no such material risks.

Carbon Innovation 8 - Point Plan

In addition to the commitments made in the Group's Net Zero Plan roadmaps, the Carbon Innovation Plan is to be delivered.

- Plant 1.8 million trees by 2035
- Enable the installation of renewable energy schemes on our land, including wind, battery storage, solar and minewater heating
- Support the National Highways/LTC Sustainable Earthworks Programme
- Support the development of European Standards for Sustainable Earthworks
- Provide clients with low carbon solutions and improve whole life cycle
- BREEAM assessments will be completed where we undertake direct developments of commercial units
- Deliver energy and environmental impact awareness training for staff
- Implement plans for Waste Management/Energy Management and Sustainability Sourcing

Restored brownfield site – Westfield, Fife

Environmental, Social, and Governance Report continued

Social

Employee Wellbeing

The Group operates a range of initiatives to support wellbeing for employees, including flexible working, remote working, and an 'Employee Assistance Programme' (EAP) which provides confidential mental, physical, legal and financial support free of charge.

Mental Health First Aiders are accessible to all employees, providing one-to-one confidential support and signposting for further specialist support. The industrial services business launched a "Winter Wellbeing Pack" offering free advice, help, and support for employees through the winter months.

Health and Safety

The utmost importance is placed on health and safety across the business. Over the last year, we have continued to build on our zero-tolerance approach to safety incidents including the recruitment of additional health and safety personnel to audit procedures to ensure high standards are maintained, hosting a twice-annual dedicated health and safety conference to raise awareness, educate, and further improve practices, and increasing the number of mental health first aiders. Several health and safety-related awards and nominations have also been received across the Group.

Social Value

Over 500 hours have been dedicated to social value activity in the earthmoving business alone, with other activity taking place across the Group. This includes outreach wellbeing workshops to hundreds of professionals, career events, community events, educational projects, and more.

Social value is an increasing area of activity for the Group and 2026 will see this positive impact increase.

Over £51,000 from the Group's Corporate Social Responsibility (CSR) fund was donated in 2024-2025 to benefit over 100 worthy causes ranging from grassroots sports clubs to community projects.

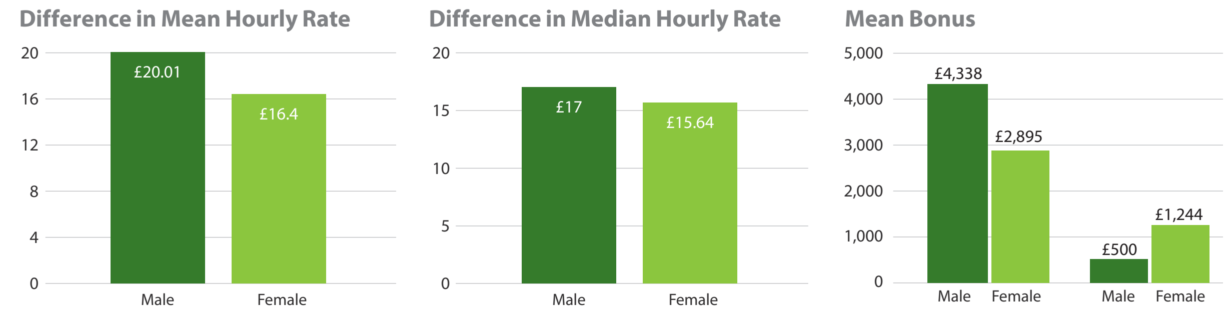
Supporting the Suffolk Show

'Looking after your environment' talks at schools

Equality, Diversity, and Inclusivity

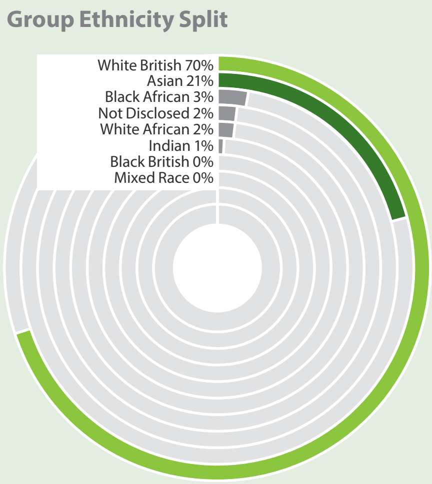
The chart below shows the mean difference (average) hourly rate between men and women. Within the Hargreaves Group, the main areas of employment are in the logistics, earthmoving, and infrastructure services businesses, this work includes material handling and maintenance.

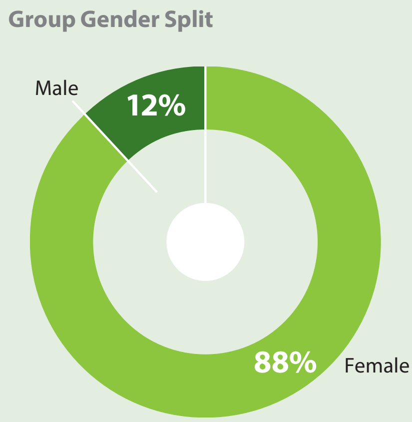
The majority of roles within the above sectors are direct workers, i.e., labourers, drivers, and machine operators, and include shift work with irregular working patterns. The median gender pay gap was 8.7% (2024: 16.9%). The hourly rates are higher for males, and the median bonus average is higher for females. The percentage of females receiving a bonus at 49% (2024: 58%) is also greater than the percentage of males receiving a bonus at 30% (2024: 42%).



• This statement on the gender pay gap is accurate as of 5th April 2025.

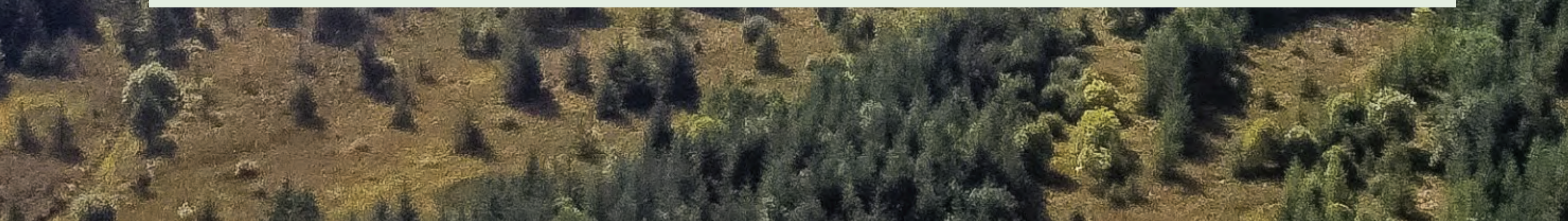
The causes of the gender pay gap are varied. The sectors the Group operates in tend to result in more males applying for positions than females, due to the nature of the work. However, the Group is actively seeking to support women into roles they may not typically consider. This includes campaigning for women to join the earthmoving business where a wide range of roles are on offer, including drivers, engineers, and administrative roles.





The Group workforce was increased in 24/25 in core areas, including ESG, health and safety, recruitment, as well as operational roles in engineering, and plant operatives to enhance service performance. Updated family-friendly rights policies have been implemented to include neonatal and carers to support employees.

Apprenticeships and graduate placements are in place to provide career pathways to young people. Ongoing training is provided to all employees in the Group.



Restored mine site, Dalquhandy Scotland

Environmental, Social, and Governance Report continued

Governance

Code of Practice

Hargreaves continues to build upon its high standards of corporate governance and follows the Quoted Companies Alliance Corporate Governance Code 2018 ('QCA Code), complying with the ten principles set out.

The earthmoving business has achieved the PAS2080 accreditation, which aims to ensure business operations are sustainability-focused and have demonstrable carbon reduction initiatives.

The Group maintains high standards of operations and holds ISO9001, ISO14001, ISO45001, and ISO 270001 accreditations.

The ISO accreditations are internationally recognised and ensure that services are safe, reliable, and of a high standard.

The logistics business holds the FORS accreditation, which aims to raise the quality within the fleet operations in relation to best practice, efficiency, and environmental protection.

Further information on corporate governance, including the role of the Main Board, Audit and Risk Committee and Nomination Committee are set out in this Annual Report.

Environmental, Social, and Governance Report continued

Governance – NFSIS Report

NFSIS Recommended disclosure	Actions taken
Governance	
Describe the Board's oversight of climate-related risks and opportunities	• The Board has overall responsibility for the identification and management of all risks, including those associated with climate change. • The Group's approach to risk identification, evaluation, management, and mitigation is detailed within the "Risk Management Report" • The Board has approved the Group's Net Zero Plan, which sets out a strategy to decarbonise by 2050, including key opportunities, which will assist the Group in achieving this goal.
Describe management's role in assessing and managing climate-related risks and opportunities	• The ESG Group is responsible for the identification of climate-related risks and opportunities. • The ESG Group developed the Net Zero Plan and is responsible for the implementation of this plan. The Plan was reviewed in May 2025. • Each business unit, feeding into the ESG Group, has its carbon reduction initiatives, which are being carried out on a tangible level.
Strategy	
Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	• The recently published Net Zero Plan sets out many near-term and longer-term opportunities for the reduction of carbon in our operations. This includes: • Installation of smart energy meters at company-owned premises. • Providing HVO-enabled fuel-operated HGVs for clients, and in some instances, Bio-gas fuelled fleet. • Trialling alternative fuels for our large plant fleet, including fully electric engines and longer-term hydrogen power • Risks identified include: i) reducing and ultimately phasing out by legislation of diesel as a fuel for plant and machinery, ii) the transition risk of moving from traditional fuels, such as diesel, to newer fuel sources (electric/hydrogen) is reliant on third-party providers and UK hydrogen infrastructure is in its infancy.
Describe the impact of climate-related risks and opportunities on the organisations business, strategy, and financial planning	• The purpose of the ESG Group is to continuously embed ESG into the business's decision-making process. • The development of the Group's Net Zero Plan aligns with the wider strategic goals of the business. • The Group's five-year strategic plan incorporates ESG throughout.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios.	• The strategy is embedded throughout all levels of the business with the aim of the ESG Group. • The Group has carried out a climate-change risk assessment for each business, which took into account numerous scenarios, including increased summer and winter average temperatures, an increase in sea levels, an increase/decrease in annual rainfall, amongst others. The Group did not identify any further material risks that would manifest in the next five years.
Risk Management	
Describe the organisation's process for identifying and assessing climate-related risks	• The risk assessment process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Describe the organisation's process for managing climate-related risks.	• The risk management process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	• The risk assessment process for climate-related risks forms part of the risk assessment process of all Group risks. The details are set out within the Risk Management Report.
Metrics and targets	
Disclose the metrics used by the organisation to assess climate-related risks and opportunities	• The Scope 1 and 2 carbon emissions, as measured by the SECR framework, represent the key metrics by which the Group measures its performance against carbon-related risks and opportunities. • Details of scope 1 and 2 emissions can be found in the ESG Report.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions	• Details of Scope 1 and 2 GHG emissions can be found in the ESG report. • Scope 3 is measured for business travel only and is included within the ESG report.
Describe the targets used by the organisation to manage climate-related risks and opportunities, and performance against targets.	• The scope 1 and 2 emissions, as measured through the SECR framework, are regularly monitored through the ESG Group.

Environmental, Social, and Governance Report continued

Governance

Focus for 2026

ESG continues to develop at Hargreaves. The Group aims to identify new ways to add value to services provided to clients through increasingly sustainability-focused operations that benefit all stakeholders.

In the year ahead, this will include identifying ways to improve the Group's ESG credentials from a more holistic perspective, developing the delivery of social value initiatives, exploring technologies to improve efficiencies, and implementing more initiatives to reduce the Group's carbon footprint.

The below targets have also been set for the year ahead:

Targets for 2026

The Group had set three targets for the year just ended. The targets are as follows:

Target	Target	Target
Develop a consistent data dashboard for all internal ESG data using Hargreaves' in-house digital reporting platform	Increase the Group's Ecovadis score by 20% to support winning new work	Implement and launch a volunteering scheme for the UK Group

Directors’ Report

In this section

Hargreaves

Board of Directors

Nigel Halkes (aged 69)

Non-Executive Director

Nigel was appointed to the Board in August 2015 and serves as Chair of the Audit & Risk Committee. He is also a member of the Remuneration Committee. He is a Chartered Accountant and was a partner at Ernst & Young for 25 years, rising to become Managing Partner of Markets for the UK and Ireland, responsible for the firm's growth strategy, key relationships, and business development. He retired from Ernst & Young at the end of 2013 to pursue a portfolio non-executive career spanning the public, private and charitable sectors. Nigel is a Non-Executive Director of Tribal Group plc and Netcall plc. Nigel's extensive professional experience brings rigour and insight to the Board particularly with regard to financial accounting and risk management.

Nicholas Mills (aged 34)

Non-Executive Director

Nick joined the Board in 2020 as Non-Executive Director and currently serves as the Chair of the Remuneration Committee. He has been employed by Harwood Capital LLP since 2019 after spending 5 years at Gabelli Asset Management in New York. He acted primarily as a Research Analyst covering the multi-industrial space and also gained experience in Merger Arbitrage strategies and marketing Closed End Funds. He has a Bachelor of Science Degree from Boston College's Carroll School of Management. Nick is a Director of Harwood Capital Management Limited, Harwood Capital Management (Gibraltar) Limited, Growth Financial Services Limited, 62 Pont Street (Freehold) Ltd, Niox Group Plc and North Atlantic Investment Services Limited.

Simon Hicks (aged 56)

Chief Operating Officer

Simon joined Hargreaves in 2025 as Chief Operating Officer. He is a graduate of Nottingham Trent University with a BEng in Manufacturing Engineering and an MSc in Project Management.

He has spent 35 years in the Energy, Utilities, Waste Management, and Infrastructure sectors, holding senior leadership positions, notably as CEO of Evero Energy, Regional Managing Director of Altrad Services, and Projects Director at Bilfinger.

He is also serving as a Trustee of the Engineering Construction Industry Training Board (ECITB).

Roger McDowell (aged 70)

Non-Executive Chair

Roger was appointed Chair of the Company and the Nominations Committee on 1 August 2018 after joining the Board in May 2018. He is also a member of the Remuneration and Audit & Risk Committees. Roger spent his executive career working in his family's business, pipeline products distributor Oliver Ashworth. He was Managing Director for eighteen years, leading the business through dramatic growth (from £1m to £100m turnover), main market listing and ultimate sale to St Gobain. Thereafter he has taken on Chair or non-executive roles in private equity backed and listed businesses in a variety of sectors including; engineering, manufacturing, waste management, renewable energy, financial services, IT, and telecoms. Roger currently serves as Chair of Avingtrans plc and Flowtech Fluidpower plc. He is also a Non-Executive Director of Tribal Group plc, Proteome Sciences plc, British Smaller Companies VCT2 PLC, and Koheilan Ltd. As can be seen from the above, Roger has extensive business management experience in both executive and non-executive roles which provides the Board with relevant commercial and governance experience. He also has strong relationships with many of the Company's major shareholders, built up over several years with a number of companies.

Gordon Banham (aged 61)

Group Chief Executive

Gordon was Managing Director of his family firm, F Banham Limited, until 1994 when he negotiated its sale to Charrington Fuels and was appointed as General Manager of the combined businesses. On the acquisition of Charringtons by the CPL Group in 1995, he was made Distribution Director responsible for the enlarged group's coal distribution activities. Gordon joined Hargreaves in 2001, subsequently being appointed as Group Chief Executive. He led the management buyout of the Company in 2004 and its subsequent flotation on the London Stock Exchange the following year. Gordon's knowledge of the Group and its various business interests is unrivalled, and he continues to have a detailed involvement in all material matters with which the Group is engaged. Gordon is a Director of GB Holdings (2021) Limited.

Stephen Craigen (aged 41)

Chief Financial Officer

Stephen joined the Board in August 2023 as Director. He graduated from the University of Newcastle-upon-Tyne with a Masters degree in Mathematics and Statistics. Stephen is an experienced chartered accountant having qualified whilst at PwC.

Stephen joined Hargreaves in a Group Finance role in 2013 and progressed to Group Financial Controller in 2017, a position he held until his appointment to the Board and, as such, has a deep understanding of the Hargreaves business model.

Chris Jones (aged 59)

Non-Executive Director

Chris joined the Board in April 2020. He is a member of both the Remuneration and Audit & Risk Committee. He is a property consultant and Chartered Surveyor with over 30 years' direct experience working with a broad range of organisations within the UK investment and development sectors of the commercial property market. As a founding partner of his investment practice - Christopher Dee LLP, based in Manchester, he has provided advice to private and institutional clients on all aspects of commercial property investment, development, and funding work. Chris is a Director of The Creative Property Group Ltd and Doon Villa Holdings Ltd.

David Hankin (aged 43)

Company Secretary

David joined Hargreaves in 2016 and was subsequently appointed as Company Secretary in 2023.

David is a solicitor having qualified with Watson Burton LLP in 2009. Upon qualification, he moved to WSP (formerly Parsons Brinckerhoff) where he worked as in-house legal counsel for the Europe, Middle East and Africa region until joining Hargreaves.

Directors' Report

The Directors present their Directors' Report and audited consolidated Financial Statements for the year ended 31 May 2025.

Principal Activities

The principal activities of the Group during the year were the provision of haulage services, waste transportation, processing of minerals, mechanical and electrical engineering, materials handling, the development and sale of land and specialist earthworks.

Results and Proposed Dividend

The profit for the year was £14,740,000 (2024: £12,218,000). Following the payment of an interim dividend of 18.5p per share on 8 April 2025, the Directors recommend a final dividend for the year ended 31 May 2025 of 18.5p (2024: 18.0p) per share.

It is proposed that the final dividend will be paid on 3 November 2025 to shareholders on the register on 26 September 2025. The shares will become ex-dividend on 25 September 2025. The proposed dividend has not been provided for in these financial statements as it was not declared and approved before the year end.

Outlook

The current trading and outlook for the Group is disclosed within the Chair's Statement above.

Financial Instruments

The financial risks faced by the Group and its policy in respect of these risks are set out in Note 27 of the financial statements.

Policy and Practice on Payment of Creditors

The Group does not operate a defined code of practice regarding payment to suppliers. The Group determines conditions of payment for its own supply of goods and services. It is the Group's policy that transactions are then settled in compliance with these legal or other contractual obligations having regard to good commercial practice.

Directors

The Directors who held office during the year and to date are as follows:

Roger McDowell
Nigel Halkes
Christopher Jones
Nicholas Mills
Gordon Banham
David Anderson (resigned 31 May 2025)
Stephen Craigen
Simon Hicks (appointed 1 June 2025)

The names and biographical details of the Directors at the date of this Directors' Report are given in the Board of Directors section of this Annual Report.

An evaluation of the performance of each Director and of the Board is carried out annually and the performance of each continues to be effective and demonstrates commitment to the role.

The Company provides indemnities to each of its Directors in accordance with the provisions of the Company's Articles of Association. Additional information relating to Directors' remuneration, service contracts and interests in the Company's shares is given in the Remuneration Report. These indemnities were in place during the year and at the date of this Directors' Report.

The Directors who held office at the end of the financial year had the following interests in the shares of the Company according to the register of Directors' interests (audited):

	Class of share	Number of shares at end of year	Number of shares at beginning of year
GB Holdings (2021) Limited (wholly owned by Gordon Banham)	Ordinary	**2,792,461**	2,759,910
Stephen Craigen	Ordinary	**20,708**	12,860
Roger McDowell	Ordinary	**442,557**	442,557
Nigel Halkes	Ordinary	**5,000**	5,000
Christopher Jones	Ordinary	**79,369**	79,369
Nicholas Mills*	Ordinary	**10,000**	10,000
David Anderson	Ordinary	**113,653**	105,617
Simon Hicks (appointed 1 June 2025)	Ordinary	**4,250**	–

* Nicholas Mills is an employee of Harwood Capital LLP, which owns 9,205,000 ordinary shares of the Company, being 27.89% of the issued share capital.

Details of Directors' emoluments are set out in the Remuneration Report. All the Directors benefited from qualifying third-party indemnity provisions in place during the year and at the date of this Directors' Report. Except as detailed in the Remuneration Report, according to the register of Directors' interests, no rights to subscribe for shares in Group companies were granted to any of the Directors or their immediate families or exercised by them during the financial year and up to the date of this Directors' Report.

Retirement of Directors

While the Company's Articles of Association require Directors to retire by rotation every three years, in line with the Articles of Association, following the Company's adoption of the QCA Code 2023 for the financial year ended 31 May 2025, all Directors offer themselves for re-election at the forthcoming Annual General Meeting.

Disclosable Interests

As at 25 July 2025, the Company had been notified of the following shareholders with 3% or more of the issued share capital of the Company:

Shareholder	Number of ordinary shares	% of issued share capital
Harwood Capital LLP	9,205,000	27.89%
Canaccord Genuity Group Inc	3,224,088	9.77%
GB Holdings (2021) Limited	2,792,461	8.46%
Downing LLP	1,312,598	3.98%

The above disclosures are in accordance with the last TR1 notification to the Company by shareholders.

Employees

Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex, sexual orientation or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the Group continues. The Group engages, promotes and trains staff based on their individual capabilities, experience and qualifications allowing all employees an equal opportunity for progression without discrimination.

The Directors recognise the importance of good communications and good relations with employees. Regular meetings are held between the Chief Executive and senior managers who cascade relevant information through their reporting systems. The Group intranet also provides regular information to employees to inform them of developments within the Group. An employee e-newsletter is issued on a six-monthly basis to inform individuals in relation to various topics around the Group including employee benefits, employee assistance programmes and human-interest stories.

Directors' Section 172(1) Statement

The Board acknowledges its responsibility under section 172(1) of the Companies Act 2006 and sets out below the key processes and consideration that demonstrate how the Directors promote the success of the Group. The below statement sets out the requirements of the Act, section 172(1), and notes how the Directors discharge their duties.

As noted in the Corporate Governance Report, the Group is headed by an experienced and effective Board, which controls and leads the Group. The Board meets at least ten times per year, receiving appropriate information from management on a timely basis, and making further detailed enquiries where necessary to enable it to fully discharge its duties. Each decision that is made by the Directors is supported by papers which analyse the possible outcomes so that an appropriate decision can be made based upon the likely impact on the performance and position of the Group. This enables a decision to be made which best promotes the success of the Group and considers the impact on the wider stakeholder group. Factors below are all considered during the decision-making process.

Likely consequences of any decisions in the long term

As part of the Board's decision-making process, they are given access to management papers which set out the potential outcome of decisions. The papers evaluate both the financial impact against forecast, as well as non-financial factors and how the decision fits with the strategy of the Group. Through a well-designed system of internal reporting and control, the Board has devolved certain levels of autonomy to management to run and develop the business of the Group.

The Group has an annual budget and five-year strategic plan which is reviewed regularly to benchmark performance and achievements against its long-term strategy. Each year, the Board holds a session with each of the business unit Managing Directors and other senior management to review and reconsider the strategy of each business unit. This includes consideration of market conditions and opportunities, investment requirements and capital allocation, resource availability, the overhead cost base and margins. The Board then considers the outlook for the entire Group and the opportunities to create, deliver and realise value for shareholders. The Board's strategy remains unchanged and is focused on delivering reliable and growing profits in its Services business whilst realising value out of Hargreaves Land through a move to a lower-capital model. Furthermore, the strategy with regards to HRMS is to maximise the annual cash return to the Group to ultimately realise the balance sheet value for shareholders.

Directors' Report continued

Interests of the Group's employees

The Directors actively consider the interests of employees in all major decisions. The Board encourages feedback from employees to improve the culture and working environment of the Group. The Group Chief Executive holds regular meetings with senior managers both to keep them informed of Board decisions and shareholder feedback but also to gather views and input from the business units. The senior managers then cascade that information down through the businesses through their reporting channels. Additionally, the Group's intranet and regular in house newsletter carry a range of statements and information updates which employees can access.

The Group also operates various LTIP schemes for the Directors and other senior employees based on performance criteria. The Board believes this encourages employee engagement in promoting the success of the Group and in aligning the financial interests of the Executive Directors and other senior employees with those of the shareholders.

The need to foster the Group's business relationships with suppliers, customers and others

The Directors have identified the stakeholders of the Group and review regularly to ensure adequate communication and engagement is ongoing with each stakeholder group. The Board recognises that the Group's customers, suppliers and employees are crucial to its success. The Group has established long-term relationships with key customers and suppliers and the Board encourages feedback from them to improve decision making. For key customers and suppliers, appropriate due diligence is undertaken around their working practices and ethics as well as their financial stability and viability.

One of our strategic priorities is our commitment to the highest practicable standards of health and safety, which has enabled us to secure and maintain valuable contracts, as detailed in "Impact of the Group's operations on the community and environment" below.

Impact of the Group's operations on the community and environment

The Group takes its responsibility within the community and wider environment seriously. There are specific information channels in respect of health & safety matters. The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts (as further detailed in the Environmental, Social and Governance report and "Principle 2: Promote a corporate culture that is based on ethical values" of the Corporate Governance Report). The Group publishes its annual global emissions in compliance with the streamlined energy and carbon reporting ("SECR") regulations detailed in "Carbon emissions" below. Additionally, the Group maintains a Corporate Social Responsibility fund to support the charitable endeavours of our stakeholders, including employees, in the local community. Further details can be found in the ESG Report.

The desirability of the Group maintaining a reputation for high standards of business conduct

The Company is committed to maintaining high standards of corporate governance and previously adopted the QCA Code 2018. In November 2023, the Quoted Companies Alliance published the QCA Code 2023, which applies to financial years beginning on or after 1 April 2024. The Company has decided to adopt the QCA Code 2023 noting that the Quoted Companies Alliance has provided a transitional period of 12 months to allow companies to make necessary adjustments in adopting the revised principles by providing explanations on gaps to be addressed. The Group's approach in relation to complying with each of the ten principles of the QCA Code 2023 is set out in the Corporate Governance Report.

To monitor and strengthen further Group compliance with corporate governance, the Board undertakes a self-assessment annual performance review. The assessment provides an effective platform for reviewing performance and, over time, a greater focus has developed on particular recommendations, which has prompted fruitful discussions among the Board and influenced its operation. The 2025 review has been carried out with the Board focusing on those areas where one or more of the Directors had indicated a concern. In particular, the Board considered that Board diversity is a key area for focus in the future and maintains a skills matrix to assess the abilities and capabilities of the Board. Following the 2025 self-assessment performance review, the Board has implemented an annual review of independence of Non-executive Directors.

The Group has a strong ethical culture based upon its Code of Ethics which can be found on the Group's website. The Group's reputation is built on its values as a Group, the values of its employees, and the collective commitment to acting at all times with integrity. Part of the work of the Audit & Risk Committee involves reviewing the Group Whistleblowing Policy by which employees of the Group may, in confidence, raise concerns about possible financial or other improprieties. Where there is a need to seek advice on particular issues, the Board will liaise with its lawyers and nominated advisers to ensure the consideration of business conduct, and its reputation is maintained.

The need to act fairly between members of the Group

An important role of the Board is to represent and promote the interests of the Group's shareholders as well as being accountable to them for the performance and activities of the Group. The Board engages with its shareholders through presentations, conference calls, face-to-face meetings and the Annual General Meeting. Following the announcement of the Group's half-year and year-end results, presentations are made to analysts and major shareholders to update them on progress and invite them to ask questions. The Board also uses online real time webcasting of its results presentations which enables all interested parties, including private shareholders, to access information and to ask questions of Executive Directors. The Board is updated on the latest shareholder information by the receipt of shareholder register movements, analyst reports and feedback from the Group's brokers and Financial PR Advisers following investor presentations after half-year and year-end results. The Board incorporates this feedback into its decision-making processes. All Directors attended the Annual General Meeting in 2024 and engaged in discussion with the shareholders present. The Group provides contact details on the investor relations page of its website and in the notice to the 2025 Annual General Meeting which investors can use to contact the Group, giving equal access to all investors and potential investors.

Carbon Emissions

Information on carbon emissions in accordance with the SECR regulations is set out in the ESG report.

Purchase of Own Shares

The Directors are authorised to make market purchases of the Company's own shares under an authority granted at the Annual General Meeting held on 30 October 2024. The Directors will seek authority to make market purchases of up to fifteen per cent of the Company's own shares at the 2025 Annual General Meeting (full details are available in the 2025 Notice of Annual General Meeting).

Approval to Issue Shares

The Directors will seek authority to allot up to a maximum aggregate nominal amount of £1,100,077 at the 2025 Annual General Meeting (full details are available in the 2025 Notice of Annual General Meeting).

Disclosure of Information to Auditor

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

Independent Auditor

The Board proposes to reappoint PricewaterhouseCoopers LLP as auditor. Resolutions concerning their continued appointment and to authorise the Audit & Risk Committee of the Board of Directors to agree their remuneration will be put to the forthcoming Annual General Meeting of the Company (full details are available in the 2025 Notice of Annual General Meeting).

By order of the Board

David Hankin
Company Secretary
30 July 2025

Corporate Governance

The Company is committed to maintaining high standards of corporate governance and previously adopted the Quoted Companies Alliance Corporate Governance Code 2018 ("the QCA Code 2018"). In November 2023, the Quoted Companies Alliance published its Corporate Governance Code 2023 ("the QCA Code 2023"), which applies to financial year beginning on or after 1 April 2024. The Company has decided to adopt the QCA Code 2023 for the year ended 31 May 2025 noting that the Quoted Companies Alliance has provided a transitional period of 12 months to allow companies to make necessary adjustments in adopting the revised principles by providing explanations on gaps to be addressed.

The Company's approach in relation to complying with each of the ten principles of the QCA Code 2023 is set out below.

Deliver Growth

Principle 1: Establish a purpose, strategy and business model which promote long-term value for shareholders

The Board has established a purpose, strategy and business model which seek to promote long-term value for shareholders. The strategy and associated opportunities and challenges are set out in the Strategic Report section of this Annual Report and follows the theme of Create, Deliver, Realise. The challenges to the Group have been evaluated by the Board and continue to be reviewed on a regular basis. These risks and the Board's views on the mitigations which balance them are set out in the Risk Management section of this report.

Principle 2: Promote a corporate culture that is based on ethical values

Culture

The Company has a strong ethical culture based upon its Code of Ethics which can be found on the Company's website. The Code of Ethics is reviewed annual by the Board. The Company's reputation is built on its values as a company, the values of its employees, and the collective commitment to acting at all times with integrity. The Board considers that the Company's culture is crucial to its purpose, strategy and business model.

Part of the work of the Audit & Risk Committee involves reviewing the Group Whistleblowing Policy by which employees of the Group may, in confidence, raise concerns about possible financial or other improprieties. The appropriateness of the Board's corporate governance structures is reviewed as part of the Board and Committee effectiveness process described above.

Compliance with Laws

The Group has systems in place designed to ensure compliance with all applicable laws and regulations and conformity with all relevant codes of business practice. Compliance with the Bribery Act 2010 involves an Anti-Corruption and Bribery Policy and a Group Whistleblowing Policy. Training is given to all appropriate employees through the use of online tools to ensure that there is full understanding of the Bribery Act 2010 and competition law and awareness of the consequences of not adhering to Group policies. The Group's Whistleblowing Policy is used to encourage staff to raise concerns in the knowledge that concerns raised in good faith will be taken seriously and investigated.

The Group has the appropriate measures in place to comply with the provisions of the Market Abuse Regulation and the Modern Slavery Act. The Group has processes and policies to comply with the General Data Protection Regulation ("GDPR") and wider information governance. The Group has a Data Protection Officer who is responsible for: managing information governance; implementing the requirements of GDPR; and arranging for online training to be given to appropriate employees.

Safety, Health and Environment

The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts. The Board ensures that health and safety issues for employees, customers and the public are of foremost concern in all Group activities and ingrained in day-to-day activities. The Group Chief Executive is charged with overall responsibility. The Group encourages both internal and external training through a formal network of full-time officers and Health and Safety nominated "champions" at all levels. Statistical analysis is used to highlight any areas where additional training or improved working practices would be beneficial, and positive action is promptly implemented. All business units have activity related safety management systems.

Environmental, Social and Governance

The Group has established a cross-business ESG Working Group to assess procedures, review methods and identify goals to enable balanced judgements to be made going forward. The Group's ESG Working Group is chaired by the Head of ESG and Marketing and includes members from every business within Hargreaves. It reports quarterly to the Board. The Board is responsible for reviewing the Group's ESG report. The ESG Working Group also prepares reports required to comply with the requirements of the NFSIS. The ESG Working Group's findings form an integral part of financial reports and investor presentations. Further details can be found together within the Environmental, Social and Governance report.

Principle 3: Seek to understand and meet shareholder needs and expectations

An important role of the Board is to represent and promote the interests of the Company's shareholders as well as being accountable to them for the performance and activities of the Group. The Board believes it is important to engage with its shareholders and aims to do this through presentations, conference calls, face-to-face meetings and the Annual General Meeting. Following the announcement of the Group's half-year and year-end results, presentations are made to analysts and shareholders to update them on progress and invite them to ask questions.

The Board also uses online real time webcasting of its results presentations which enables all interested parties, including private shareholders, to access information and to ask questions of Executive Directors. The Board is updated on the latest shareholder information by the receipt of shareholder register movements, analyst reports and feedback from the Company's brokers and Financial PR Advisers following investor road shows after half-year and year-end results. All Directors attend the Annual General Meeting and engage in discussion with shareholders present. The Company provides contact details on the investor relations page of its website which investors can use to contact the Company. The Board, led by the Chair, encourages feedback from shareholders on governance matters.

The ESG report in this Annual Report provides details of the Company's approach to environmental and social matters includes quantitative and qualitative reporting.

Principle 4: Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

The Board recognises that the Group's customers, suppliers and employees are crucial to its success. The Group has established long-term relationships with key customers and suppliers and the Board encourages feedback from employees to improve the culture and working environment of the Group. The Group Chief Executive holds regular meetings with senior managers both to keep them informed of Board decisions and shareholder feedback but also to gather views and input from the business units. The senior managers then cascade that information down through the businesses through their reporting channels. Additionally, the Group's intranet and in house newsletter carry a range of statements and information updates which employees can access. There are specific information channels in respect of health & safety matters. The Group has a proactive approach to safety, health and the environment and is committed to the highest practicable standards of safety and health management and the minimisation of adverse environmental impacts (as further detailed above at "Principle 2: Promote a corporate culture that is based on ethical values").

The Board has identified that its role in environmental and social matters (including local communities) is crucial to the execution of the purpose, strategy and business model of the Company. The ESG report in this Annual Report highlights issues as being material to the Company's purpose for the financial year ended 31 May 2025 and progress against identified objectives. The ESG Report also identifies targeted objectives for the financial year ending 31 May 2026.

Principle 5: Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

The Company's approach to risk is set out within the Risk Management section of this Annual Report, which describes the process for identification, assessment and management of risk, both current and emerging, risk appetite and how the risk governance framework and processes support the Board's assessment of future prospects and viability/resilience considerations. The Risk Management section also describes the Company's governance around climate-related risks and opportunities, the process for identifying, assessing and managing climate-related risks and how these processes are integrated into the Company's overall risk management framework.

The Board has devolved considerable levels of autonomy to management to run and develop the business of the Group within defined parameters. The Board believes that a well-designed system of internal reporting and control is necessary. The Board therefore continues to have overall responsibility to develop and strengthen internal controls. The Audit & Risk Committee, on behalf of the Board, has the responsibility for reviewing internal controls. The system is designed to provide reasonable, but not absolute, assurance that the assets of the Group are safeguarded, that proper accounting records are maintained, and that reliable financial information is produced. All subsidiary undertakings are required to adhere to specified internal control procedures. The Audit & Risk Committee receives regular reports on risk management and internal control. Monitoring of compliance with the Group's system of internal control is undertaken by all levels of management and the internal audit function. This is reinforced by the role fulfilled by the Audit & Risk Committee (as further detailed below at "Principle 7: Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities").

The Audit & Risk Committee monitors and formally considers external auditor independence. The Audit & Committee is satisfied that the auditor is suitably independent. Further details are contained within the Audit & Risk Committee report.

Maintain a Dynamic Management Framework

Principle 6: Maintain the Board as a well-functioning, balanced team led by the Chair

The Board

The Group is headed by an effective Board, which controls and leads the Group. The Board meets at least ten times per year, receiving appropriate information from management on a timely basis, and making further detailed enquiries where necessary to enable it to fully discharge its duties.

Corporate Governance continued

The Directors attended the following meetings in the year ended 31 May 2025:

Attendance at meetings	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Number of meetings	10	4	7	1
Gordon Banham	10 attended	n/a	n/a	1 attended
Nigel Halkes	10 attended	4 attended	7 attended	1 attended
Stephen Craigen	10 attended	n/a	n/a	n/a
Roger McDowell	10 attended	4 attended	7 attended	1 attended
David Anderson (resigned 31 May 2025)	10 attended	n/a	n/a	n/a
Christopher Jones	10 attended	4 attended	7 attended	1 attended
Nicholas Mills	10 attended	4 attended	7 attended	1 attended

The Board is collectively responsible for the long-term success of the Group and has ultimate responsibility for the management, direction and performance of the Group and its businesses. The Board is required to exercise objective judgement on all corporate matters and is accountable to shareholders for the proper conduct of the business. All Directors have access to the advice and services of Group Legal Counsel who is also the Company Secretary. The Company Secretary is responsible to the Board for ensuring that procedures are followed and for compliance with applicable rules and regulations.

There is a clearly defined division of responsibilities between the Chair and the Group Chief Executive. The Chair is primarily responsible for the leadership and effective working of the Board. This is achieved by:

- chairing Board meetings, setting the agendas in consultation with the Group Chief Executive and Company Secretary and encouraging the Directors to participate actively in Board discussions;
- leading the performance evaluation of the Board, its Committees and individual Directors;
- promoting high standards of corporate governance;
- ensuring timely and accurate distribution of information to the Directors and effective communication with shareholders;
- periodically holding meetings with the Non-executive Directors without the Executive Directors present; and
- establishing an effective working relationship with the Group Chief Executive by providing support and advice whilst respecting executive responsibility.

The Group Chief Executive is responsible for the executive management of the Group and for ensuring the implementation and execution of the Company's purpose, strategy and policy within approved business plans, budgets and timescales.

Information on each Director and the relevant experience, skills and capabilities are set out in the Director's biography page within this Annual Report. Specific individual contributions during the year ended 31 May 2025 include:

- Roger McDowell, as Chair, has used his many years' experience as an Executive Director and a Non-Executive Director in other organisations to lead Board discussions and to ensure the application of high standards of corporate governance including the adoption of the QCA Code 2023 during the year ended 31 May 2025.
- Gordon Banham, as Chief Executive Officer, continues to execute the purpose, strategy and business model to promote long-term value for shareholders and uses his knowledge and experience of the Company and the markets in which it operates to evolve and develop the senior management. This included overseeing the process for the appointment of a Chief Operating Officer, in respect of which Simon Hicks was appointed on 1 June 2025.
- Stephen Craigen, as Chief Financial Officer, has used his experience in strategic financial oversight and risk management to continue to ensure accountability and transparency when it comes to decision making. Stephen was involved in the appointment on the Chief Operating Officer and has overseen the smooth financial performance of the Group in the year.
- Simon Hicks, as Chief Operating Officer appointed on 1 June 2025, was not a director during the year ending 31 May 2025. Simon brings his extensive experience from his previous roles in infrastructure, energy, utilities and construction firms, including Evero Energy, Altrad and Bilfinger. Simon's initial focus will be on the creation and delivery of value within the Group's Services business unit.
- David Anderson, as Group Property Director until 31 May 2025, has used his 25 years of experience and success in the field of property and development to support the continued development of Hargreaves Land. David will continue to support a smooth transition and will continue to assist the Group as a specialist consultant on certain projects.
- Nigel Halkes, as Non-executive Director and chair of the Audit & Risk Committee, has used his experience as a Chartered Accountant, where he spent 25 years as a partner at Ernst & Young, to chair Audit & Risk Committee reviews of financial reporting and related matters (including the half-year and annual financial statements) before their submission to the Board and the monitoring the internal controls. Nigel also contributes Board discussions on a range of matters.

- Nick Mills, as Non-executive Director and chair of the Remuneration Committee, has used his knowledge and experience gained at Harwood Capital LLP and Gabelli Asset Management to contribute to Board discussions on a range of matters. Nick chairs the Remuneration Committee, which is responsible for making recommendations to the Board on the Group's framework of executive remuneration and determining the contract terms, remuneration and other benefits for each of the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments.
- Chris Jones, as Non-Executive Director, has used his experience and knowledge gained while being a consultant and Chartered Surveyor with over 30 years' direct experience to contribute to Board discussions on a range of matters and, in particular, the continued development of Hargreaves Land.

The Directors bring a wide range of expertise on issues related to operations, strategy and governance. Having introduced a skills matrix to assess the abilities and capabilities of the Board, the Board is satisfied that, between the Directors, it has an effective and appropriate mix of skills and experience. The Directors recognises the benefits to the Group of diversity in the composition of the Board (as further detailed at "Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement").

The Executive Directors are required to devote substantially the whole of their time to their duties with the Company. Non-executive Directors have a lesser time commitment which is set out in their letters of appointments. The Directors are expected to attend all Board and Committee meetings of which they are members. There is no formal policy restricting Director's undertaking external roles providing that such roles do not impact on the Director's ability to devote sufficient time to fulfil their role with the Company and that any conflicts of interests are declared and authorised (see further details below on "Conflicts of Interest").

Whilst the Articles of Association of the Company require one-third of Directors retire by rotation each year, the QCA Code 2023 provides that all directors should be subject to annual re-election. Accordingly, all directors will offer themselves for re-election at the forthcoming Annual General Meeting.

Non-executive Directors

Non-executive Directors bring a wide range of experience to the Group. The QCA Code 2023 states that independent Non-executive Directors should comprise at least half of the board, however, as a minimum, there should be at least two independent Non-executive Directors. The Board currently has four Non-executive Directors including the Non-executive Chair. The QCA Code 2023 states that the Chair can be counted as being independent if they were independent upon appointment and are still considered to be so. The Board considers that the Non-executive Chair, Roger McDowell is independent although he was a participant in the Company's Long-Term Incentive Plan scheme entitled the "Hargreaves Services plc Share Option Scheme 2019", which was approved by shareholders at a general meeting of the Company on 22 January 2019. Roger McDowell has exercised and retained ownership of all of the 112,557 shares which vested to him under that scheme. The Board considers that Nicholas Mills is independent although he is employed by Harwood Capital LLP, which owns 27.89 % of the shares in the Company. The Board also considers that Nigel Halkes is independent although he has served as a Non-executive Director for more than nine years. Following the adoption of the QCA Code 2023, the Board has implemented annual reviews of the independence of its Non-executive Directors based on the factors set out in the QCA Code 2023. Following the last review of independence in June 2025, the Board considers that all four Non-executive Directors are independent.

Conflicts of Interest

The Articles of Association enable the Directors to authorise any situation in which a Director has an interest that conflicts or has the potential to conflict with the Company's and Group's interests and which would otherwise be a breach of the Director's duty under section 175 of the Companies Act 2006. The Board has a formal system in place for Directors to declare such situations to be considered for authorisation by those Directors who have no interest in the matter being considered. The Nominations Committee reviews conflicts of interests when considering new Board appointments.

Principle 7: Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities

The Board

All newly appointed Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management and advisers and visits to the Group's operational locations. The Board calendar is planned to ensure that Directors are briefed on a wide range of topics throughout the year and are given the opportunity to visit sites and discuss aspects of the business with employees. The Board recognises that the Directors have a diverse range of experience and encourages them to attend external seminars and briefings that will assist them individually. Directors have access to independent professional advice at the Group's expense where they judge this to be necessary to discharge their responsibilities as Directors. All Directors have access to the advice and services of the Company Secretary (who is a solicitor qualified in England and Wales), who is responsible to the Board for ensuring compliance with Board procedures.

The Board is advised by its nominated adviser Singer Capital Markets.

All Directors have service agreements or letters of appointment and the details of their terms are set out in the Remuneration Report.

Corporate Governance continued

Board Committees

The Board has a schedule of matters which are specifically reserved for its decision which can be viewed on the Company's website.

The Board has three Committees that assist in the discharge of its responsibilities:

- Remuneration;
- Audit & Risk; and
- Nominations.

Remuneration Committee

The Remuneration Committee, which is chaired by Nick Mills and comprises the Non-executive Directors, is responsible for making recommendations to the Board on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the Executive Directors, including performance-related bonus schemes, pension rights and compensation payments. The Board itself determines the remuneration of the Non-executive Directors. Further details on the composition and work of the Remuneration Committee are set out in the Remuneration Committee Report within this Annual Report. The Terms of Reference of the Remuneration Committee can be viewed on the Company's website.

Audit & Risk Committee

The Audit & Risk Committee, which is chaired by Nigel Halkes and comprises the Non-executive Directors, is responsible for reviewing a wide range of financial reporting and related matters including the half-year and annual financial statements before their submission to the Board. The Committee is required to focus in particular on critical accounting policies and practices adopted by the Group, and any significant areas of judgement that materially impact reported results. It is also responsible for monitoring the internal controls that are operated by management to ensure the integrity of the information reported to the shareholders. An internal audit function, which reports directly to the Chair of the Audit & Risk Committee, supports the Audit & Risk Committee in this process. The Committee provides a forum for reporting by the Group's external auditors, and advises the Board on the appointment, independence and objectivity of the external auditors and on their remuneration both for statutory audit and non-audit work. It also discusses the nature, scope and timing of the statutory audit with the external auditors. The Committee also reviews the appropriateness of the annual internal audit programme for the Group and ensures that the business risk management and internal audit functions are adequately sponsored and resourced. The Committee meetings are also attended, by invitation, by the Chief Executive and Group Finance Director. The Committee meets not less than four times annually. Further details on the composition and work of the Audit & Risk Committee are set out in the Audit & Risk Committee Report within this Annual Report. The Terms of Reference of the Audit & Risk Committee can be viewed on the Company's website.

Nominations Committee

The Nominations Committee, which is chaired by Roger McDowell, comprises the Non-executive Directors and the Group Chief Executive. The Committee is responsible for reviewing the structure, size and composition of the Board when compared with its current composition. It makes recommendations to the Board with regard to any changes and considers and reviews succession planning for Board Directors, taking into account the challenges and opportunities facing the Group. It identifies and nominates for Board approval suitable candidates to fill Board vacancies as and when they arise, and it keeps under review both the executive and non-executive leadership needs of the Company to enable the Group to compete effectively in the marketplace. The Terms of Reference of the Nominations Committee can be viewed on the Company's website.

The performance of each of the Board Committees is reviewed annually by the Board.

Evolution of Governance Framework

The Board continuously monitors its composition and governance framework taking into account effectiveness and the Group's strategy.

Principle 8: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

To further strengthen Group compliance, the Board undertakes annual performance reviews that review and measure its effectiveness and that of its Committees. Each Board/Committee member completes an assessment, which provides numeric scoring against specific categories. Each Board/Committee member also provides recommendations for improvement of the effectiveness of the Board/Committee. The assessments provide an effective platform for reviewing performance and, over time, a greater focus has developed on particular recommendations, which has prompted fruitful discussions among the Board and influenced its operation.

The criteria for effectiveness include assessing:

- Key Board/Committee functions;
- Board/Committee composition (including succession planning);
- External reporting and information flows;
- Board/Committee culture;
- Board/Committee information for meetings and the meetings themselves; and
- Board development.

Following this year's annual performance review, which was carried out using a self-assessment questionnaire, the Board debated categories where at least one Director awarded a score of less than 2 out of 3 (where answers of "3" means good, "2" means acceptable and "1" means poor).

The 2025 review was carried out with the Board focusing on those areas where one or more of the Directors had indicated a concern. In particular, the Board considered that diversity of Board composition remains an area for focus in the future, which was also identified in the 2024 review. The Directors recognise the benefits to the Group of diversity in the composition of the Board including factors such as the Directors' socio-economic backgrounds, nationality, educational attainment, gender, ethnicity and age. The Directors utilise a skills matrix to assess the abilities and capabilities of the Board. While the Company will continue to make all appointments based on the best candidate for the role and without prejudicing its policy of appointing the most suitable applicant for any role, it is aware of the desirability and benefits of diverse representation. In making senior appointments the Board will give particular weight to addressing diversity in the constitution of senior management including Directors. Additionally, following the 2025 review, the Board has introduced an annual review of independence of Non-executive Directors in accordance with the requirements of the QCA Code 2023.

The Board has not carried out an eternally-facilitated Board effectiveness review in recent years and there are no plans to do so in the coming year. That said, the Directors will continue to continue to give consideration in respect of whether to arrange such a review in the future.

Alongside the annual performance review, the Chair conducts an informal appraisal in respect of the Group Chief Executive and the Group Chief Executive conducts appraisals in respect of the other Executive Directors. For details regarding succession planning and the process for senior management appointments, please refer to the section entitled "Nominations Committee" (under the heading "Principle 7: Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up-to-date experience, skills and capabilities") above.

Principle 9: Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Remuneration Policy of the Company is set out within the Remuneration Report. Details of the remuneration structure and how it supports the delivery and attainment of the company's purpose, business model, strategy, and culture can be found in the Remuneration Report. The pay structures for senior management are simple and easy to understand.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders

The key challenges experienced during the year ended 31 May 2025 are detailed within the Strategic Report section of this Annual Report

This Annual Report includes an Audit & Risk Committee report and a Remuneration Committee report.

In addition to this Annual Report, the Company's website contains full information on the governance, management and activities of the Group and features all presentations given by the Executive Directors to shareholders. It also includes historical annual reports including notices of all general meetings over the last five years.

Approval

The Board approved the Corporate Governance Report on 30 July 2025.

Roger McDowell
Chair
30 July 2025

Remuneration Report

Nicholas Mills,
Chair of the Remuneration Committee

Responsibilities and Role of the Remuneration Committee

The Committee's principal function is to review and approve the remuneration of the Executive Directors. It also monitors the remuneration of the Group's senior managers. The remuneration strategy, policy and approach for all staff, is also reviewed annually by the Committee. The full Terms of Reference of the Committee are available on the website.

The policy for the current and future financial years for the remuneration and incentivisation of the Executive Directors is as follows:

- to ensure that individual rewards and incentives are aligned with the performance of the Company and the interests of shareholders;
- to ensure that performance-related elements of remuneration constitute a material proportion of an executive's remuneration package; and
- to maintain a competitive remuneration package which enables the Company to attract, retain and motivate high-calibre executives.

The Committee reviews the Company's executive remuneration arrangements and implements incentive arrangements to support the objective of rewarding those individuals who deliver real and genuine shareholder value. In developing the arrangements, the Committee and its advisers consider current market practice.

Membership of the Committee

The members of the Committee, which met on two occasions during the year, were:

Nicholas Mills
Christopher Jones
Nigel Halkes
Roger McDowell

All members of the Committee are Non-executive Directors and are recognised by the Board as capable of bringing independent judgement to bear. The membership of the Committee has been unchanged. The Group Chief Executive is consulted and invited to attend meetings, when appropriate. No Director is present when his own remuneration is discussed.

During the year the Committee reviewed and considered the proposed appointment of all new employees whose basic salary was in excess of £130,000; annual pay rises and conditions of service for all employees earning over £130,000 per annum; bonus scheme arrangements; the vesting and granting of options under the Company's Long-Term Incentive Plans; the principles governing the Group's annual pay review; and the effectiveness of the Committee.

Components of Executive and Senior Management Remuneration

Basic Salary

This is a fixed cash sum, payable monthly. Salaries are reviewed annually by the Remuneration Committee in the light of individual performance, experience in the role and market comparisons. Considering the current economic conditions prevalent in the UK, a cost-of-living increase of 3% was awarded at 1 June 2025 to all UK employees other than the Directors following an increase of 3% at 1 June 2024. The Executive Directors received an increase of 3% to their basic salaries as at 1 June 2024 and the Committee has granted them an increase of 3% at 1 June 2025. During the year, there have been no changes to the benefits which the Executive Directors receive.

Annual Bonus

Executive Directors participate in an annual incentive bonus scheme linked to the actual achievement of a Group profit before tax target set by the Committee. A deduction of 10% is made from any bonus earned if the Group Health & Safety target is not achieved. For the year ended 31 May 2025, the Committee also set some specific cash targets for the Group which would have resulted in a further deduction of 10% of any bonus earned should they not have been achieved. The total bonus which could have been earned was capped at 100% of salary in respect of the Chief Executive and 75% in respect of the Chief Financial Officer and the Group Property Director. Bonuses do not count towards the calculation of pension entitlement.

In respect of the Chief Executive and the Chief Financial Officer 50% and 60% of the bonus target respectively for the financial year ended 31 May 2025 were achieved. 15% of the bonus was payable in respect of the Group Property Director and accordingly total bonuses amounting to £396,000 have been earned. Total bonuses of £123,000 were earned in respect of the financial year ended 31 May 2024. Similar criteria have been set in respect of bonus arrangements for the financial year ending 31 May 2026.

Benefits in Kind and Pensions

In addition to basic salary, Executive Directors are entitled to the following benefits: paid holiday, company car or a cash allowance in lieu, contributions to a personal pension plan and life assurance, private medical insurance and permanent health insurance. No Director has benefits under any of the Group's defined benefit pension schemes.

Long-Term Incentive Plans

From time to time, the Executive Directors and other senior employees have been invited to participate in Long-Term Incentive Plans ("LTIPs"), whereby options to acquire ordinary shares in the Group are awarded subject to the achievement of various performance criteria. The Board believes that such plans are an important element of overall executive remuneration and assist in aligning the financial interests of Executive Directors and other senior employees with those of the shareholders.

At the Annual General Meeting held on 30 October 2024, shareholders approved the amended Hargreaves Services plc Executive Share Option Scheme, under which all awards are now made. Details of this LTIP and awards made under it are set out below.

Non-executive Directors' Remuneration

The Non-executive Chair's basic salary was £89,964 per annum and other Non-executive Directors received a basic salary of £44,982 per annum. These basic salaries will increase by 3% from 1 June 2025. Additionally, the Non-executive Directors excluding the Chair receive an additional £2,832 per annum for chairing each Board Committee and N Halkes receives £5,665 for acting as Senior Independent Director.

Directors' Remuneration for the Year ended 31 May 2025

The remuneration of the Directors who served during the period from 1 June 2024 to 31 May 2025 is disclosed within Note 6 of the financial statements.

Directors' Service Contracts and Letters of Appointment

The Directors have entered into service agreements and letters of appointment with the Company and the principal terms are as follows:

Date of latest agreement	Name	Position	Commencement of period of office	Annual salary (£)	Notice period
3 September 2013	Gordon Banham	Group Chief Executive	23 February 2004	529,037	12 months
1 August 2023	Stephen Craigen	Chief Financial Officer	1 August 2023	242,040	6 months
1 June 2025	Simon Hicks	Chief Operating Officer	1 June 2025	250,000	6 months
11 May 2018	Roger McDowell	Non-executive Chairman	11 May 2018	89,964	3 months
21 August 2015	Nigel Halkes	Non-executive Director	21 August 2015	50,647	3 months
1 April 2020	Christopher Jones	Non-executive Director	1 April 2020	44,982	3 months
9 September 2020	Nicholas Mills	Non-executive Director	9 September 2020	47,814	3 months

Non-executive Directors are not generally eligible to participate in any incentive plans, share option schemes or Company pension arrangements and are not entitled to any payment in compensation for any early termination of their appointment.

Remuneration Report continued

Directors' Share Options

No rights to subscribe for shares in Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial year and up to the date of this Directors' Report except as set out below. At 31 May 2025, no Director holds any rights to subscribe for shares in Group companies other than those related to options which have vested but have not yet been exercised.

Long-Term Incentive Plan ("LTIP")

The Hargreaves Services plc Executive Share Option Scheme

At the Annual General Meeting held on 30 October 2024, the amendment to the Hargreaves Services plc Executive Share Option Scheme ("the Executive Share Option Scheme"), was approved by shareholders. The scheme contains performance criteria measuring both the Company's own Total Shareholder Return over a three-year period and the Group's adjusted EPS growth. It is envisaged that awards with a value up to 100% of a recipient's base salary will be made annually under the Executive Share Option Scheme to Executive Directors and other senior management as determined by the Committee.

During the year ended 31 May 2025, a total of 157,563 (2024: 210,606) awards were made of which 39,346 (2024: 56,314) related to Executive Directors as set out below:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
Stephen Craigen	11 November 2024	10p per share	39,346	12 Nov 2027 – 11 Nov 2029

The performance parameters for the Executive Share Option Scheme are split into two parts:

1. 50% of the Option is based upon the Company's performance (the "Company Performance Option"). Based on Total Shareholder Return ("TSR") over the three years to 30 October 2027. 0% of this element will vest for delivering TSR growth of 30% or less, which will increase on a linear basis to 100% of this part of the award for delivering 75% TSR growth.
2. 50% of the Option is based upon the Company's EPS Growth (the "EPS Growth Option"). EPS for this purpose is defined as the Group Continuing EPS excluding EPS related to HRMS and Hargreaves Land. 0% of this element of the award will vest for Compound Annual Growth Rate ("CAGR") of 6% or less between 31 May 2024 and 31 May 2027. This will rise on a linear basis to 100% of this part of the award for a CAGR of 15% or greater.

No option shall be granted under the Executive Share Option Scheme on any date if, as a result, the total number of shares issued or issuable pursuant to options and other rights granted under the Executive Share Option Scheme together with any other employee share scheme established by the Company on or after Admission, would exceed 10% of the issued ordinary share capital of the Company on the date of grant.

Executive Share Option Scheme awards vesting and/or exercised in the year ended 31 May 2025

During the year, options awarded on 1 August 2021, totalling 146,532 shares partially vested in accordance with the performance criteria. 68% of the performance criteria was achieved resulting in 56,304 options becoming lapsed. Of those shares that vested, 15,162 were exercised by David Anderson on 15 August 2024 and 28,301 were exercised by Gordon Banham on 19 September 2024.

Outstanding Executive Share Option Scheme awards

Information within the table below relates to Directors who have served during the financial year ended 31 May 2025. The Board has previously granted the following options to the Executive Directors:

	Exercisable between 2 Aug 25 and 1 Aug 27	Exercisable between 1 Nov 2026 and 30 Oct 2028	Exercisable between 12 Nov 2027 and 11 Nov 2029
David Anderson	22,671	31,041	–
Stephen Craigen	10,932*	25,272	39,346

* Award was made on 1 August 2022, prior to Stephen Craigen's appointment to the Board.

The Committee intends for the next issuance of the Executive Share Option Scheme to be in line with the previous iteration, however the TSR metric will be amended so that 10% of the Company Performance Options will vest for three-year TSR growth of 40% or less and 100% for 65% or more. Additionally, the EPS Growth Options will pay out 10% for three-year CAGR of 5% or less up to a maximum 100% for 15% or greater. The Committee believes these amendments reflect the progress made to date under the existing schemes.

Deferred Bonus Scheme

No awards under the Deferred Bonus Scheme were made during the year ended 31 May 2025. Stephen Craigen was awarded 14,820 options under the Deferred Bonus Scheme J on 2 August 2021, which vested on 2 August 2024. Stephen Craigen exercised the 14,820 options under this scheme on 8 August 2024. No other awards under this scheme are outstanding in respect of any director. The Deferred Bonus Scheme was designed to allow awards to be made to Executive Directors and eligible employees to attract and retain key members of staff. The awards under the Deferred Bonus Scheme were based on a percentage of salary. This figure was then converted into a number of shares using the mid-closing price of a Hargreaves Services plc ordinary share on the day preceding the award. Other than serving the retention period of three years from the date of award, the Deferred Bonus Scheme has no performance criteria. Following the exercise of options noted above, there are no further participants in the Deferred Bonus Scheme.

The Remuneration Committee Report was approved by the Board on 30 July 2025 and signed on its behalf by:

Nick Mills
Chair of the Remuneration Committee
30 July 2025

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and Accounts and the financial statements in accordance with applicable law and regulation.

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

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

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

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

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

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Financial Statements

In this section

Hargreaves

Independent Auditors' Report
to the members of Hargreaves Services plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Hargreaves Services plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 May 2025 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the "Annual Report"), which comprise: the Group Balance Sheet and Parent Company Balance Sheet as at 31 May 2025; the Consolidated Statement of Profit and Loss and Other Comprehensive Income, the Group Statement of Changes in Equity, the Parent Company Statement of Changes in Equity and the Group Cash Flow Statement for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

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

Independence

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

Our audit approach

Overview

Audit scope

- The group is structured along four segments being Services, Hargreaves Land and Hargreaves Raw Materials Services ('HRMS'), with the remaining areas of the group included in an Unallocated segment. The group financial statements are a consolidation of the 119 reporting units within these four segments including the group's centralised functions.
- Given the significance of the components to the group's revenue and results, Hargreaves Industrial Services Limited, Hargreaves Services (Blindwells) Limited, the bulk haulage and minerals divisions of Hargreaves (UK) Services Limited, Blackwell Earthmoving Limited and C.A. Blackwell (Contracts) Limited were considered financially significant components. Hargreaves Raw Material Services GmbH and DK Recycling und Roheisen GmbH were also considered significant components on the basis of being financially significant and due to risk profile.
- Specific audit procedures were performed over certain financial statement line items across a further 9 reporting units.

Key audit matters

- Valuation of land inventory at Blindwells - Properties held for development and resale (group)
- Judgement applied in respect of contract accounting for the HS2 and Sizewell contracts- Contract revenue and associated Contract provisions (group)
- Risk of impairment to assets - Investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £2,644,000 (2024: £2,100,000) based on 1% of revenue.
- Overall company materiality: £1,940,000 (2024: £1,713,000) based on 1% of total assets.
- Performance materiality: £1,983,000 (2024: £1,575,000) (group) and £1,455,000 (2024: £1,284,000) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of land inventory at Blindwells - Properties held for development and resale (group)	
The group has properties held for development and resale in the Annual Report and Accounts of £46.7m (2024: £48.2 million), with the majority of this balance relates to land inventory held at Blindwells. Properties held for development and resale are held at the lower of cost and net realisable value. The determination of whether or not these assets require a provision involves subjective judgement and estimates about the future sales transactions and cash flows in respect of these assets. On an annual basis, management estimates the expected future discounted cash flows in respect of these assets and compares the amount to the carrying value of the assets to determine whether there is a potential impairment. The value of future cash flows is dependent on a number of key assumptions which include: • The forecast cash inflows for the expected life of the development including the associated timing of these; • The forecast costs associated with the development including assumptions on inflation; and • The discount rate applied to the model. See the Accounting Estimates involving Judgements section of note 1 within the Group financial statements for disclosures of the related accounting policies, and note 17 for detailed disclosures on properties held for development and resale in inventories.	We understood and evaluated management's forecasting process. Upon obtaining the forecasts of management's estimate of future sales and costs to complete, we tested the reasonableness of the key assumptions, including the following: • Verified the mathematical accuracy of management's discounted future cash flow model and agreed the carrying value of properties held for development and resale being assessed for valuation to the balance sheet; • We challenged management's calculated weighted average cost of capital (WACC) used for discounting future cash flows within the cash flow models, utilising valuation experts to assess the cost of capital for the group; • We compared the forecast financial information within the model to recent sales data and challenged management to provide support to corroborate revenue and support for expenditure. We also considered the accuracy of previous forecasts and we consider that the assumptions were supported by appropriate evidence; • We performed sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions and to quantify the downside changes needed before an impairment would be required; and Following the conclusion of our procedures above, we agree with management's conclusion that no provision is required. We also considered the disclosures made within the financial statements and considered these to be appropriate.
Judgement applied in respect of contract accounting for the HS2 and Sizewell contracts- Contract revenue and associated Contract provisions (group)	
The group has two material contracts with revenue recognised over time under IFRS15, these are in relation to work on HS2 and at Sizewell C. Both of these contracts involve estimation around variable consideration. The group has control and review procedures in place to regularly monitor and evaluate the estimates being made to ensure that the amount of this consideration recognised is in line with the requirements of IFRS 15. **HS2** Management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. The contract contains key performance indicators which determine the level of fee payable and management estimates performance against these to decide the appropriate level of variable consideration within the range contained in the contract. The group has made provisions based on the groups view of the current recognition of the variable consideration in light of the requirements of IFRS15. This takes account of the fact that the variable consideration is subject to contract performance measurements which have not yet been carried out.	We understood and evaluated management's process for estimating the value of variable consideration within revenue and associated contract provisions. We considered both corroborating and contradictory evidence for the amounts recognised which included the following: **HS2** • Considered the key terms of the contract and the ranges of fee level contained within the contract; • Agreement to source documentation for both the contract income and associated costs to determine the nature and permissibility of costs per the contracts; • Critical assessment of the assumptions used by management in order to determine the margin for recognition; • Consideration of the current status of contract performance measurement assessments; • Inquiry with the lead project manager for the contracts to understand the status of current performance against key performance indicators; and • Conducted detailed testing of contract provisions, ascertaining the rationale for the provision being held and vouching to support. We also considered the completeness of the provisions held.

Independent Auditors' Report
to the members of Hargreaves Services plc continued

Key audit matter	How our audit addressed the key audit matter
Sizewell C Hargreaves Services Plc group has entered into a Site Establishment Framework Contract (under NEC Option C) with Sizewell C for the delivery of bulk earthworks and associated infrastructure packages on the Sizewell C Nuclear Power Project. Under this framework the contract adopts a target price approach. The nature of this framework introduces estimation in respect of performance of future work against budget and in respect of variable margins across task orders within the framework. Revenue recognised on a construction contract basis for the year ended 31 May 2025 was £100.0m (2024: £63.2m) of which the majority related to these two contracts. See the Accounting Estimates Involving Judgements section of note 1 within the Group financial statements for disclosures of the related accounting policies, note 2 for detailed disclosures on revenue recognised and note 25 for detailed disclosures on contract provisions in place at year end.	**Sizewell C** • Considered management's assessment, the underlying framework agreement and each task orders within the overall framework considering the key terms; • Substantive testing of the costs allocated to different task orders; • Assessment of the reasonableness of the future costs; • Obtained correspondence between the contracted parties in relation to cost forecasting, the accuracy of which is important in the determination of the overall financial outcome; • Recalculation of the revenue recognition in respect of stage of completion; **In addition to the above, for both HS2 and Sizewell, we have performed the following:** • Agreed amounts received under the contract to certification from the contractor and payment; • Inquiry with the lead project manager for the contracts to understand the status and the nature of ongoing discussions with contractors and the current projections based on discussions to date; and • In the context of the requirements of IFRS 15 we also considered the appropriateness of revenue recognition and it's related disclosures in the financial statements. Following the conclusion of our procedures noted above we are satisfied that the recognition of variable consideration in relation to the contracts is appropriate.
Risk of impairment to assets - Investments in subsidiary undertakings (parent)	
The parent company has investments in subsidiary undertakings of £33.9 million (2024: £33.5 million). There is a risk that these assets could be overstated and impairment charges may be required. The determination of whether or not these assets are impaired can involve subjective judgement and estimates about the future results and cash flows of the business. On an annual basis, management considers if there are any indicators of impairment, in particular whether the investment is supported by underlying assets held in the subsidiary. Management have not identified any indicators of impairment during the current year, with the business performing well overall, leading to a higher market capitalisation than the carrying value of investments. In addition, the net assets of its investments are sufficient to materially cover the investment carrying values. See the Accounting Estimates Involving Judgements section of note 1 within the Parent company financial statements for disclosures of the related accounting policies, judgements and estimates and note 4 of the Parent company financial statements for detailed disclosures of the parent company's investments.	We understood and evaluated management's conclusion that there are no impairment indicators, by performing the following: • Assessed the net asset values of these subsidiaries against the carrying value of the investment. • Assessed the Group's market capitalisation against the carrying value of the Group and Parent. • Considered any other potential indicators of impairment. Following the conclusion of our procedures above, we are satisfied that no material impairment indicators were present.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured along four segments being Services, Hargreaves Land and Hargreaves Raw Materials Services ('HRMS'), with the remaining areas of the group included in an Unallocated segment. The group financial statements are a consolidation of the 119 reporting units within these four segments including the group's centralised functions, we have considered 8 of these units to be financially significant.

Given the significance of the components to the group's revenue and results, Hargreaves Industrial Services Limited, Hargreaves Services (Blindwells) Limited, the bulk haulage and minerals divisions of Hargreaves (UK) Services Limited, Blackwell Earthmoving Limited and C.A. Blackwell (Contracts) Limited were considered financially significant components. Hargreaves Raw Material Services GmbH and DK Recycling und Roheisen GmbH were also considered significant components on the basis of being financially significant and due to risk profile.

We, as the group engagement team, audited all in scope components based in the UK. The HRMS segment based overseas, being DK Recycling und Roheisen GmbH and Hargreaves Raw Materials Services GmbH have been audited by component auditors. The group audit team supervised the direction and execution of the audit procedures performed by the component teams. Our involvement in their audit process, including visiting the component, meetings with the component auditor and local management, review of their reporting and supporting working papers, together with additional procedures performed at group level, gave us the evidence required for our opinion on the financial statements as a whole.

Specific audit procedures were performed over taxation, cash and cash equivalents, revenue, retirement benefits obligations, amounts due from undertakings in which the group has a participating interest, investment property and equity across a further 9 reporting units. This, together with additional procedures performed on the group's centralised functions, gave us the evidence we needed for our opinion on the group financial statements as a whole.

As a result of this scoping we obtained coverage of 92% of the group's external revenue and 88% of the group's profit before tax on an absolute basis.

The Company audit was performed by the Group audit team. The Company is principally a holding Company and there are no branches or other locations to be considered when scoping the audit. The Company is audited on a stand-alone basis, and hence, testing has been performed on all material financial statement line items.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	£2,644,000 (2024: £2,100,000).	£1,940,000 (2024: £1,713,000).
How we determined it	1% of revenue	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, we consider total revenue to be the most appropriate benchmark as it provides a more stable measure year on year than group profit before tax. Revenue is also used by the shareholders in assessing the performance and growth of the Group, and is a generally accepted auditing benchmark.	We believe that total assets are considered to be more appropriate as it is not a profit oriented company. The parent company is a holding company only and therefore total assets is deemed a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £600,000 and £2,500,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%%) of overall materiality, amounting to £1,983,000 (2024: £1,575,000) for the group financial statements and £1,455,000 (2024: £1,284,000) for the company financial statements.

Independent Auditors' Report
to the members of Hargreaves Services plc continued

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £132,200 (group audit) (2024: £105,000) and £97,000 (company audit) (2024: £85,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as AIM Rules for Companies, tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate reported results and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Inquiries of management and those charged with governance around actual and potential litigation claims and non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual accounts combinations;
- Challenging assumptions and judgements made by management in their significant accounting estimates; and
- Reviewing the internal audit reports for any indications of material fraud and any instances of non-compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
30 July 2025

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 31 May 2025

	Note	2025 £000	2024 £000
Revenue	2	**264,436**	211,146
Cost of sales		**(209,582)**	(167,763)
Gross profit		**54,854**	43,383
Other operating income	3	**829**	6,404
Administrative expenses		**(40,297)**	(33,920)
Operating profit		**15,386**	15,867
Analysed as:			
Operating profit (before amortisation charges)		**15,577**	16,058
Amortisation of intangible assets	13	**(191)**	(191)
Operating profit		**15,386**	15,867
Finance income	7	**2,013**	2,078
Finance expense	7	**(3,956)**	(2,802)
Share of profit in joint ventures (net of tax)	14	**4,013**	1,533
Profit before tax		**17,456**	16,676
Taxation	8	**(2,716)**	(4,458)
Profit for the year		**14,740**	12,218
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Loss in defined benefit pension schemes	23	**(45)**	(12,377)
Tax recognised on items that will not be reclassified to profit or loss	8	**11**	3,094
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange translation differences		**(1,733)**	(569)
Share of other comprehensive income of joint ventures, (net of tax)	14	**840**	167
Other comprehensive expense for the year, net of tax		**(927)**	(9,685)
Total comprehensive income for the year		**13,813**	2,533
Profit/(loss) attributable to:			
Equity holders of the Company		**14,754**	12,278
Non-controlling interest		**(14)**	(60)
Profit for the year		**14,740**	12,218

	Note	2025 £000	2024 £000
Total comprehensive income/(expense) attributable to:			
Equity holders of the Company		**13,827**	2,593
Non-controlling interest		**(14)**	(60)
Total comprehensive income for the year		**13,813**	2,533
Basic earnings per share (pence)	9	**44.81**	37.78
Diluted earnings per share (pence)	9	**44.07**	37.00

Non-GAAP Measures

Basic underlying earnings per share (pence)*	9	**45.24**	38.22
Diluted underlying earnings per share (pence)*	9	**44.50**	37.43

* See Alternative Performance Measures Glossary.

Group Balance Sheet
at 31 May 2025

	Note	Group 2025 £000	Group 2024 £000
Non-current assets			
Property, plant and equipment	10	**10,209**	9,415
Right-of-use assets	11	**43,971**	40,675
Investment property	12	**15,218**	14,829
Intangible assets including goodwill	13	**5,857**	6,048
Investments in joint ventures	14	**59,848**	61,988
Trade and other receivables	18	**–**	4,000
Deferred tax assets	16	**12,124**	11,323
Retirement benefit surplus	23	**641**	1,259
		147,868	149,537
Current assets			
Inventories	17	**47,519**	49,325
Trade and other receivables	18	**84,870**	70,905
Income Tax Asset	18	**2,499**	–
Contract assets	19	**10,041**	6,425
Cash and cash equivalents	20	**23,304**	22,700
		168,233	149,355
Total assets		**316,101**	298,892
Non-current liabilities			
Other interest-bearing loans and borrowings	21	**(17,579)**	(15,884)
Retirement benefit obligations	23	**(2,889)**	(2,979)
Provisions	25	**(22,026)**	(15,290)
Deferred tax liabilities	16	**(4,353)**	–
		(46,847)	(34,153)
Current liabilities			
Other interest-bearing loans and borrowings	21	**(15,204)**	(18,270)
Trade and other payables	22	**(45,811)**	(48,383)
Provisions	25	**(14,040)**	(4,524)
Income tax liability		**–**	(1,466)
		(75,055)	(72,643)
Total liabilities		**(121,902)**	(106,796)
Net assets		**194,199**	192,096

	Note	Group 2025 £000	Group 2024 £000
Equity attributable to equity holders of the Parent			
Share capital	26	**3,314**	3,314
Share premium	26	**74,005**	73,990
Other reserves	26	**211**	211
Translation reserve	26	**(2,991)**	(1,258)
Merger reserve	26	**1,022**	1,022
Hedging reserve	26	**318**	318
Capital redemption reserve	26	**1,530**	1,530
Share-based payment reserve	26	**3,029**	2,730
Retained earnings		**114,046**	110,510
		194,484	192,367
Non-controlling interest		**(285)**	(271)
Total equity		**194,199**	192,096

The Notes on pages 70 to 107 form an integral part of these financial statements.

These financial statements on pages 64 to 107 were approved by the Board of Directors on 30 July 2025 and were signed on its behalf by:

Gordon Banham
Director

Registered number: 4952865

Group Statement of Changes in Equity
for year ended 31 May 2025

Group (Note 26)	Share capital £000	Share premium £000	Translation reserve £000	Hedging reserve £000	Other reserves £000	Capital redemption reserve £000	Merger reserve £000	Share-based payment reserve £000	Retained earnings £000	Total Parent equity £000	Non-controlling interest £000	Total equity £000
At 1 June 2023	**3,314**	**73,972**	**(689)**	**318**	**211**	**1,530**	**1,022**	**2,388**	**119,136**	**201,202**	**(211)**	**200,991**
Total comprehensive income/(expense) for the year												
Profit/(loss) for the year	–	–	–	–	–	–	–	–	12,278	12,278	(60)	12,218
Other comprehensive expense	–	–	(569)	–	–	–	–	–	(9,116)	(9,685)	–	(9,685)
Total comprehensive (expense)/income for the year	**–**	**–**	**(569)**	**–**	**–**	**–**	**–**	**–**	**3,162**	**2,593**	**(60)**	**2,533**
Transactions with owners recorded directly in equity												
Issue of shares	–	18	–	–	–	–	–	–	–	18	–	18
Equity-settled share-based payment transactions	–	–	–	–	–	–	–	342	–	342	–	342
Dividends paid	–	–	–	–	–	–	–	–	(11,788)	(11,788)	–	(11,788)
Total contributions by and distributions to owners	**–**	**18**	**–**	**–**	**–**	**–**	**–**	**342**	**(11,788)**	**(11,428)**	**–**	**(11,428)**
At 31 May 2024 and 1 June 2024	**3,314**	**73,990**	**(1,258)**	**318**	**211**	**1,530**	**1,022**	**2,730**	**110,510**	**192,367**	**(271)**	**192,096**
Total comprehensive income/(expense) for the year												
Profit/(Loss) for the year	–	–	–	–	–	–	–	–	14,754	14,754	(14)	14,740
Other comprehensive (expense)/income	–	–	(1,733)	–	–	–	–	–	806	(927)	–	(927)
Total comprehensive (expense)/income for the year	**–**	**–**	**(1,733)**	**–**	**–**	**–**	**–**	**–**	**15,560**	**13,827**	**(14)**	**13,813**
Transactions with owners recorded directly in equity												
Issue of shares	–	15	–	–	–	–	–	–	–	15	–	15
Equity-settled share-based payment transactions	–	–	–	–	–	–	–	299	–	299	–	299
Dividends paid	–	–	–	–	–	–	–	–	(12,024)	(12,024)	–	(12,024)
Total contributions by and distributions to owners	**–**	**15**	**–**	**–**	**–**	**–**	**–**	**299**	**(12,024)**	**(11,710)**	**–**	**(11,710)**
At 31 May 2025	**3,314**	**74,005**	**(2,991)**	**318**	**211**	**1,530**	**1,022**	**3,029**	**114,046**	**194,484**	**(285)**	**194,199**

Group Cash Flow Statement
for year ended 31 May 2025

	Note	Group 2025 £000	Group 2024 £000
Cash flows from operating activities			
Profit for the year		**14,740**	12,218
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	10,11	**18,775**	16,212
Amortisation of intangible assets	13	**191**	191
Net finance expense	7	**1,943**	724
Share of profit in joint ventures (net of tax)	14	**(4,013)**	(1,533)
Profit on sale of property, plant and equipment, investment property and right-of-use assets	3	**(629)**	(6,204)
Equity-settled share-based payment expenses	24	**299**	342
Income tax expense	8	**2,716**	4,458
Contributions to defined benefit pension schemes	23	**(276)**	(5,427)
Translation of investments		**(361)**	(217)
		33,385	20,764
Change in inventories		**2,467**	(10,024)
Change in trade and other receivables		**(16,975)**	1,777
Change in trade and other payables		**(1,683)**	5,358
Change in provisions and employee benefits		**16,253**	5,226
		33,447	23,101
Interest received		**1,891**	2,078
Interest paid		**(3,075)**	(2,548)
Income tax paid		**(2,960)**	(37)
Net cash inflow from operating activities		**29,303**	22,594
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**775**	219
Proceeds from sale of investment property		**–**	7,879
Proceeds from sale of right of use assets		**257**	115
Acquisition of property, plant and equipment		**(3,406)**	(2,254)
Acquisition of investment property		**(389)**	(1,040)
Acquisition of right of use assets		**(83)**	–
Payment for acquisition of subsidiaries	15	**(661)**	(500)
Dividend received from joint ventures	14	**6,267**	7,800
Increase in loans due from joint ventures		**(1,573)**	(683)
Repayment of loan/(loan to) pension scheme in relation to buy-in		**4,000**	(4,000)
Net cash inflow from investing activities		**5,187**	7,536
Cash flows from financing activities			
Principal elements of lease payments	21	**(21,648)**	(17,425)
Dividends paid	26	**(12,024)**	(11,788)
Net cash outflow from financing activities		**(33,672)**	(29,213)
Net increase in cash and cash equivalents		**818**	917
Cash and cash equivalents at 1 June		**22,700**	21,859
Effect of exchange rate fluctuations on cash held		**(214)**	(76)
Cash and cash equivalents at 31 May	20	**23,304**	22,700

Notes
(forming part of the Group financial statements)

1 Material Accounting Policy Information

Hargreaves Services plc (the "Company", "Parent Company") is a public company limited by shares and incorporated, domiciled and registered in England, UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in joint ventures.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The financial statements are presented in Pounds Sterling since this is the currency in which the majority of the Group's transactions are denominated.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Accounting Estimates involving Judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The Board considers that the key areas requiring the use of estimates and judgements which may materially affect the financial statements are:

a) Construction Contract Revenue and assets.

IFRS 15, Revenue from Contracts with Customers, applies to all revenue recognition, "Construction Contracts", insofar as the Group carries out construction contracts and represents a key area of judgement. Management must assess the performance obligations under each contract and determine the point at which those obligations have been fulfilled, allocating the transaction price as necessary to each obligation. The estimates and judgements which management must carry out to assess the total expected costs on a contract are also necessary under IFRS 15. The Group has control and review procedures in place to monitor, and evaluate, regularly, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan. In particular, management makes judgements on the expected recoverability of value recorded in respect of performance obligations which have been completed but not yet agreed with the customer and on the likelihood of the entitlement to any variable consideration. Certain contracts contain key performance indicators which determine the level of fee payable and management estimates performance against these to decide the appropriate fee level within the range contained in the contract. Differences arising on the ultimate completion of the contract and any unforeseen changes or events as the contract progresses may result in material changes to expected financial outcomes. Construction contract revenue in the year ended 31 May 2025 was £100.0m (2024: £63.2m). When revenue recognised in respect of a customer contract exceeds amounts received or receivable from the customer a contract asset is recognised. At 31 May 2025 this value was £10.0m (2024: £6.4m).

b) Contract Provisions

The Group has made provisions against contract assets and for potential contract liabilities which require judgements to be made regarding recoverable amounts and reasonably possible costs which may be incurred. The nature of these items, which is set out in Note 25, is such that their timing and quantum is uncertain and so the Directors have made judgements based upon the facts as they are known at the date of this report. Contract provisions have been made against profits which are subject to contract performance measurements which have not yet been formally reported on by the client together with revenue which remains subject to cost verification. Provisions are also made where the Group has identified potential warranty, defects or similar obligations. Such estimates can result in contract margins being variable from period to period as judgements may change in the light of changing facts and circumstances. The view has been taken that not all of these items could occur within the next 12 months so provisions have been classified as both current and non-current. The carrying value of contract provisions at 31 May 2025 is £25.2m (2024: £12.0m).

c) Measurement of the Recoverable Amounts of Cash-Generating Units ("CGUs") Containing Goodwill, Intangible Assets and Investments in Joint Ventures

In accordance with IAS 36 "Impairment of Assets", the Board identifies appropriate CGUs and the allocation of goodwill to these units. The assessment of impairment involves assumptions on the estimated future operating cash flows from these CGUs, the discount rate applied in the calculations and the comparison of the cash flows to the carrying value of the goodwill and other intangible assets. These are key areas of judgement and include significant accounting estimates. Management has assessed the sensitivity of carrying amounts of CGUs containing goodwill and/or intangible assets to reasonably possible changes in key assumptions. More information on the assumptions used and the sensitivities applied are set out in Note 13 to these financial statements.

d) Valuation of Land

Land held for development, including land in the course of development until legal completion of the sale of the asset, is carried at the lower of cost and net realisable value. Investment properties are stated at cost less accumulated impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required. The carrying value of investment properties at 31 May 2025 is £15.2m (2024: £14.8m), see Note 12. The carrying value of Properties held for development and resale at 31 May 2025 is £47.0m (2024: £48.2m), see Note 17.

Accounting Judgements

e) Treatment of Joint Ventures

Management have considered the level of control of each of the Group's individual Joint Venture arrangements and are satisfied that the Group does not have control, either through voting rights or other circumstances, of any of these arrangements. Tower Regeneration Limited is a joint venture between the Group and a third party. The purpose of this joint venture was to enable the Group's access to a surface mine in South Wales. The mine ceased to operate in 2016 and restoration work is nearing completion. The Group is entitled to 35% of the profits from the operation. The strategic business decisions of the joint venture are taken by both the Group and the third party equally. This is reflected in the requirement to have equal representation on that Board of each investing party and the ownership of voting rights is split 50:50 between both parties.

Hargreaves Services Europe Limited ("HSEL"), is a material joint venture to the Group. HSEL owns 100% of Hargreaves Raw Materials Services GmbH ("HRMS") which is a key supplier of specialist raw materials to major European customers in various industries. This combined with the Group's historic expertise in production operations, materials handling, storage operations and logistics, marketing and technical support, creates an ideal platform for HRMS to compete in the supply of speciality mineral products in Europe. HRMS owns 94.9% of DK Recycling und Roheisen GmbH ("DK") a recycler of steel waste material and a producer of pig iron and zinc. The Group is entitled to 86% of the consolidated profits of HSEL, however the Group does not exert control over the business. The Group holds 49.9% of the voting rights in HSEL, with the remainder being held by the HRMS management team. One of the three Directors of HSEL is appointed by the Group. The Group does not have the power to change these arrangements.
A shareholder agreement is in place to provide the Group with safeguards designed to protect its investment; however, the key strategic decisions affecting the operation and its financial results are not taken by the Group. In the event of a dispute between the Group and the operation which could not be resolved, the operation would be subject to an orderly wind down. Whilst the voting rights demonstrate significant influence, the Group does not control the operation and therefore the Board accounts for the investment as a joint venture.

Waystone Hargreaves Land LLP ("the Unity JV") is a material joint venture between the Group and a third party. The purpose of this joint venture is to develop land owned or controlled by each of the parties. The strategic business decisions of the joint venture are taken by the Board of the Unity JV. This is reflected in the equal representation on that Board of each investing party and the ownership of voting rights is split 50:50 between both parties.

Measurement Convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and financial instruments classified as fair value through the Statement of Profit and Loss are stated at their fair value.

Going Concern

The Group's business activities, together with the factors likely to affect its future development performance and position are set out in the Strategic Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review. In addition, Note 27 to the financial statements includes: the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

The Group's financing is not dependent on bank borrowings. However, the Group has access to a £12m invoice discounting facility, which is currently undrawn and will remain in place at this level until 31 October 2026. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of challenging downside sensitivities has been undertaken. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control. As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for a period of at least 12 months from the approval of the Annual Report and Accounts. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts.

Notes
(forming part of the Group financial statements) continued

1 Material Accounting Policy Information continued

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Change in Subsidiary Ownership and Loss of Control

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Application of the Equity Method to Joint Ventures

Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, or fair value where cost is lower than fair value at acquisition. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences, until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to £nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions Eliminated on Consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Income Statement except for differences arising on qualifying cashflow hedges which are recognised directly in other comprehensive income.

The assets and liabilities of foreign operations are translated into Pounds Sterling, the Group's presentational currency, at the exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of other comprehensive income and accumulated in the translation reserve or non-controlling interest, as the case may be. When a foreign operation is disposed of, such that control, joint control or significant influence is lost, the entire accumulated amount in the translation reserve, net of amounts previously attributed to non-controlling interests, is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests.

Classification of Financial Instruments Issued by the Group

Financial instruments issued by the Group are treated as equity (i.e., forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity.

Financial Instruments

Financial Assets

The Group classifies financial assets under the following measurement categories:

- Measured at amortised cost (non-derivative financial assets);
- Measured subsequently at fair value through either profit or loss or comprehensive income.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Non-derivative Financial Assets

Non-derivative financial assets include trade and other receivables and contract assets, as defined by IFRS 15. Neither of these two categories contain a significant financing element and, as such, expected credit losses are measured under IFRS 9 using the simplified impairment approach. This approach requires expected lifetime losses to be recognised upon the initial recognition of the asset.

At initial recognition, the Group measures a non-derivative financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The Group subsequently measures trade and other receivables and contract receivables at amortised cost.

Cash Flow Hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction (for example, interest payments, sales and purchases denominated in foreign currency, sale and purchase of commodities), changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in the hedging reserve to the extent that the hedge is effective. Amounts deferred in equity are recognised in the Consolidated Statement of Comprehensive Income when the hedged item affects profit or loss. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in profit or loss.

Derivatives designated as hedging instruments are accounted for in line with the nature of the hedging arrangement. Derivatives are intended to be highly effective in mitigating the above risks, and hedge accounting is adopted where the required hedge documentation is in place and the relevant test criteria are met. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement as part of financing costs. The Group continues to apply IAS 39 for the purposes of hedge accounting as permitted under IFRS 9.

Non-Financial Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Where parts of an item of property, plant and equipment have different useful economic lives, they are accounted for as separate items of property, plant and equipment.

Notes
(forming part of the Group financial statements) continued

1 Material Accounting Policy Information continued

Property, Plant and Equipment continued
Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Depreciation rates are as follows:

Freehold buildings	–	2% to 4% p.a.
Leasehold improvements	–	15% p.a.
Motor vehicles and plant	–	10% to 33% p.a.
Furniture and equipment	–	25% p.a.
Fixtures and fittings	–	15% p.a.

Assets in the course of construction are not depreciated until they are brought into use.

Depreciation of right-of-use assets is based on the same categorisation as above.

Lease accounting policy
The Group has relied upon the exemption under IFRS 16 to exclude the impact of low-value leases and leases that are short-term in nature (defined as leases with a term of 12 months or less). Costs on these leases are recognised on a straight-line basis as an operating expense within the income statement. All other leases are accounted for in accordance with this policy.

The Group has various lease arrangements for properties (e.g. office buildings and storage facilities), vehicles, and other equipment including plant and machinery. At the inception of a lease contract, the Group assesses whether the contract conveys the right to control the use of an identified asset for a certain period of time and whether it obtains substantially all the economic benefits from the use of that asset, in exchange for consideration. The Group recognises a lease liability and a corresponding right-of-use asset with respect to all such lease arrangements in which it is a lessee.

A right-of-use asset is capitalised on the balance sheet at cost which comprises the present value of future lease payments determined at the inception of the lease adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred in addition to an estimate of costs to remove or restore the underlying asset. Where a lease incentive is receivable, the amount is offset against the right-of-use asset at inception. Right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term and are assessed in accordance with IAS 36 'Impairment of Assets' to determine whether the asset is impaired and to account for any loss.

The lease liability is initially measured at the present value of lease payments as outlined above and is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease payments comprise fixed lease rental payments only with the exception of property, which also includes the associated fixed service charge. Lease liabilities are classified between current and non-current on the balance sheet.

The key estimate applied by management relates to the assessment of the incremental borrowing rate adopted by the Group to discount the future lease rentals to present value in order to measure the lease liabilities.

Sub leases
If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short-term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Where the Group also acts as lessor and substantially all the risks and rewards of ownership have passed to the lessee, the Group derecognises the related equipment and recognises a receivable for the minimum lease payments discounted at a rate which reflects a constant periodic rate of return over the life of the lease.

Investment Property
Investment properties are properties which are held with the intention to derive value from either rental income, for capital appreciation, or for both. Investment properties are stated at cost less accumulated impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. An impairment is recognised when the fair value less costs to sell of the property is lower than the book value. Land is not depreciated. In accordance with IAS 40, an investment property which is being sold is not reclassified as inventory but is treated as an investment property until it is derecognised.

All investment properties within the Group relate to Hargreaves Land.

Business Combinations

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill arises from the acquisition of businesses and represents the difference between the cost of the acquisition and the fair value of the identifiable assets (including other intangible assets), liabilities and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Acquisitions on or After 1 June 2010

For acquisitions on or after 1 June 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On the acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. Adjustments to fair values include those made to bring accounting policies into line with those of the Group. Provisional fair values are finalised within 12 months of the business combination date and, where significant, are adjusted by restatement of the comparative period in which the acquisition occurred.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Acquisitions Between 1 June 2006 and 1 June 2010

Goodwill arising on acquisitions that have occurred between 1 June 2006 and 1 June 2010 is capitalised and is subject to impairment review, both annually and when there are indications the carrying value may not be recoverable. Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Acquisitions and Disposals of Non-Controlling Interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the Parent.

Prior to the adoption of IAS 27 (2008), goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Intangible Assets and Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to CGUs and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the investee.

Other intangible assets that are acquired by the Group, which have finite useful economic lives, are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Customer contracts are amortised over five years, being the length of the contract.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. Work in progress includes work to date on service contracts where project milestones have not yet been reached. Where necessary, provisions are made against obsolete, defective or slow-moving inventories.

Notes
(forming part of the Group financial statements) continued

1 Material Accounting Policy Information continued

Properties Held for Development and Resale
Properties held for development and resale are included within inventories on the basis that their carrying value will be recovered principally through sale in the ordinary course of business, rather than through continuing use within the Group. These assets are not available for immediate sale and will be subject to further development before being available for sale. Properties held for development and resale are shown in the financial statements at the lower of cost and net realisable value. Cost represents the acquisition price including legal and other professional costs associated with the acquisition together with subsequent development costs net of amounts transferred to cost of sales. Net realisable value is the expected net sales proceeds of the developed property.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the Cash Flow Statement.

Trade and Other Payables
Trade and other payables are non-interest-bearing and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-Bearing Borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transactions costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

Reversals of Impairment
An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee Benefits

Defined Benefit Pension Plans
The Group operates a concessionary fuel retirement benefit scheme. In addition, following the acquisition of Maltby Colliery, the Group is a member of two pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the Group.

The retirement benefit scheme liabilities are calculated by a qualified actuary using the projected unit method. The concessionary fuel retirement benefit schemes are unfunded retirement benefits and as such there are no assets in the schemes. The retirement benefit deficits are recognised in full, the movement in the scheme deficits is split between operating charges, finance items and, in other comprehensive income, remeasurement gains and losses.

The defined benefit pension schemes are funded retirement benefit schemes. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in other comprehensive income, remeasurement gains and losses.

Defined Contribution Pension Plans
The Group operates a Group defined contribution personal pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the financial year. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as incurred.

Share-Based Payment Transactions
The Group operates a share option scheme for certain employees. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options that do not meet the related service and non-market performance conditions at the vesting date.

Shares purchased by the Group are deducted from retained earnings at the total consideration paid or payable.

Revenue
Revenue is recognised when control over a product or service is transferred to the Group's customer. The value attributed to revenue is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the revenue is subject to variability. When revenue is variable, the Group estimates the amount of

consideration to be recovered. Revenue is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Group reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation. The Group does not adjust the amount of consideration for the effects of a significant financing component when the Group expects, at the contract date, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue is measured excluding value added tax, for goods and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of goods supplied and services provided are recognised in the Income Statement in the period to which they relate. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust its transaction price for the time value of money.

The Group's activities cover a variety of disciplines, therefore, depending on the nature of the product or service delivered and the timing of when control is passed onto the customer, the Group will account for revenue both over time and at a point in time. Where revenue is measured over time, the Group uses the input method to measure progress of delivery.

Sales of Goods
Revenue is recognised at a point in time when delivery of the product has been made and title has passed to the customer. Revenue is recognised on individual sales at a point in time when the conditions above have been met.

Revenue is measured at the invoiced price net of VAT and any discounts. If, as a separate transaction, the Company has entered into a derivative contract to hedge the sale price, any gains or losses on that hedge instrument are also included in revenue at the same time as the hedged transaction is recorded as revenue.

Services
Revenue is recognised over time as contractual performance obligations are fulfilled. A proportion of sales are subject to long-term contracts, typically on a cost-plus or similar basis. Typically, these contracts take the form of a continuing performance obligation. The revenue and profit on such contracts is recognised (and invoiced) using the input method of measuring progress on completion of the performance obligation. Profit is recognised in line with the recognition of revenue allocating costs to each separate performance obligation as appropriate. Any losses on contracts are recognised in full immediately.

Construction Contract Revenue
When the outcome of individual contracts can be estimated reliably, contract revenue and costs are recognised as revenue and expenses respectively over time by reference to the fulfilment of performance obligations using the input method of estimating progress of delivery at the reporting date. Costs are recognised as incurred, and revenue is recognised using the input method. The costs of obtaining a contract are recognised as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less. The stage of completion of a contract is assessed by reference to completion of a physical proportion of the contract work. Revenue includes the initial amount agreed in the contract plus any variations in contracted work, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue includes an assessment of any variable consideration which may become receivable based upon relevant performance measures. Variable consideration is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a significant reversal in the amount of cumulative revenue recognised. Provision is made for all known or expected losses on contracts as soon as they are foreseen. These provisions are reviewed throughout the contract life and are adjusted as required. However, the nature of the risks on contracts are such that is often not possible to resolve them until the end of the contract and therefore the provisions may not reverse until the contract is concluded.

Rental Income
Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Property
Sales of freehold land and properties are recognised at a point in time upon legal completion.

Rebates
From time to time the Group may offer a rebate on the sale of goods. The rebate is recognised at the point of sale as a reduction in revenue recorded. Should the rebate not become due then additional revenue is booked to reflect this at the point at which it becomes clear the rebate will not be payable.

Contract Assets
Contract assets represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the balance sheet date and comprises costs incurred plus attributable margin.

Notes
(forming part of the Group financial statements) continued

1 Material Accounting Policy Information continued

Contract Liabilities
Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Net Finance Costs
Net finance costs comprise interest payable, finance charges on leases and interest receivable on funds invested together with changes in the fair values of interest rate swaps and foreign currency forward contracts recognised through the profit and loss and the net interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit asset/liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payment is established.

Taxation
Tax on the profit or loss for the period comprises both current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Provisions
A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and where it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate. The effect is not deemed material for any the Group's provisions.

Restoration and Rehabilitation Costs
The previous mining, extraction and processing activities of the Group gave rise to obligations for site restoration. Restoration works can include site decommissioning and dismantling and site and land rehabilitation. The extent of work required, and the associated costs are dependent on the requirements of relevant authorities and the Group's environmental policies.

An initial provision reflecting the current obligation for the cost of future site restoration is recognised at the commencement of the production phase for all liabilities created through development of the surface mine. Production activities give rise to further restoration obligations and provisions are made for these liabilities as they arise.

Restoration provisions are measured at the expected value of future cash flows. Significant judgements and estimates are involved in forming an expectation of future activities and the amount and timing of the associated cash flows. Such expectations are based on existing planning requirements and management's future development plans which give rise to a constructive obligation.

Restoration provisions are adjusted for changes in estimates, which are accounted for as a change in the corresponding capitalised cost within non-current assets, except where a reduction in the provision is greater than the unamortised capitalised cost of the related assets, in which case the capitalised cost is reduced to £nil and the remaining adjustment is recognised in the Statement of Comprehensive Income. Changes to the capitalised cost result in an adjustment to future amortisation and financial charges.

Given the significant judgements and estimates involved, adjustments to the estimated amount and timing of future restoration and rehabilitation cash flows are a normal occurrence. Factors influencing those changes include but are not limited to: revisions to estimated reserves and site operations; planning requirements and management's development plans and changes in the estimated cost and scope of anticipated activities.

Adopted IFRSs Not Yet Applied
Certain new accounting standards and interpretations have been published that are not mandatory for 31 May 2025 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Segmental Information

The following analysis by industry segment is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to assess performance and make strategic decisions about allocation of resources.

The sectors distinguished as operating segments are Services, Hargreaves Land, Unallocated and HRMS.

- **Services:** Provides materials handling, mechanical and electrical engineering, land restoration, logistics and bulk earthworks into the energy, environmental, infrastructure and industrial sectors.
- **Hargreaves Land:** The development and realisation of value from the land portfolio including rental income from investment properties and the share of profit of the Unity joint venture.
- **Unallocated:** The corporate overhead contains the central functions that are not devolved to the individual business units.
- **Hargreaves Raw Materials Services ("HRMS"):** The Group's share of its German joint venture, which includes Hargreaves Services Europe Limited which is the parent company of HRMS and DK.

These segments are combinations of subsidiaries and joint ventures. They have separate management teams and provide different products and services. The four operating segments are also reportable segments.

The segment results, as reported to the Board of Directors, are calculated under the principles of IFRS. Performance is measured on the basis of underlying profit/(loss) before tax, which is reconciled to profit/(loss) before tax in the tables below:

	Services 2025 £000	Hargreaves Land 2025 £000	Unallocated 2025 £000	HRMS 2025 £000	Total 2025 £000
Revenue					
Total revenue	247,688	20,078	–	–	267,766
Intra-segment revenue	(3,330)	–	–	–	(3,330)
Revenue from external customers	**244,358**	**20,078**	**–**	**–**	**264,436**
Operating profit/(loss) (before amortisation)	**18,393**	**1,931**	**(4,747)**	**–**	**15,577**
Share of (loss)/profit in joint ventures (net of tax)	–	(143)	–	4,156	4,013
Net finance (expense)/income	(2,508)	515	50	–	(1,943)
Amortisation charge	(191)	–	–	–	(191)
Profit/(loss) before taxation	**15,694**	**2,303**	**(4,697)**	**4,156**	**17,456**
Taxation	(3,430)	(183)	897	–	(2,716)
Profit/(loss) after taxation	**12,264**	**2,120**	**(3,800)**	**4,156**	**14,740**
Depreciation charge	18,396	141	238	–	18,775
Capital expenditure	22,775	411	474	–	23,660
Net assets/(liabilities)					
Segment assets	115,303	80,979	59,971	–	256,253
Segment liabilities	(107,482)	(3,774)	(10,646)	–	(121,902)
Segment net assets	**7,821**	**77,205**	**49,325**	**–**	**134,351**
Joint ventures	–	5,764	–	54,084	59,848
Total net assets	**7,821**	**82,969**	**49,325**	**54,084**	**194,199**

Unallocated net assets of £49.3m include cash and cash equivalents of £23.3m, net deferred tax and corporation tax assets of £10.3m, amounts due from joint ventures of £16.8m, a net pension liability of £2.2m, tangible fixed assets of £1.7m and other corporate items (£0.6m liability).

Notes
(forming part of the Group financial statements) continued

2 Segmental Information continued

	Services 2024 £000	Hargreaves Land 2024 £000	Unallocated 2024 £000	HRMS 2024 £000	Total 2024 £000
Revenue					
Total revenue	206,857	7,036	–	–	213,893
Intra-segment revenue	(2,747)	–	–	–	(2,747)
Revenue from external customers	204,110	7,036	–	–	211,146
Operating profit/(loss) (before amortisation)	13,665	7,694	(5,301)	–	16,058
Share of profit in joint ventures (net of tax)	–	250	–	1,283	1,533
Net finance (expense)/income	(2,293)	207	1,362	–	(724)
Amortisation charge	(191)	–	–	–	(191)
Profit/(loss) before taxation	11,181	8,151	(3,939)	1,283	16,676
Taxation	(2,764)	(1,704)	10	–	(4,458)
Profit/(loss) after taxation	8,417	6,447	(3,929)	1,283	12,218
Depreciation charge	15,905	129	178	–	16,212
Capital expenditure	16,884	1,096	202	–	18,182
Net assets/(liabilities)					
Segment assets	100,368	78,832	57,704	–	236,904
Segment liabilities	(95,327)	(5,389)	(6,080)	–	(106,796)
Segment net assets	5,041	73,443	51,624	–	130,108
Joint ventures	–	5,942	–	56,046	61,988
Total net assets	5,041	79,385	51,624	56,046	192,096

Unallocated net assets of £51.6m include cash and cash equivalents of £22.7m, deferred tax asset of £11.3m, amounts due from joint ventures of £17.0m, a net pension liability of £1.7m and other corporate items (£2.3m asset).

The following table analyses revenue by significant category:

	2025 £000	2024 £000
Sale of goods	**22,226**	21,039
Provision of services	**141,064**	125,898
Rental Income	**1,158**	993
Construction contracts	**99,988**	63,216
	264,436	211,146

The timing of revenue recognition is analysed as follows:

	Services 2025 £000	Hargreaves Land 2025 £000	Total 2025 £000
Over time	**151,550**	**1,158**	**152,708**
At a point in time	**92,808**	**18,920**	**111,728**
Revenue	**244,358**	**20,078**	**264,436**

	Services 2024 £000	Hargreaves Land 2024 £000	Total 2024 £000
Over time	125,070	1,149	126,219
At a point in time	79,040	5,887	84,927
Revenue	204,110	7,036	211,146

Geographical Information

	2025		2024	
	Revenue £000	Non-current assets £000	Revenue £000	Non-current assets £000
UK	**221,650**	**145,187**	170,245	147,919
Europe	**65**	**1,060**	2,395	–
Hong Kong	**38,258**	**890**	34,701	991
Other overseas	**4,463**	**731**	3,805	627
	264,436	**147,868**	211,146	149,537

HS2 and Sizewell are the largest customers across the Group and individually contribute to over 10% of the Group revenue. The contracts combined represent 39.5% of total Services revenue (2024: 27.6%) and 36.5% of overall Group revenue (2024: 26.7%).

The Services business provides infrastructure services to a variety of sectors with over 70 term and framework contracts, providing excellent visibility and therefore is not over reliant on any particular customer.

3 Other Operating Income/(expense)

	2025 £000	2024 £000
Profit on disposal of property, plant and equipment	**517**	120
Profit on disposal of investment property	**–**	6,167
Profit/(loss) on disposal of right-of-use assets	**112**	(83)
Management charge income for services provided	**200**	200
Total other operating income	**829**	6,404

4 Expenses and Auditors' Remuneration

The following items have been charged to the Statement of Profit and Loss:

	2025 £000	2024 £000
Amortisation of other intangibles	**191**	191
Depreciation of property, plant and equipment owned	**2,462**	2,279
Depreciation of right-of-use assets	**16,313**	13,933
Interest payable on right-of-use leases	**2,660**	2,499
Expense relating to short-term leases	**8,229**	6,814
Expense relating to leases of low-value assets that are not shown above as short-term	**1,895**	875

Auditors' remuneration:

	2025 £000	2024 £000
Audit of these financial statements	**145**	133
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**276**	301
Audit of financial statements of joint ventures of the Company	**44**	42
Taxation compliance services	**12**	12

5 Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees Group	
	2025	2024
Directors and senior management	**19**	17
Administration	**404**	300
Production	**1,046**	1,091
	1,469	1,408

Notes
(forming part of the Group financial statements) continued

5 Staff Numbers and Costs continued

The aggregate payroll costs of these persons were as follows:

	Group	
	2025 £000	2024 £000
Wages and salaries	**79,150**	70,087
Share-based payments (see Note 24)	**299**	342
Social security costs	**6,181**	5,346
Contributions to defined contribution pension scheme (see Note 23)	**3,019**	2,327
Expenses of defined benefit pension schemes (see Note 23)	**657**	710
	89,306	78,812

6 Directors' Remuneration

	2025 £000	2024 £000
Directors' emoluments	**2,074**	1,981
Emoluments in lieu of Company pension contributions	**205**	195
	2,279	2,176

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid Director was £1,021,000 (2024: £897,000), and £132,000 (2024: £124,000) was paid in lieu of Company pension contributions.

The detailed breakdown of the Directors' total emoluments is as follows:

	Salary/Fees		Bonus		Benefits		LTIPS		Total		Pension	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Gordon Banham	**529**	514	**265**	–	**65**	45	**162**	338	**1,021**	897	**132**	124
John Samuel*	**–**	52	**–**	–	**–**	3	**–**	–	**-**	55	**–**	8
Stephen Craigen**	**234**	167	**93**	–	**6**	16	**86**	–	**419**	183	**18**	13
David Anderson	**268**	246	**38**	123	**4**	13	**90**	220	**400**	602	**51**	49
Roger McDowell	**90**	87	**–**	–	**–**	–	**–**	–	**90**	87	**–**	–
Nigel Halkes	**51**	64	**–**	–	**–**	–	**–**	–	**51**	64	**–**	–
Christopher Jones	**45**	47	**–**	–	**–**	–	**–**	–	**45**	47	**4**	1
Nicholas Mills	**48**	46	**–**	–	**–**	–	**–**	–	**48**	46	**–**	–
Total	**1,265**	1,223	**396**	123	**75**	77	**338**	558	**2,074**	1,981	**205**	195

* John Samuel stepped down as a Director on 9 August 2023.

** Stephen Craigen was appointed to the Board on 1 August 2023. The comparative figure includes remuneration from the date of appointment.

Benefits in Kind and Pensions

In addition to basic salary, Executive Directors are entitled to the following benefits: paid holiday, company car or a cash allowance in lieu, contributions to a personal pension plan and life assurance, private medical insurance and permanent health insurance. No Director has benefits under any of the Group's defined benefit pension schemes, however certain Directors have elected to receive a payment rather than pension contributions.

	Number of Directors	
	2025	2024
The number of Directors who exercised share options was	**3**	2
The number of Directors in respect of whose services shares were received or receivable under long-term incentive schemes was	**2**	3

At the balance sheet date no Directors hold rights to subscribe for shares in the Group as a result of options which have vested but have not yet been exercised (2024: no Directors).

All of the Directors benefited from qualifying third-party indemnity provisions.

During the year ended 31 May 2025, a total of 157,563 (2024: 210,606) awards were made of which 39,346 (2024: 56,314) related to Executive Directors as set out below:

Director	Date of grant	Exercise price	No. of options granted	Exercise period
Stephen Craigen	11 November 2024	10p per share	39,346	12 Nov 2027 – 11 Nov 2029

Executive Share Option Scheme awards vesting and/or exercised in the year ended 31 May 2025

During the year, options awarded on 1 August 2021, totalling 146,532 shares partially vested in accordance with the performance criteria. 68% of the performance criteria was achieved resulting in 56,304 options becoming lapsed. Of those shares that vested, 15,162 were exercised by David Anderson on 15 August 2024 and 28,301 were exercised by Gordon Banham on 19 September 2024.

Outstanding Executive Share Option Scheme awards

Information within the table below relates to Directors who have served during the financial year ended 31 May 2025. The Board has previously granted the following options to the Executive Directors:

	Exercisable between 2 Aug 2025 and 1 Aug 2027	Exercisable between 1 Nov 2026 and 30 Oct 2028	Exercisable between 12 Nov 2027 and 11 Nov 2029
David Anderson	22,671	31,041	–
Stephen Craigen	10,932*	25,272	39,346

* Award was made on 1 August 2022, prior to Stephen Craigen's appointment to the Board.

Deferred Bonus Scheme

No awards under the Deferred Bonus Scheme were made during the year ended 31 May 2025. Stephen Craigen was awarded 14,820 options under the Deferred Bonus Scheme J on 2 August 2021, which vested on 2 August 2024. Stephen Craigen exercised the 14,820 options under this scheme on 8 August 2024. No other awards under this scheme are outstanding in respect of any director. The Deferred Bonus Scheme is designed to allow awards to be made to Executive Directors and eligible employees to attract and retain key members of staff. The awards under the Deferred Bonus Scheme are based on a percentage of salary. This figure is then converted into a number of shares using the mid-closing price of a Hargreaves Services plc ordinary share on the day preceding the award. Other than serving the retention period of three years from the date of award, the Deferred Bonus Scheme has no performance criteria.

7 Finance Income and Expense

Recognised in Profit or Loss

	2025 £000	2024 £000
Finance income		
Bank interest receivable	**422**	594
Early settlement discount	**66**	80
Interest received from jointly controlled entities	**1,525**	1,036
Interest on defined benefit pension scheme obligation (see Note 23)	**–**	368
Total finance income	**2,013**	2,078
Finance expense		
Total interest expense on financial liabilities measured at amortised cost	**974**	194
Interest payable on leases	**2,660**	2,499
Foreign exchange loss	**220**	109
Interest on defined benefit pension scheme obligation (see Note 23)	**102**	–
Total finance expense	**3,956**	2,802

Notes
(forming part of the Group financial statements) continued

8 Taxation

Recognised in the Statement of Profit and Loss

	2025 £000	2024 £000
Current tax		
Current year	**255**	1,344
Adjustments for prior years	**(1,102)**	7
Current tax (credit)/expense	**(847)**	1,351
Deferred tax		
Origination and reversal of temporary timing differences	**2,561**	2,267
Adjustments for prior years	**1,002**	840
Deferred tax expense	**3,563**	3,107
Tax expense in Income Statement (excluding share of tax of equity accounted investees)	**2,716**	4,458

The deferred tax adjustment in respect of prior years of £1,002,000 (2024: £840,000) relates to the treatment of losses assumed to be unused in the previous year, which were ultimately utilised.

Recognised in Other Comprehensive Income

	2025 £000	2024 £000
Deferred tax credit		
Remeasurements of defined benefit pension schemes	**11**	3,094
	11	3,094

Reconciliation of Effective Tax Rate

	2025 £000	2024 £000
Profit for the year	**14,740**	12,218
Total tax expense	**2,716**	4,458
Profit before taxation	**17,456**	16,676
Tax using the UK corporation tax rate of 25.00% (2024: 25.00%)	**4,364**	4,169
Effect of tax rates in foreign jurisdictions	**(245)**	(249)
Tax effect of joint ventures	**(1,311)**	(321)
Changes in unrecognised tax losses	**20**	(49)
Non-deductible expenses	**80**	224
Other temporary trading differences	**(92)**	(163)
Adjustment in respect of previous periods	**(100)**	847
Effective total tax expense	**2,716**	4,458

Factors That May Affect Future Current and Total Tax Charges

There are no known changes planned for the rate of UK corporate tax. The deferred tax balances at 31 May 2025 and 31 May 2024 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

9 Earnings per Share

The calculation of earnings per share ("EPS") is based on the profit for the year attributable to equity holders and on the weighted average number of shares in issue and ranking for dividend in the year.

	2025 Earnings £000	2025 EPS Pence	2025 DEPS Pence	2024 Earnings £000	2024 EPS Pence	2024 DEPS Pence
Underlying earnings per share	**14,883**	**45.24**	**44.50**	12,361	38.22	37.43
Amortisation (net of tax)	**(143)**	**(0.43)**	**(0.43)**	(143)	(0.44)	(0.43)
Basic earnings per share	**14,740**	**44.81**	**44.07**	12,218	37.78	37.00
Weighted average number of shares (000's)		**32,898**	**33,444**		32,345	33,021

The calculation of weighted average number of shares includes the effect of own shares held of 136,444 (2024: 332,401).

The calculation of diluted earnings per share ("DEPS") is based on the profit for the year and the weighted average number of ordinary shares in issue in the year. The potentially dilutive effect of the share options outstanding (effect on weighted average number of shares) is 546,014 (2024: 676,305); effect on basic earnings per ordinary share in the current year is 0.74p (2024: 0.78p). Effect on underlying earnings per ordinary share is 0.74p (2024: 0.79p).

10 Property, Plant and Equipment

	Freehold land and buildings and leasehold improvements £000	Furniture and equipment £000	Motor vehicles and plant £000	Total £000
Cost				
At 1 June 2023	12,652	4,263	16,692	33,607
Additions	67	358	1,829	2,254
Disposals	(193)	(15)	(929)	(1,137)
Transfers to investment property	(1,228)	–	–	(1,228)
Transfers to right of use assets	–	–	(125)	(125)
Effect of movements in foreign exchange	(2)	(28)	74	44
At 31 May 2024	11,296	4,578	17,541	33,415
At 1 June 2024	11,296	4,578	17,541	33,415
Additions	1,375	586	1,445	3,406
Disposals	–	(9)	(2,713)	(2,722)
Effect of movements in foreign exchange	(56)	(60)	(107)	(223)
At 31 May 2025	**12,615**	**5,095**	**16,166**	**33,876**
Accumulated depreciation and impairment				
At 1 June 2023	6,165	2,894	13,687	22,746
Depreciation	246	679	1,354	2,279
Disposals	(184)	(15)	(839)	(1,038)
Transfer to right of use assets	–	–	(24)	(24)
Effect of movements in foreign exchange	–	(46)	83	37
At 31 May 2024	6,227	3,512	14,261	24,000
At 1 June 2024	6,227	3,512	14,261	24,000
Depreciation	270	710	1,482	2,462
Disposals	–	(8)	(2,583)	(2,591)
Effect of movements in foreign exchange	(57)	(57)	(90)	(204)
At 31 May 2025	**6,440**	**4,157**	**13,070**	**23,667**
Net book value				
At 1 June 2023	6,487	1,369	3,005	10,861
At 31 May 2024	5,069	1,066	3,280	9,415
At 31 May 2025	**6,175**	**938**	**3,096**	**10,209**

Notes
(forming part of the Group financial statements) continued

11 Right-of-Use Assets

	Land and buildings £000	Motor vehicles and plant £000	Total £000
Cost			
At 1 June 2023	3,860	60,151	64,011
Additions	5,825	9,063	14,888
Disposals	(2,530)	(1,931)	(4,461)
Transfer from fixed assets	–	125	125
Effect of movements in foreign exchange	(22)	22	–
At 31 May 2024	7,133	67,430	74,563
At 1 June 2024	7,133	67,430	74,563
Additions	386	19,479	19,865
Disposals	–	(4,430)	(4,430)
Effect of movements in foreign exchange	(78)	(27)	(105)
At 31 May 2025	**7,441**	**82,452**	**89,893**
Accumulated depreciation and impairment			
At 1 June 2023	2,678	21,518	24,196
Depreciation	1,591	12,342	13,933
Disposals	(2,463)	(1,791)	(4,254)
	–	24	24
Effect of movements in foreign exchange	(14)	3	(11)
At 31 May 2024	1,792	32,096	33,888
At 1 June 2024	1,792	32,096	33,888
Depreciation	2,047	14,266	16,313
Disposals	–	(4,220)	(4,220)
Transfer from fixed assets	–	–	–
Effect of movements in foreign exchange	(51)	(8)	(59)
At 31 May 2025	**3,788**	**42,134**	**45,922**
Net book value			
At 1 June 2023	1,182	38,633	39,815
At 31 May 2024	5,341	35,334	40,675
At 31 May 2025	**3,653**	**40,318**	**43,971**

The group leases various offices, warehouses, stores, equipment and vehicles.

Security
The Group's ROU assets are used to secure some of its interest-bearing loans and borrowings (see Note 21).

12 Investment Property

At cost	Group 2025 £000	Group 2024 £000
At 1 June	**14,829**	14,074
Additions	**389**	1,040
Disposals	**–**	(1,513)
Transfer from fixed assets	**–**	1,228
At 31 May	**15,218**	14,829

In the year ended 31 May 2025, £nil (2024: £1,228,000) assets were transferred from fixed assets to investment property following a review.

The fair value of the Investment Properties is estimated by the Directors at £37,794,000 (2024: £29,800,000). The increase in the estimated fair value is as a result of the Market Value Today as prepared by JLL.

13 Intangible Assets including Goodwill

Group

	Goodwill £000	Other intangible £000	Total Cost £000
Cost			
At 1 June 2023	18,314	1,036	19,350
Acquisitions (Note 15)	–	554	554
Disposals	(109)	–	(109)
At 31 May 2024	18,205	1,590	19,795
At 1 June 2024	18,205	1,590	19,795
At 31 May 2025	**18,205**	**1,590**	**19,795**
Accumulated amortisation and impairment			
At 1 June 2023	13,490	175	13,665
Amortisation charge	–	191	191
Disposals	(109)	–	(109)
At 31 May 2024	13,381	366	13,747
At 1 June 2024	13,381	366	13,747
Amortisation charge	–	191	191
At 31 May 2025	**13,381**	**557**	**13,938**
Net book value			
At 1 June 2023	4,824	861	5,685
At 31 May 2024	4,824	1,224	6,048
At 31 May 2025	**4,824**	**1,033**	**5,857**

The other intangible acquisition in the year ended 31 May 2024 relates to the acquisition of McLeod Construction Materials Ltd and the mineral property acquired with the business. This is being amortised as mineral is extracted and sold from the quarry.

The goodwill disposed in the year ended 31 May 2024 relates to the goodwill of companies of which have been disposed; DWL Engineering Services Ltd and Eastgate Materials Handling Limited. The net book value of the goodwill disposed is nil.

The Group does not have any internally generated intangible assets.

Notes
(forming part of the Group financial statements) continued

13 Intangible Assets including Goodwill continued

Impairment Testing

The intangible assets have been allocated to Cash-Generating Units or groups of CGUs as follows:

	Goodwill	
	2025 £000	2024 £000
Hargreaves Industrial Services Limited	**1,252**	1,252
Specialist Earthworks	**3,572**	3,572
	4,824	4,824

	Other intangible	
	2025 £000	2024 £000
S&B Utilities Limited	**479**	670
McLeod Construction Materials Ltd	**554**	554
	1,033	1,224

The recoverable amounts of the above CGUs have been calculated with reference to their value in use. The key features of this calculation are shown below:

Hargreaves Industrial Services Limited:	2025	2024
Period on which management approved forecasts are based	**5 years**	5 years
Discount rate	**12.4%**	9.8%

Specialist Earthworks:	2025	2024
Period on which management approved forecasts are based	**10 years**	10 years
Discount rate	**12.4%**	9.8%

S&B Utilities Limited:	2025	2024
Period on which management approved forecasts are based	**5 years**	5 years
Discount rate	**12.4%**	9.8%

McLeod Construction Materials Ltd:	2025	2024
Period on which management approved forecasts are based	**6 years**	7 years
Discount rate	**12.4%**	9.8%

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow forecasts for each CGU derived from the most recent financial budget and strategic plan approved by management going forward five years. This is with the exception of Specialist Earthworks which is based on a 10-year financial budget due to the nature of the business, and McLeod Construction Machinery which is based on a 6 year financial budget in line with the rights to the quarry and mineral extraction. An annual growth rate of 2% has been assumed after the relevant forecast period in perpetuity. The Board considers that the assumptions of growth provide management with a conservative estimate against which to compare the corresponding CGU carrying values. Sustaining maintenance capital expenditure in each CGU has been included in the calculations but no cash flows relating to enhancement capital expenditure have been included. A post-tax discount rate of 12.4% (2024: 9.8%) has been used in the first instance. The increase in the discount rate is due to an increase in the cost of equity and an increase in the average leasing debt over the year.

For the year ended 31 May 2025 and 31 May 2024, each of the CGUs has substantial headroom under the annual impairment review, which remains after allowing for reasonably possible changes in assumptions.

Other than changes to the discount rate, the key assumption which would impact the carrying value of goodwill is the margin generated by each CGU. Whilst the sensitivities vary according to CGU, for a material impairment to take place the discount rate would have to increase to 24% (2024: 29%) or the assumed operating margins would have to decrease by more than 11% (2024: 20%) before any further impact on any single CGU.

14 Investments in Subsidiaries and Joint Ventures

List of Registered Offices:

14.1 West Terrace, Esh Winning, Durham, DH7 9PT
14.2 Tower Colliery, Tirherbert Road, Rhigos, Aberdare, CF44 9UF
14.3 Böningerstraβe 29, 47051 Duisburg, Germany
14.4 Lange Lozanastraat 142 bus 2, 2018 Antwerp, Belgium
14.5 Suite 2, Park House Earls Colne Business Park, Earls Colne, Colchester, Essex, England, CO6 2NS
14.6 Plac Rodla, 8/914, 70-419 Szczecin, Polska
14.7 Werthausser Str. 182, 47053 Duisburg, Germany
14.8 5 Nobel Boulavard, Cape Gate NE3, Vanderbijlpark, Gauteng, 1900
14.9 34-02, 34th Floor, Wisma UOA II, No.21, Jalan Pinang, 50450 Kuala Lumpur, Malaysia
14.10 Suites 1307-09, One City Gate, 20 Tat Tung Road, Tung Chung Lantau, Hong Kong
14.11 Cp House, Otterspool Way, Watford, Hertfordshire, England, WD25 8JJ
14.12 Ardelenstr. 17-23, 47053 Duisburg, Germany

The Group has the following investments in subsidiaries and joint ventures at the end of the year:

	Address of registered office	Class of shares held	Ownership 2025	Ownership 2024
Subsidiary undertakings				
Hargreaves (UK) Services Limited	14.1	Ordinary	**100%**	100%
The Monckton Coke & Chemical Company Limited*	14.1	Ordinary	**100%**	100%
Maltby Colliery Limited*	14.1	Ordinary	**100%**	100%
HE Contracts Limited*	14.1	Ordinary	**100%**	100%
Maxibrite Limited *	14.1	Ordinary	**85.2%**	85.2%
RocPower Limited *	14.1	Ordinary	**85%**	85%
Hargreaves Carbon Products NV	14.4	Ordinary	**100%**	100%
Hargreaves Industrial Services (HK) Limited	14.10	Ordinary	**100%**	100%
Access Services (HK) Limited	14.10	Ordinary	**100%**	100%
OCCW (Duncanziemere) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Chalmerston) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Netherton) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Damside) Limited *	14.1	Ordinary	**100%**	100%
OCCW (Broken Cross) Limited *	14.1	Ordinary	**100%**	100%
OCCW (House of Water) Limited *	14.1	Ordinary	**100%**	100%
C. A. Blackwell (Contracts) Limited	14.1	Ordinary	**100%**	100%
Geofirma Soils Engineering Limited *	14.1	Ordinary	**100%**	100%
Renaissance Land Regeneration Limited *	14.1	Ordinary	**100%**	100%
Hargreaves Land (North) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Land (South) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Power Services (HK) Limited	14.10	Ordinary	**100%**	100%
SBU Limited*	14.1	Ordinary	**100%**	100%
S&B Utilities Limited*	14.1	Ordinary	**100%**	100%
Dalquhandy Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Broken Cross Energy SPV Limited*	14.1	Ordinary	**100%**	100%
North Kyle Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Kennoxhead SPV Limited*	14.1	Ordinary	**100%**	100%
Broken Cross Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield EFW SPV Limited*	14.1	Ordinary	**100%**	100%
Poniel Energy SPV Limited*	14.1	Ordinary	**100%**	100%
Killoch Energy SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield Windfarm SPV Limited*	14.1	Ordinary	**100%**	100%
Westfield Solar SPV Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Land Group Limited*	14.1	Ordinary	**100%**	100%
McLeod Construction Materials Ltd*	14.1	Ordinary	**100%**	100%
Hargreaves LD Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Environmental Services Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Wilsden Ltd*	14.1	Ordinary	**100%**	-
Project Catix 1 Ltd*	14.1	Ordinary	**100%**	-
Project Catix 2 Ltd*	14.1	Ordinary	**100%**	-

Notes
(forming part of the Group financial statements) continued

14 Investments in Subsidiaries and Joint Ventures continued

	Address of registered office	Class of shares held	Ownership 2025	Ownership 2024
Project ILKXXX Ltd*	14.1	Ordinary	**100%**	–
Hargreaves Hemingfield Ltd*	14.1	Ordinary	**100%**	–
Hargreaves Waste Management Services Limited*	14.1	Ordinary	**100%**	–
Hargreaves Zinc Processing Limited*	14.1	Ordinary	**100%**	–
DK Zinc Recycling GmbH	14.7	Ordinary	**86%**	–
Hargreaves (UK) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Limited	14.1	Ordinary	**100%**	100%
Forward Sound Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services (HK) Limited	14.10	Ordinary	**100%**	100%
Hargreaves Land Limited*	14.1	Ordinary	**100%**	100%
H Technical Resources Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Maltby Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Property Ventures Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services (Westfield) Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services (Blindwells) Limited	14.1	Ordinary	**100%**	100%
Hargreaves Services Forestry Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Services South Africa (Pty) Ltd	14.8	Ordinary	**100%**	100%
C.A. Blackwell Group Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Sdn Bhd	14.9	Ordinary	**100%**	100%
Hargreaves Pension Company Limited	14.1	Ordinary	**100%**	100%
Hargreaves Land Holdings Limited*	14.1	Ordinary	**100%**	100%
Blackwell Earthmoving Limited	14.5	Ordinary	**100%**	100%
Joint ventures				
Tower Regeneration Limited	14.2	Ordinary	**50%**	50%
Tower Regeneration Leasing Limited*	14.2	Ordinary	**50%**	50%
Hargreaves Raw Material Services GmbH	14.3	Ordinary	**49.9%**	49.9%
Hargreaves Carbon Products Polska Sp. z o.o.	14.6	Ordinary	**49.9%**	49.9%
Carbon Action Ltd	14.1	Ordinary	**50%**	50%
Waystone Hargreaves Land LLP	14.11	Ordinary	**50%**	50%
DK Recycling und Roheisen GmbH	14.7	Ordinary	**47%**	47%
DK Unterstutzungkasse GmbH	14.7	Ordinary	**47%**	47%
Hargreaves-EWT Industrieservices GmbH	14.12	Ordinary	**25%**	25%
Hargreaves Services Europe Limited	14.1	Ordinary	**49.9%**	49.9%
Dormant companies				
Tru-Green Limited**	14.1	Ordinary	**100%**	100%
Renaissance Land Management Limited**	14.1	Ordinary	**100%**	100%
517EPA Limited**	14.1	Ordinary	**100%**	100%
RocFuel Limited**	14.1	Ordinary	**50.1%**	50.1%
Squire Distribution Services Limited**	14.1	Ordinary	**100%**	100%
Har Transport Limited**	14.1	Ordinary	**100%**	100%
HS Transport Services Limited**	14.1	Ordinary	**100%**	100%
Premier Lime and Stone Company**	14.1	Ordinary	**100%**	100%
C.A. Blackwell (Plant) Limited**	14.1	Ordinary	**100%**	100%
HBR Limited**	14.1	Ordinary	**100%**	100%
Coal 4 Energy Limited**	14.1	Ordinary	**100%**	100%
Hargreaves Carbon Products Europe Limited**	14.1	Ordinary	**100%**	100%
Hargreaves Corporate Director Limited*	14.1	Ordinary	**100%**	100%
Hargreaves Industrial Products Limited**	14.1	Ordinary	**100%**	100%
HBLT Limited**	14.1	Ordinary	**100%**	100%
R Hanson & Son Limited**	14.1	Ordinary	**100%**	100%
HESOTT Limited**	14.1	Ordinary	**100%**	100%

* These UK subsidiaries are exempt from audit by virtue of s479A of the Companies Act 2006.

** These UK subsidiaries are exempt from audit by virtue of s480 of the Companies Act 2006.

There were no companies liquidated during the year ended 31 May 2025.

The following solvent companies were liquidated during the prior year; Hargreaves Darlington Limited, OCCW (St Ninians) Limited and Hargreaves Services (Castlebridge) Limited.

The Group acquired 100% of the share capital of Hargreaves Wilsden Ltd, Project Catix 1 Ltd, Project Catix 2 Ltd, Project ILKXXX Ltd and Hargreaves Hemingfield Ltd in the year ended 31 May 2025. Hargreaves Waste Management Limited, Hargreaves Zinc Processing Limited and DK Zinc Recycling GmbH were incorporated in the year ended 31 May 2025.

The Group acquired 100% of the share capital of McLeod Construction Materials Ltd, Hargreaves LD Limited and Hargreaves Environmental Services Limited in the year ended 31 May 2024.

Tower Regeneration Leasing Limited is a 100% owned subsidiary of Tower Regeneration Limited. Hargreaves Raw Material Services GmbH and Hargreaves Carbon Products Polska Sp. z o.o. are both 100% owned subsidiaries of Hargreaves Services Europe Limited. DK Recycling und Roheisen GmbH is a 94.9% owned subsidiary of Hargreaves Raw Materials Services GmbH. Hargreaves-EWT Industrieservices GmbH is 50% owned by Hargreaves Raw Materials Services GmbH.

The Group's share of post-acquisition total recognised profit or loss in the above jointly controlled entities for the year ended 31 May 2025 was a profit of £4,013,000 (2024: £1,533,000).

Joint Ventures

Carrying amount of equity accounted investees:

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
At 1 June 2023	–	68,607	5,751	(76)	74,282
Group's share of profit in joint ventures (net of tax)	–	1,283	250	–	1,533
Group's share of other comprehensive income	–	167	–	–	167
Dividends declared	–	(13,685)	–	–	(13,685)
Exchange differences	–	(326)	–	17	(309)
At 31 May 2024	–	56,046	6,001	(59)	61,988

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
At 1 June 2024	–	56,046	6,001	(59)	61,988
Group's share of profit in joint ventures (net of tax)	–	4,156	(143)	–	4,013
Group's share of other comprehensive income	–	840	–	–	840
Dividends declared	–	(6,267)	–	–	(6,267)
Exchange differences	–	(691)	–	(35)	(726)
At 31 May 2025	**–**	**54,084**	**5,858**	**(94)**	**59,848**

The Group recognised £840,000 (2024: £167,000) other comprehensive income which relates to the Group's share of the actuarial gain on the defined benefit pension scheme.

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
Hargreaves' share of net assets/(liabilities)	(7,582)	59,270	6,001	(59)	57,630
Amount not recognised	7,582	–	–	–	7,582
Non-distributable reserves	–	(3,224)	–	–	(3,224)
Investment at 31 May 2024	–	56,046	6,001	(59)	61,988

Notes
(forming part of the Group financial statements) continued

14 Investments in Subsidiaries and Joint Ventures continued

Group	Tower Regeneration Limited £000	Hargreaves Services Europe Limited £000	Waystone Hargreaves Land LLP £000	Interests in immaterial joint ventures £000	Total £000
Hargreaves' share of net assets/(liabilities)	(9,108)	56,708	5,858	(94)	53,364
Amount not recognised	9,108	–	–	–	9,108
Non-distributable reserves	–	(2,624)	–	–	(2,624)
Investment at 31 May 2025	**–**	**54,084**	**5,858**	**(94)**	**59,848**

The figures below are prepared under IFRS, all numbers are presented in £000s.

	Tower Regeneration Limited		Waystone Hargreaves Land LLP		Hargreaves Services Europe Limited	
At cost	2025	2024	2025	2024	2025	2024
Voting rights	**50%**	50%	**50%**	50%	**49.9%**	49.9%
Cash and cash equivalents	**18**	17	**229**	27	**8,644**	4,515
Other current assets	**363**	1,884	**21,526**	21,825	**108,973**	110,503
Total current assets	**381**	1,901	**21,755**	21,852	**117,617**	115,018
Non-current assets	**4,276**	4,127	**–**	–	**60,015**	64,925
Current liabilities	**(30,112)**	(26,730)	**(10,209)**	(10,026)	**(86,077)**	(96,162)
Non-current liabilities	**(568)**	(960)	**–**	–	**(25,615)**	(14,864)
Net (liabilities)/assets (100%)	**(26,023)**	(21,662)	**11,546**	11,826	**65,940**	68,917
Revenue	**5**	–	**8**	6,585	**286,911**	338,696
Other expenses	**(842)**	(271)	**(219)**	(5,595)	**(268,231)**	(327,126)
Depreciation and amortisation	**–**	–	**–**	–	**(4,804)**	(4,235)
Share of joint venture profit	**–**	–	**–**	–	**219**	–
Interest income	**150**	184	**–**	–	**105**	1,437
Interest expense	**(2,089)**	(1,839)	**(74)**	(490)	**(5,415)**	(6,289)
(Loss)/profit before tax	**(2,776)**	(1,926)	**(285)**	500	**8,785**	2,483
Income tax expense	**–**	–	**–**	–	**(4,041)**	(1,336)
Post tax (loss)/profit (100%)	**(2,776)**	(1,926)	**(285)**	500	**4,744**	1,147

HRMS, a wholly owned subsidiary of Hargreaves Services Europe Limited has a contingent liability in respect of possible fines or penalties arising from certain trading transactions with a counterparty in Poland. When the matter came to the attention of the management of HRMS, they reported it proactively to the Polish authorities from whom no response has yet been received. It is not possible to assess the likely quantum of any such fines or penalties nor is it possible to determine whether any fines or penalties will be levied by the Polish authorities.

The total financial liabilities included in current liabilities is:

Tower Regeneration Limited £nil (2024: £nil);

Waystone Hargreaves Land LLP £nil (2024: £nil),

Hargreaves Services Europe Limited £49,804,000 (2024: £49,390,000) representing its borrowing base facility and term loans.

Included within current liabilities above and disclosed in Note 30 Related Parties is a loan totalling £10.9m (2024: £11.1m) due from HRMS to Hargreaves Services plc.

Waystone Hargreaves Land LLP includes an amount of £2,729,000 (2024: £2,491,000) payable to Hargreaves Land North Limited, a wholly owned subsidiary. This loan is repayable on demand.

Tower Regeneration Limited includes an amount of £14,701,000 (2024: £14,191,000) within current liabilities, which is due to Forward Sound Limited, a wholly owned subsidiary undertaking.

Interest on these joint venture loans is charged between 0.5%-2.0% above UK base rate.

The Group also has a non-material interest in the following companies: Tower Regeneration Leasing Limited and Carbon Action Limited.

15 Acquisition of Subsidiaries

On 12 August 2024, the Group acquired 100% of the share capital of Hargreaves Wilsden Ltd, Project Catix 1 Ltd, Project Catix 2 Ltd, Project ILKXXX Ltd and Hargreaves Hemingfield Ltd for total consideration of £660,505. The consideration comprised an acquisition price of £654,000, along with a cash injection of £7,000 to pay off all remaining liabilities. The acquisition price was settled in cash. The fair value of the assets and liabilities at the date of acquisition was a net asset position of £661,000.

On 30 June 2023, the Group acquired 100% of the share capital of McLeod Construction Materials Ltd for a total consideration of £500,001. The consideration comprised an acquisition price of £1, along with a cash injection of £500,000 to pay off all remaining liabilities. The acquisition price of £1 was settled in cash. The principal activity of McLeod Construction Materials Ltd is the quarrying of limestone and other aggregates. The company holds a 10-year planning consent, of which 7 years is remaining, to rework and develop the Newlandside Quarry, in accordance with the remediation scheme. Processing of the quarry began pre-acquisition and have extracted good quality materials, confirming the site is a proved reserve. The fair value of the assets and liabilities at the date of acquisition was a net liability position of £54,000.

	2025 £000	2024 £000
ASSETS		
Current assets		
Trade and other receivables	–	70
Inventory	661	–
	661	70
LIABILITIES		
Current liabilities		
Trade and other payables	**–**	(124)
Net identifiable assets/(liabilities)	**661**	(54)
Net Purchase Consideration	**661**	500
Other intangibles on consolidation (Note 13)	**–**	554
Satisfied by:		
Consideration paid	654	–
Cash injection	7	500
Net Purchase Consideration	**661**	500

16 Deferred Tax Assets and Liabilities

Movement in Deferred Tax During the Year

	1 June 24 £000	Recognised in income £000	Recognised in equity £000	31 May 2025 £000
Property, plant and equipment	**(821)**	**(3,532)**	**–**	**(4,353)**
Employee benefits	**430**	**121**	**11**	**562**
Share-based payments	**187**	**(11)**	**–**	**176**
Tax value of loss carry-forwards recognised	**11,443**	**(149)**	**–**	**11,294**
Other temporary timing differences	**84**	**8**	**–**	**92**
Total	**11,323**	**(3,563)**	**11**	**7,771**

Movement in Deferred Tax During the Prior Year

	1 June 23 £000	Recognised in income £000	Recognised in equity £000	31 May 2024 £000
Property, plant and equipment	(2,024)	1,203	–	(821)
Employee benefits	(1,393)	(1,271)	3,094	430
Share-based payments	250	(63)	–	187
Tax value of loss carry-forwards recognised	14,432	(2,989)	–	11,443
Other temporary timing differences	71	13	–	84
Total	11,336	(3,107)	3,094	11,323

The Group has an unrecognised deferred tax asset of £53,000 relating to trading losses (2024: £50,000).

Notes
(forming part of the Group financial statements) continued

17 Inventories

	Group	
	2025 £000	2024 £000
Raw materials and consumables	**111**	130
Finished goods	**428**	1,002
Properties held for development and resale	**46,980**	48,193
	47,519	49,325

Changes in raw material and consumables, finished goods and properties held for development and resale recognised as cost of sales in the year amounted to £15,033,000 (2024: £3,653,000).

The write-down of inventories to net realisable value was £nil (2024: £nil).

There were no reversals of previous write-downs in either the current or prior year.

18 Trade and Other Receivables

	Current		Non-Current	
	2025 £000	2024 £000	2025 £000	2024 £000
Trade receivables	**25,985**	21,342	**–**	–
Amounts due from undertakings in which the Group has a participating interest	**32,564**	31,479	**–**	–
Other receivables	**4,190**	1,565	**–**	4,000
Prepayments and accrued income	**22,131**	16,519	**–**	–
	84,870	70,905	**–**	4,000

Included within other receivables is £nil (2024: £4,000,000) expected to be recovered in more than 12 months. The balance related to a £4.0m loan to the pension scheme following the buy-in, which was due to be repaid to the Group by 31 August 2025. The £4.0m loan was repaid in full in January 2025.

The Group has a variety of credit terms depending on the customer. These terms range from 30 to 90 days.

Amounts due from undertakings in which the Group has a participating interest are repayable on demand. Interest is charged at rates ranging between 7% and 10%.

Trade receivables are shown net of an expected credit loss allowance of £235,000 (2024: £253,000) arising from the ordinary course of business, as follows:

	2025 £000	2024 £000
At 1 June	**253**	246
Provided during the year	**165**	132
Released	**–**	(114)
Utilised during the year	**(183)**	(11)
At 31 May	**235**	253

The expected credit loss allowance records impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point the amounts considered irrecoverable are written off against the trade receivables directly. There is no expected credit loss in respect of other receivables, prepayments and accrued income, amounts due from undertakings in which the Group has a participating interest or contract assets.

The ageing of trade receivables was:

31 May 2025	Gross trade receivables £000	Expected credit losses £000	Net trade receivables £000
Not past due date	**21,912**	**–**	**21,912**
Past due date (0-90 days)	**3,600**	**–**	**3,600**
Past due date (over 90 days)	**638**	**(165)**	**473**
Individually impaired amounts	**70**	**(70)**	**–**
	26,220	**(235)**	**25,985**

31 May 2024	Gross trade receivables £000	Expected credit losses £000	Net trade receivables £000
Not past due date	16,511	–	16,511
Past due date (0-90 days)	4,719	–	4,719
Past due date (over 90 days)	127	(15)	112
Individually impaired amounts	238	(238)	–
	21,595	(253)	21,342

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2025 £000	2024 £000
UK	**23,381**	18,952
Rest of the world	**2,604**	2,390
	25,985	21,342

Further details on the Group's exposure to credit and currency risks and impairment losses related to trade receivables are disclosed in Note 27.

As at 31 May 2025 the Group has an income tax asset of £2,499,000 (2024: £1,466,000 tax liability) which relates to amounts due from HMRC for quarterly instalments payments ("QIPs") made during the year based on forecasted profits for the year ended 31 May 2025.

19 Contract Assets

31 May 2025	2025 £000
At 1 June 2024	**6,425**
Transfers from contract assets recognised at the beginning of the year to receivables	**(6,425)**
Increase related to services provided in the year	**10,041**
At 31 May 2025	**10,041**

31 May 2024	2024 £000
At 1 June 2023	5,114
Transfers from contract assets recognised at the beginning of the year to receivables	(5,114)
Increase related to services provided in the year	6,425
At 31 May 2024	6,425

Aggregate costs incurred under open construction contracts and recognised profits, net of recognised losses, amounted to £237,938,000 (2024: £144,146,000).

Progress billings and advances received from customers under open construction contracts amounted to £255,975,000 (2024: £153,612,000).

Contract assets include £nil (2024: £183,000) relating to retentions, of which £nil (2024: £183,000) are expected to be recovered in more than 12 months.

20 Cash and Cash Equivalents

	Group	
	2025 £000	2024 £000
Cash and cash equivalents per Balance Sheet	**23,304**	22,700
Cash and cash equivalents per Cash Flow Statement	**23,304**	22,700

The Group's exposure to credit and currency risk related to cash and cash equivalents is disclosed in Note 27.

Notes
(forming part of the Group financial statements) continued

21 Other Interest-Bearing Loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see Note 27.

	Group	
	2025 £000	2024 £000
Non-current liabilities		
Lease liabilities	**17,579**	15,884
Current liabilities		
Current portion of lease liabilities	**15,204**	18,270

Terms and Debt Repayment Schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2025 £000	Carrying amount 2025 £000	Face value 2024 £000	Carrying amount 2024 £000
Lease liabilities	Sterling	4.4%-7.4%	2025–2030	**32,783**	**32,783**	34,154	34,154

In accordance with the presentation requirements of IFRS 9, these liabilities have been classified according to the maturity date of the longest permitted refinancing.

Lease Liabilities

Lease liabilities are payable as follows:

	Minimum lease payments 2025 £000	Interest 2025 £000	Principal 2025 £000	Minimum lease payments 2024 £000	Interest 2024 £000	Principal 2024 £000
Less than one year	**16,935**	**(1,731)**	**15,204**	20,174	(1,904)	18,270
Between one and five years	**18,900**	**(1,321)**	**17,579**	17,010	(1,126)	15,884
	35,835	**(3,052)**	**32,783**	37,184	(3,030)	34,154

Changes in Liabilities from Financing Activities

	Group
	Lease liabilities £000
At 1 June 2023	36,350
Changes from financing cash flows	
Principal elements of lease payments	(17,425)
Total changes from financing cash flows	(17,425)
Other changes	
New leases	15,278
Interest expense	2,499
Interest paid	(2,548)
Total other changes	15,229
At 31 May 2024	34,154
Changes from financing cash flows	
Principal elements of lease payments	(21,648)
Total changes from financing cash flows	**(21,648)**
Other changes	
New leases	20,211
Interest expense	2,660
Interest paid	(2,594)
Total other changes	**20,277**
At 31 May 2025	**32,783**

22 Trade and Other Payables

	Group	
	2025 £000	**2024 £000**
Trade payables	**8,111**	10,348
Other trade payables	**2,134**	1,852
Deferred income	**2,432**	5,274
Non-trade payables and accrued expenses	**33,134**	30,909
	45,811	48,383

23 Pension Schemes and Other Retirement Benefits

Defined Contribution Scheme

The Group operates a Group personal pension scheme. The pension cost charge for the year represents contributions payable by the Group to the employees' funds and amounted to £3,019,000 (2024: £2,327,000). There were no outstanding or prepaid contributions, at either the beginning or end of the financial year.

Defined Benefit Schemes

The Group acquired a concessionary fuel retirement benefit scheme and became responsible for two defined benefit schemes on the acquisition of Maltby Colliery on 26 February 2007. The defined benefit schemes are part of two industry wide schemes which relate to the coal industry. Details of these two schemes are consolidated in the tables below because the two schemes share the same characteristics and risks, and as such, the disclosures have been aggregated. The Group is only liable for its own section of the scheme. Any deficit or surplus is not shared with other members of the multi-employer scheme.

In common with most company pension schemes the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS") and Industry Wide Mineworkers Pension Scheme ("IWMPS") are both established as a trust under which the assets of the Scheme are held separately from those of the sponsoring employers. The management of the Scheme is the responsibility of its trustee board, the Committee of Management, who are required to manage the Scheme in accordance with its Deed and Rules. The Scheme is sectionalised so that each employer or group of associated employers has a separate sub-fund within the Scheme. Each employer is liable for the benefits accrued by its member employees but has no liability for benefits accrued in other employer sub-funds. This means that in practice each employer sub-fund effectively operates as a separate pension scheme.

The latest full actuarial valuation of these schemes was carried out at 31 December 2021 by AON Solutions UK Limited. The next triennial valuation is due to be carried out as at 31 December 2024. The 31 December 2021 valuation of the IWCSSS showed a technical provisions deficit of £2.4m (previously £6.4m) whilst the valuation of the IWMPS showed a technical provisions deficit of £2.6m (previously £2.8m). For accounting purposes under IAS 19, actuaries use different assumptions than for the triennial valuation. The major difference relates to assumptions concerning the future return on the growth assets portfolio. The December 2021 valuations have been used as the basis, adjusted for the requirements of IAS 19 to 31 May 2025 by a qualified independent actuary, to enable the Directors to account for the schemes as below.

The Trustees of the Industry Wide Coal Staff Superannuation Scheme ("IWCSSS") and Industry Wide Mineworkers Pension Scheme ("IWMPS") purchased a bulk annuity in March 2024 to de-risk the defined benefit scheme obligation. The purchase of the bulk annuity was funded by the Group and is also referred to as a "buy-in" of the liability.

The Group took the decision to fund the buy-in based on the following considerations:

- a buy-in will remove volatility of the scheme from the balance sheet of the Group, and no further contributions would be expected; and
- the buy-in will transfer the pension risk associated with the scheme to a third-party insurer. The only risk remaining will be the counterparty risk of the insurer.

As a consequence there was a reduction in the retirement benefit asset in the Group's accounts for the year ended 31 May 2024 and subsequently 31 May 2025. The Buy-Out is likely to complete within the 2026 calendar year, at which point the asset balance will reduce to nil.

In relation to the Virgin Media case the IWCSSS and IWMPS Trustees have commenced a review to establish what impact, if any it has on the Schemes. The review is still ongoing but at this stage, the Trustees have no reason to believe that there is a compliance issue in relation to the requirements of Section 37 of the Pension Schemes Act 1993.

	2025 £000	**2024 £000**
Concessionary fuel scheme		
Present value of unfunded defined benefit obligations	**(2,889)**	(2,979)
Defined benefit schemes		
Present value of funded defined benefit obligations	**(31,695)**	(35,103)
Fair value of scheme assets	**32,336**	36,362
Retirement benefit obligation surplus	**641**	1,259
Total schemes net position	**(2,248)**	(1,720)

Notes
(forming part of the Group financial statements) continued

23 Pension Schemes and Other Retirement Benefits continued

Defined Benefit Schemes continued

Movements in Present Value of Defined Benefit Obligation

	2025 £000	2024 £000
At the beginning of the year	**38,082**	36,394
Interest cost	**1,930**	1,872
Remeasurement (gains)/losses:		
– Changes in demographic assumptions	**725**	(238)
– Changes in financial assumptions	**(3,907)**	1,578
– Experience	**(170)**	803
Benefits paid	**(2,076)**	(2,327)
At the end of the year	**34,584**	38,082

Movements in the Fair Value of Scheme Assets

	2025 £000	2024 £000
At the beginning of the year	**36,362**	41,966
Net interest on scheme assets	**1,828**	2,240
Remeasurement loss	**(3,397)**	(10,234)
Employer contributions	**276**	1,727
Employer buy in cash contribution	**–**	3,700
Benefits paid	**(2,076)**	(2,327)
Expenses paid	**(657)**	(710)
At the end of the year	**32,336**	36,362

Expense Recognised in the Income Statement

	2025 £000	2024 £000
Expenses paid from schemes	**657**	710
Interest expense/(income) on net defined benefit pension schemes	**102**	(368)
	759	342

The expense is recognised in the following line items in the Income Statement:

	2025 £000	2024 £000
Administrative expenses	**657**	710
Financial expense/(income)	**102**	(368)
	759	342

Remeasurement losses recognised directly in equity in the Statement of Other Comprehensive Income:

	2025 £000	2024 £000
At 1 June	**(18,449)**	(6,072)
Recognised in the year	**(45)**	(12,377)
At 31 May	**(18,494)**	(18,449)

Scheme Assets

The fair value of the schemes' assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, were:

	Fair value at 2025 £000	Fair value at 2024 £000
Insurance policy	**31,695**	35,103
Growth assets	**–**	3,230
Loan owed to company	**–**	(4,000)
Cash	**641**	2,029
	32,336	36,362

The split between quoted and non-quoted assets:

	Fair value at 2025 £000	Fair value at 2024 £000
Quoted assets	**–**	3,230
Non-quoted assets	**32,336**	33,132
	32,336	36,362

The major assumptions used in this valuation were:

	2025	2024
Rate of increase in deferred pensions	**3.00%**	3.30%
Rate of increase in pensions in payment	**3.00%**	3.30%
Discount rate applied to scheme liabilities	**5.80%**	5.20%
Inflation assumption RPI	**3.00%**	3.30%
Inflation assumption CPI	**2.60%**	2.80%

The assumptions used by the actuary and approved by the Board are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. The inflation assumption has decreased following the UK Government's consultations on Retail Price Index reforms and their likely impact. The discount rate assumption is derived from the AON GBP Select curve and is the same as that used in setting the assumption at 31 May 2024.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on the SAPS S3 actuarial tables with scaling factors of 110% (2024: 110%) (IWCSSS) and 105% (2024: 105%) (IWMPS) and include an allowance for future improvements in longevity based on the CMI 2021 projections with long-term improvement rate of 1% (2024: 1%) per annum. The same tables were used at 31 May 2024.
The assumptions are equivalent to expecting a 60-year-old to live for a number of years as follows:

IWMPS

Current pensioner aged 60: 22.8 years (male), 26.9 years (female), (2024: 22.8 years (male), 26.8 years (female)).

Future retiree upon reaching 60: 24.2 years (male), 28.2 years (female), (2024: 24.1 years (male), 28.1 years (female)).

IWCSSS

Current pensioner aged 60: 24.2 years (male), 27.2 years (female), (2024: 24.2 years (male), 27.2 years (female)).

Future retiree upon reaching 60: 25.6 years (male), 28.5 years (female) (2024: 25.5 years (male), 28.4 years (female)).

Risk exposure

Following the buy-in, the pension risk associated with the scheme has been transferred to a third-party insurer. The only risk remaining will be the counterparty risk of the insurer.

Notes
(forming part of the Group financial statements) continued

23 Pension Schemes and Other Retirement Benefits continued

Sensitivity Analysis

The Directors consider the discount rate, inflation rate and life expectancy assumptions to be the most significant actuarial assumptions and therefore the only assumptions relevant for sensitivity analysis purposes. Reasonably possible changes at the reporting date to one of the actuarial assumptions, holding other assumptions constant, would have increased/(decreased) the defined benefit obligation by the amounts shown below.

Any changes in assumptions on the defined benefit obligations would have an equal and opposite movement in the insurance buy-in asset.

	2025 £000	2024 £000
Discount rate (1% increase)	**(4,006)**	(4,681)
Inflation (1% increase)	**4,924**	5,691
Life expectancy (1 year increase)	**1,020**	1,055

	2025 £000	2024 £000
Discount rate (1% decrease)	**4,875**	5,715
Inflation (1% decrease)	**(4,101)**	(4,747)
Life expectancy (1 year decrease)	**(1,043)**	(1,317)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The Group expects to contribute approximately £124,000 to the defined benefit schemes in the next financial year, reflecting amounts due on the concessionary fuel scheme.

The weighted average duration of the defined benefit obligation is 14 years (2024: 14 years).

24 Employee Share Schemes

The Group has established an Executive Long-Term Incentive Plan and a deferred bonus scheme. The terms and conditions of the outstanding schemes are as follows, whereby all options are settled by physical delivery of shares:

	Date of grant	Employees entitled	Number of shares granted	Principal vesting conditions	Contractual life
Share option scheme 2020	August 2020	Directors	179,224	3 years' service and 50% Absolute Total Shareholder Return of between 35% and 85% and 50% Relative Total Shareholder Return of between 35% and 85%	3 years
Deferred bonus scheme I	October 2020	Senior employees	38,835	3 years' service	3 years
Deferred bonus scheme J	August 2021	Senior employees	14,820	3 years' service	3 years
Share option scheme 2021	August 2021	Directors and senior employees	146,532	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 100% and 50% Relative Total Shareholder Return	3 years
Share option scheme 2022	August 2022	Directors and senior employees	118,584	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 100% and 50% Relative Total Shareholder Return	3 years
Share option scheme 2023	October 2023	Directors and senior employees	210,606	3 years' service and 50% Absolute Total Shareholder Return of between 25% and 85% and 50% EPS compound annual growth of between 15% and 30%	3 years
Share option scheme 2024	November 2024	Directors and senior employees	157,563	3 years' service and 50% Absolute Total Shareholder Return of between 30% and 75% and 50% EPS compound annual growth of between 6% and 15%	3 years

Share Option Schemes

	2025 Weighted average exercise price	2025 Number of options	2024 Weighted average exercise price	2024 Number of options
Outstanding at the beginning of the year	**10p**	**522,354**	10p	522,542
Granted during the year	**10p**	**157,563**	10p	210,606
Lapsed during the year	**10p**	**(95,314)**	10p	(25,943)
Exercised during the year	**10p**	**(149,360)**	10p	(184,851)
Outstanding at the end of the year	**10p**	**435,243**	10p	522,354
Exercisable at the end of the year	**10p**	**–**	10p	59,132

There were 157,563 options granted in the year with a weighted average exercise price of 10p per share. These options are not exercisable before 30 November 2027. There were 149,360 options exercised in the year with a weighted average market value of 592p.

Deferred Bonus Schemes

	2025 Number of options	2024 Number of options
Outstanding at the beginning of the year	**46,597**	140,463
Exercised during the year	**(46,597)**	(93,866)
Outstanding at the end of the year	**–**	46,597
Exercisable at the end of the year	**–**	31,777

There were no options outstanding at 31 May 2025. There were no options granted in the year. There were 46,597 options exercised in the year with a weighted average market value of 599p.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received in respect of the Deferred Bonus Schemes is measured based on the Black-Scholes model. The contractual life of the option is used as an input into this model. A Monte Carlo model is used for all Share Option Schemes due to their more complex measurement characteristics involving the market conditions noted above in relation to relative Total Shareholder Return (TSR) and absolute Total Shareholder Return (TSR). For market based vesting conditions, such as the absolute TSR and relative TSR performance metrics, the probability of meeting these metrics and the number of awards expected to vest is taken into account when calculating the estimated fair value.

The fair value of options and the assumptions used in these calculations for the options outstanding are as follows:

	2020 August Share option scheme	2020 Deferred Bonus Scheme H	2020 Deferred Bonus Scheme I	2021 Deferred Bonus Scheme J	2021 August Share option scheme	2022 August Share option scheme	2023 October Share option scheme	2024 November Share option scheme
Fair value at grant date	1.57	2.02	1.90	4.51	4.91	3.87	4.36	5.90
Exercise price	0.10	–	–	–	0.10	0.10	0.10	0.10
Share price	2.22	2.19	2.06	5.05	5.21	5.22	4.07	5.70
Expected volatility	33%	31%	31%	40%	40%	44%	44%	41%
Option life	3 years	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Expected dividend	2.03%	2.53%	2.53%	3.69%	3.69%	1.61%	5.16%	6.32%
Risk-free rate	0.00%	0.0%	0.0%	0.0%	0.11%	0.11%	4.47%	4.15%

Volatility was calculated with reference to the Group's daily share price volatility. The weighted average share price in the year was 594p (2024: 471p).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

			Number of options outstanding	
	Expiry dated	Exercise price	2025	2024
Share option scheme December 2020	5 August 2025	10p	**–**	59,132
Deferred Bonus Scheme H	5 August 2025	–	**–**	31,777
Deferred Bonus Scheme J	3 August 2024	–	**–**	14,820
Share option scheme August 2021	3 August 2024	10p	**–**	146,532
Share option scheme August 2022	2 August 2025	10p	**102,301**	118,584
Share option scheme October 2023	30 October 2026	10p	**175,379**	198,106
Share option scheme November 2024	30 November 2027	10p	**157,563**	–
			435,243	568,951

Notes
(forming part of the Group financial statements) continued

24 Employee Share Schemes continued

Long-Term Incentive Plans and Deferred Bonus Schemes

The costs charged to the Income Statement relating to share-based payments were as follows:

	2025 £000	2024 £000
Share options granted in 2020	**–**	–
Share options granted in 2021	**24**	24
Share options granted in 2022	**66**	154
Share options granted in 2023	**127**	77
Share options granted in 2024	**82**	87
	299	342

25 Provisions

	Contract provisions £000	Restoration provisions £000	Dilapidations provisions £000	Insurance provisions £000	Other provisions £000	Total provision £000
At 1 June 2024	11,991	1,622	5,077	28	1,096	19,814
Provisions made during the year	24,379	127	722	–	3,364	28,592
Provisions utilised during the year	(11,193)	(105)	(301)	(28)	(247)	(11,874)
Provisions reversed	–	–	(466)	–	–	(466)
At 31 May 2025	**25,177**	**1,644**	**5,032**	**–**	**4,213**	**36,066**
Current	**11,699**	**440**	**300**	**–**	**1,601**	**14,040**
Non-Current	**13,478**	**1,204**	**4,732**	**–**	**2,612**	**22,026**

Provisions comprise:

1 The contract provisions have been made against profits which are subject to contract performance measurements which have not yet been carried out by the client and other contracts where the Group has identified potential warranty, defects or performance obligations. Although £11,699,000 (2024: £519,000) of these obligations are expected to be completed in the next 12 months, the nature of such obligations may mean that they take longer to be completed.

2 A £1,644,000 restoration provision (2024: 1,622,000) relates to the obligation to restore certain sites now that surface mining operations have ceased. £440,000 of this obligation is expected to be completed before 31 May 2026 (2024: £1,622,000 before 31 May 2025) although weather and operational conditions may mean that it takes longer to complete the restoration works.

3. A £5,032,000 (2024: £5,077,000) dilapidations provision relates to property leases where there are contractual obligations to restore the property to the condition prior to the commencement of the lease. The dilapidations provision is based on a third party assessment of the cost of the work which has been carried out on behalf of the landlord. Of this, £4,732,000 is expected to be completed after 31 May 2026 (£3,127,000 after 31 May 2025).

4. The insurance provisions represented outstanding excess amounts for claims which had been made and have now been settled.

5. Other provisions relate to various trading related uncertainties, including a health and safety incident, that give rise to a potential economic outflow.

26 Capital and Reserves

Share Capital

	Group and Company ordinary shares	
	2025 Number	2024 Number
In issue at 1 June and 31 May	**33,138,756**	33,138,756

	2025 £000	2024 £000
Allotted, called up and fully paid		
33,002,312 (2024: 32,806,355) ordinary shares of 10p each (excluding own shares held)	**3,300**	3,281
Own shares held of 10p each 136,444 (2024: 332,401)	**14**	33
	3,314	3,314

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

At the year end the Group held 136,444 (2024: 332,401) within Treasury shares, representing own shares purchased as part of the Group's share buyback programme. These shares had a market value of £0.9m at 31 May 2025 (2024: £1.9m) and were purchased for an aggregate consideration of £0.9m (2024: £1.9m).

Share Premium

The Share Premium represents the excess amount paid for share capital issued at prices higher than the nominal value.

Translation Reserve

The Translation Reserve comprises all foreign exchange differences arising since 1 June 2007, the transition date to Adopted IFRSs, from the translation of the financial statements of foreign operations.

Hedging Reserve

The Hedging Reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Share-based Payment Reserve

The Share-based Payment Reserve comprises the cumulative charge in relation to the Group's long term incentive plans (Note 24). This reserve is expected to move in line with the charge recognised in the Share-based Payment charge recognised in the Income Statement.

Other Reserves

Other Reserves, the Merger Reserve, and the Capital Redemption Reserve are historical reserves for which no movements are anticipated.

Dividends

The aggregate amount of dividends paid in the year comprises:

	2025 £000	2024 £000
Final dividend paid in respect of prior year but not recognised as liabilities in that year (18.5p per share (2024: 6.0p))	**5,923**	1,961
Additional dividend paid in respect of the prior year (0p per share) (2024: 12.0p)	**–**	3,922
Interim dividend paid in respect of the current year (18.5p per share) (2024: 18.0p)	**6,101**	5,905
	12,024	11,788
Proposed final dividend (18.5p per share (2024: 18.0p))	**6,101**	5,905

The proposed dividends are not included in liabilities as they were not approved before the year end.

In the prior year the Company ha been advised that a technical issue hasarisen in respect of the interim dividend of 18.0p per ordinary share paid by the Company to shareholders on 4 April 2024 (the Interim Dividend). Although the Company had sufficient distributable profits to pay the Interim Dividend at the payment date, the Company inadvertently failed to file at Companies House a copy of the interim accounts showing the requisite level of distributable profits. This failure to file the interim accounts was a technical breach of the Companies Act 2006 and as such the payment of the interim dividend was technically unlawful.

Since payment of the Interim Dividend in the prior year was technically in breach of the procedures set out in the Companies Act 2006, the Company may have claims against past and present shareholders who were recipients of the Interim Dividend to recover the amount paid by way of the dividend. Similarly, the Company may have claims against those directors who participated in the meetings of the board of directors at which the decision was taken to pay the Interim Dividend. It is clearly not the intention of the Company that any such claim should be made by the Company against either its shareholders or its directors. This situation was remedied by the shareholders passing a resolution which put shareholders and directors into the position in which they were always intended to be. The Company proposed such resolution at the AGM held on 30 October 2024 which was subsequently passed. There should be no effect on the tax treatment of the Interim Dividend for shareholders.

Notes
(forming part of the Group financial statements) continued

27 Financial Instruments

The Group's principal financial instruments comprise short-term receivables and payables, bank loans and overdrafts, obligations under finance leases and cash. The Group does not trade in financial instruments but uses derivative financial instruments in the form of forward rate agreements to help manage its interest rate exposures. The main purpose of these financial instruments is to raise finance for the Group's ongoing operations and to manage its working capital requirements.

(a) Fair Values of Financial Assets and Financial Liabilities

Fair Value Hierarchy

The following hierarchy classifies each class of financial asset or liability depending on the valuation technique applied in determining its fair value:

Level 1: The fair value is calculated based on quoted prices traded in active markets for identical assets or liabilities.

Level 2: The fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 3: The fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets and financial liabilities are considered to be level 3.

The fair value of financial instruments held at fair value have been determined based on available market information at the balance sheet date.

The fair value of the options has been determined based upon the fair value of the assets and liabilities of the entities.

(b) Credit Risk

Financial Risk Management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group's risk is influenced by the nature of its customers. New customers are analysed for creditworthiness before the Group's standard payment terms and conditions are offered and appropriate credit limits set.

Exposure to Credit Risk

The maximum Group exposure to credit risk at the balance sheet date was £72,780,000 (2024: £64,811,000) being the total of the carrying amount of trade receivables (current and non-current), other receivables, contract assets and amounts due from undertakings in which the Group has a participating interest.

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly. Further information on credit risk is provided in Note 18.

(c) Liquidity Risk

Financial Risk Management

Liquidity risk is the risk that the Group will not be able to access the necessary funds to finance their operations. The Group finances operations through a mix of short and medium-term facilities.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	2025						2024					
	Carrying amount £000	Contractual undiscounted cash flow £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000	Carrying Amount £000	Contractual undiscounted cash flow £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Non-derivative financial liabilities												
Lease liabilities	**32,783**	**35,835**	**16,935**	**10,941**	**7,941**	**18**	34,154	37,184	20,174	10,544	6,466	–
Trade and other payables*	**43,379**	**43,379**	**43,379**	**–**	**–**	**–**	43,109	43,109	43,109	–	–	–
	76,162	**79,214**	**60,314**	**10,941**	**7,941**	**18**	77,263	80,293	63,283	10,544	6,466	–

* Trade and other payables excludes deferred income as there is no cash outflow.

(d) Market Risk

Financial Risk Management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments.

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Group's policy is to reduce currency exposures on sales and purchasing through forward foreign currency contracts. The Group does not currently have any foreign currency contracts in place.

The Group is exposed to interest rate risk principally where its borrowings are at a variable interest rate. Levels of interest-bearing borrowings are monitored to minimise the exposure to interest rate risk, when appropriate the Group will utilise interest rate swaps to mitigate the remaining risk. Currently, the Group does not have any interest rate swaps in place.

The Group mitigates these risks wherever practicable, using measures including fixed price contracts, hedging instruments and "back-to- back" purchase and sale agreements.

Foreign Currency Risk

The Group's exposure to foreign currency risk is as follows. This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts.

31 May 2025

	Euro £000	US Dollar £000	Hong Kong Dollar £000	South African Rand £000	Malaysian Ringgit £000	Total £000
Investment in joint ventures	**54,084**	**–**	**–**	**–**	**–**	**54,084**
Cash and cash equivalents	**–**	**–**	**3,554**	**1,794**	**419**	**5,767**
Trade receivables	**–**	**–**	**1,861**	**118**	**–**	**1,979**
Loans due from undertakings in which the Group has a participating interest	**10,916**	**–**	**–**	**–**	**–**	**10,916**
Other receivables	**993**	**–**	**118**	**17**	**–**	**1,128**
Accrued income	**–**	**–**	**8,350**	**402**	**28**	**8,780**
Trade payables	**(1,023)**	**–**	**(145)**	**(74)**	**(2)**	**(1,244)**
Other trade payables	**–**	**–**	**(3)**	**–**	**–**	**(3)**
Non-trade payables and accrued expenses	**(10)**	**–**	**(3,945)**	**(295)**	**(30)**	**(4,280)**
Net exposure	**64,960**	**–**	**9,790**	**1,962**	**415**	**77,127**

The group has no future contracted sales or purchases denominated in a foreign currency at 31 May 2025.

31 May 2024

	Euro £000	US Dollar £000	Hong Kong Dollar £000	South African Rand £000	Malaysian Ringgit £000	Total £000
Investment in joint ventures	56,046	–	–	–	–	56,046
Cash and cash equivalents	1	1	4,088	1,357	322	5,769
Trade receivables	–	–	2,390	–	–	2,390
Loans due from undertakings in which the Group has a participating interest	11,088	–	–	–	–	11,088
Other receivables	755	–	78	38	–	871
Accrued income	–	–	4,820	336	9	5,165
Trade payables	–	–	(685)	(86)	–	(771)
Other trade payables	–	–	(9)	–	–	(9)
Non-trade payables and accrued expenses	(10)	–	(3,450)	(337)	(25)	(3,822)
Net exposure	67,880	1	7,232	1,308	306	76,727

Sensitivity Analysis

A 10% weakening of the following currencies against the Pound Sterling at 31 May 2025 would have decreased equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for 2024.

Notes
(forming part of the Group financial statements) continued

27 Financial Instruments continued

(d) Market Risk continued

	Equity		Profit or loss	
Currency	2025 £000	2024 £000	2025 £000	2024 £000
€	**(5,905)**	(6,171)	**(989)**	(1,075)
$	**–**	–	**–**	–
HKD	**(2,316)**	(657)	**(2,316)**	(657)
ZAR	**(178)**	(119)	**(178)**	(119)
MYR	**(38)**	(28)	**(38)**	(28)

A 10% strengthening of the above currencies against the Pound Sterling at 31 May 2025 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest Rate Risk

Profile

At the balance sheet date, the interest rate profile of the Group's interest-bearing financial instruments was:

	Group	
	2025 £000	2024 £000
Fixed rate instruments		
Financial liabilities	**(32,783)**	(34,154)
	(32,783)	(34,154)
Variable rate instruments		
Financial assets	**23,304**	22,700
	23,304	22,700

Sensitivity Analysis

An increase of one basis point in interest rates throughout the period would have affected profit or loss by the amounts shown below. This calculation assumes that the change occurred at all points in the period and had been applied to the average risk exposures throughout the period.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit and loss with fixed interest rates and the fixed rate element of interest rate swaps. The analysis is performed on the same basis for 2024.

	Group	
	2025 £000	2024 £000
Profit or loss		
Increase/decrease	**230**	223

(e) Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern, whilst maximising the return to shareholders. The capital structure of the Group consists of debt, which includes leasing related borrowings of £32,783,000 (2024: £34,154,000), cash and cash equivalents of £23,304,000 (2024: £22,700,000), and equity attributable to equity holders of the Parent, comprising capital, reserves and retained earnings of £194,199,000 (2024: £192,096,000).

The capital structure is reviewed regularly by the Directors. The Group's policy is to maintain gearing at levels appropriate to the business. The Directors take consideration of gearing determined as the proportion of net debt to total capital. It should be noted that the Directors review gearing taking careful account of the working capital needs and flows of the business. The Group has access to an undrawn £12m invoice discounting facility with Santander. This facility provides the Group with additional flexibility to deal with any short term working capital fluctuations. The Group's assets are not covered by any debenture and the invoice discounting facility has no associated covenants.

The Directors consider the allocation of capital delivered from asset realisation and cash flows from operations, taking into account the growth opportunities and return on capital employed in each business unit.

28 Capital Commitments

At 31 May 2025, the Group had capital commitments totalling £2.8m (2024: £nil).

29 Contingencies

The Group and certain of its subsidiary undertakings have composite arrangements in connection with banking facilities. The Company acts as a guarantor, or surety, for various subsidiary undertakings and joint ventures in banking and other agreements entered into by them in the normal course of business.

The Group has performance bonds and guarantees in place in relation to various performance obligations under certain contracts. The total value of these bonds at 31 May 2025 is £4.4m (2024: £1.5m).

In relation to HRMS, the Group no longer provides a guarantee in connection with the banking facilities of HRMS.

30 Related Parties

Identity of Related Parties with which the Group has Transacted

The Group have a related party relationship with their subsidiaries and joint ventures (Note 14) and its Directors. All related party transactions were made on terms equivalent to those that prevail in arm's length transactions only.

Other Related Party Transactions

	Sales to		Purchases from	
	2025 £000	**2024 £000**	**2025 £000**	**2024 £000**
Joint ventures				
Tower Regeneration Limited	**359**	235	**–**	–
Waystone Hargreaves Land LLP	**–**	137	**–**	–
Hargreaves Services Europe Limited	**371**	843	**–**	–
	730	1,215	**–**	–

	Interest received from		Interest paid to	
	2025 £000	**2024 £000**	**2025 £000**	**2024 £000**
Joint ventures				
Hargreaves Services Europe Limited	**995**	859	**–**	165
Waystone Hargreaves Land LLP	**165**	167	**–**	–
	1,160	1,026	**–**	165

	Loan receivables outstanding		Trade receivables outstanding	
	2025 £000	**2024 £000**	**2025 £000**	**2024 £000**
Joint ventures				
Tower Regeneration Limited	**14,701**	14,191	**32**	100
Carbon Action Limited	**143**	143	**–**	–
Waystone Hargreaves Land LLP	**2,729**	2,491	**626**	315
Hargreaves Services Europe Limited	**10,916**	11,088	**3,417**	3,151
	28,489	27,913	**4,075**	3,566

Transactions with Key Management Personnel

The Directors are the key management personnel of the Group. Details of Directors' remuneration, share options, pension benefits and other non-cash benefits can be found in Note 6. In addition to this, the element of the share-based payment charge for the year that relates to key management personnel is £97,000 (2024: £132,000) and the social security costs amounted to £261,000 (2024: £207,000). There are no other post-employment or other long-term benefits.

31 Ultimate controlling party

The Company is listed on the Alternative Investment Market of the London Stock Exchange. Material shareholders are detailed within the Directors' Report. There is no ultimate controlling party of the Group.

Parent Company Balance Sheet
at 31 May 2025

	Note	Company 2025 £000	Company 2024 £000
Fixed assets			
Investments in joint ventures	4	**4,984**	4,984
Investments in subsidiary undertakings	4	**33,850**	33,477
Deferred tax assets	6	**–**	38
		38,834	38,499
Current assets			
Trade and other receivables	5	**131,448**	116,358
Cash and cash equivalents		**23,765**	15,461
Income tax asset		**–**	1,081
		155,213	132,900
Total assets		**194,047**	171,399
Current liabilities			
Trade and other payables	7	**(80,629)**	(65,704)
Income tax liability		**(258)**	–
		(80,887)	(65,704)
Total liabilities		**(80,887)**	(65,704)
Net assets		**113,160**	105,695
Share capital	8	**3,314**	3,314
Share premium	8	**74,005**	73,990
Merger reserve	8	**1,022**	1,022
Capital redemption reserve	8	**1,530**	1,530
Share-based payment reserve	8	**3,029**	2,730
Retained earnings		**30,260**	23,109
Total Equity		**113,160**	105,695

The Company's profit after tax for the year was £19,175,000 (2024: £23,200,000).

The Notes on pages 110 to 113 form an integral part of these financial statements.

These financial statements on pages 108 to 113 were approved by the Board of Directors on 30 July 2025 and were signed on its behalf by:

Gordon Banham
Director

Registered number: 4952865

Parent Company Statement of Changes in Equity
for year ended 31 May 2025

Company	Share capital £000	Share premium £000	Capital redemption reserve £000	Merger reserve £000	Share-based payment reserve £000	Retained earnings £000	Total Parent equity £000
At 1 June 2023	**3,314**	**73,972**	**1,530**	**1,022**	**2,388**	**11,659**	**93,885**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	23,238	23,238
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**23,238**	**23,238**
Transactions with owners recorded directly in equity							
Issue of shares	–	18	–	–	–	–	18
Equity-settled share-based payment transactions	–	–	–	–	342	–	342
Dividends paid	–	–	–	–	–	(11,788)	(11,788)
Total contributions by and distributions to owners	**–**	**18**	**–**	**–**	**342**	**(11,788)**	**(11,428)**
At 31 May 2024 and 1 June 2024	**3,314**	**73,990**	**1,530**	**1,022**	**2,730**	**23,109**	**105,695**
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	19,175	19,175
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**19,175**	**19,175**
Transactions with owners recorded directly in equity							
Issue of shares	–	15	–	–	–	–	15
Equity-settled share-based payment transactions	–	–	–	–	299	–	299
Dividends paid	–	–	–	–	–	(12,024)	(12,024)
Total contributions by and distributions to owners	**–**	**15**	**–**	**–**	**299**	**(12,024)**	**(11,710)**
At 31 May 2025	**3,314**	**74,005**	**1,530**	**1,022**	**3,029**	**30,260**	**113,160**

Notes
(forming part of the Company financial statements)

1 Material Accounting Policy Information

Hargreaves Services plc (the "Company", "Parent Company") is a public company limited by shares and incorporated, domiciled and registered in England, UK.

The Company's principal activity is to act as a holding company for its subsidiaries. Parent Company financial statements present information about the Company as a separate entity and not about the Group.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Statement of compliance with FRS 101
These financial statements were prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The Company meets the definition of a qualifying entity under FRS 101, 'Application of Financial Reporting Requirements' as issued by the Financial Reporting Council.

Basis of preparation
The Company elected to adopt FRS 101 for the year ended 31 May 2024 for the first time. In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK-adopted international accounting standards), but has made amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions. The Company has departed from consistent accounting policies with the Group as the Group financial statements are prepared under UK-adopted international accounting standard and the Company Directors have taken the decision to prepare the Company financial statements in accordance with FRS 101.

None of the standards, interpretations and amendments effective for the first time from 1 June 2024 have had a material effect on the financial statements.

Going Concern
The Company is the ultimate holding company to a group which is cash generative and has access to a £12m invoice discounting facility, which is currently undrawn and will remain in place at this level until 31 October 2026. The Directors are, therefore, satisfied that the Company has adequate resources to continue in operation for a period of at least 12 months from the approval of the Annual Report and Accounts. Further information on the Group's going concern and ongoing viability is provided in Note 1 of the Group financial statements.

Accounting Estimates involving Judgements
The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Due to the nature of the Company, we consider investments in subsidiaries, investments in joint ventures and parent company intra-group balances to involve critical accounting estimates or judgements made in the preparation of these financial statements.

a) Investments in Subsidiaries, Investments in Joint Ventures and Parent Company Intra-Group Balances
Management has considered the carrying value of the investment and performed an assessment for impairment indicators. The assessment of impairment involves assumptions on the estimated future operating cash flows from these CGUs, the discount rate applied in the calculations and the comparison of the cash flows to the carrying value of the investments. These are key areas of judgement and include significant accounting estimates.

New standards, amendments and interpretations
For the latest amendments and interpretations, please refer to Note 1 in the Group financial statements.

Fixed asset investments in subsidiary undertakings
Fixed asset investments in subsidiary undertakings are recorded at cost less any provision for impairment.

Fixed asset investments in joint ventures
Joint ventures are accounted for using the equity method (equity accounted investees) and are initially recognised at cost, or fair value where cost is lower than fair value at acquisition, net of any impairment losses.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash balances and call deposits.

Trade receivables
Trade receivables for the Company refer to prepayments made for services performed in the ordinary course of business and amounts due from Group undertakings and undertakings in which the Company has a participating interest. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Taxation

Tax on the profit or loss for the period comprises both current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-Based Payment Transactions

Where the Company grants share-based payment awards over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Related parties

In these financial statements, the Company has taken advantage of the following disclosure exemptions available under FRS 101:

- The requirement of paragraph 17 of IAS 24 'Related Party Transactions'; and
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is a wholly-owned by such a member.

2 Income Statement and Statement of Cash Flow Exemption

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Income Statement or a Statement of Comprehensive Income for the Company. Total comprehensive income for the Company for the year was £19.2m (2024: £23.2m). The Company has taken advantage of the disclosure exemptions under FRS 101 in relation to the requirements of IAS 7 'Statement of Cash Flows'.

3 Directors Remuneration

Details of the Company's director's remuneration are given in Note 6 of the Group financial statements.

The Company has no employees other than the Directors noted in Note 6 of the Group financial statements (2024: nil).

4 Investments in Subsidiaries and Joint Ventures

List of Registered Offices:

4.1 West Terrace, Esh Winning, Durham, DH7 9PT
4.2 Suite 2, Park House Earls Colne Business Park, Earls Colne, Colchester, Essex, England, CO6 2NS
4.3 5 Nobel Boulavard, Cape Gate NE3, Vanderbijlpark, Gauteng, 1900
4.4 34-02, 34th Floor, Wisma UOA II, No.21, Jalan Pinang, 50450 Kuala Lumpur, Malaysia
4.5 Suites 1307-09, One City Gate, 20 Tat Tung Road, Tung Chung Lantau, Hong Kong
4.6 Werthausser Str. 182, 47053 Duisburg, Germany

Notes
(forming part of the Company financial statements) continued

4 Investments in Subsidiaries and Joint Ventures continued

The Company have the following investments in subsidiaries and joint ventures at the end of the year:

	Address of registered office	Class of shares held	Ownership 2025	Ownership 2024
Company				
Subsidiary undertakings				
Hargreaves (UK) Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Limited	4.1	Ordinary	**100%**	100%
Forward Sound Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services (HK) Limited	4.5	Ordinary	**100%**	100%
Hargreaves Land Limited*	4.1	Ordinary	**100%**	100%
H Technical Resources Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Maltby Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Property Ventures Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services (Westfield) Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services (Blindwells) Limited	4.1	Ordinary	**100%**	100%
Hargreaves Services Forestry Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Services South Africa (Pty) Ltd	4.3	Ordinary	**100%**	100%
C.A. Blackwell Group Limited*	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Services Sdn Bhd	4.4	Ordinary	**100%**	100%
Hargreaves Pension Company Limited	4.1	Ordinary	**100%**	100%
Hargreaves Land Holdings Limited*	4.1	Ordinary	**100%**	100%
Blackwell Earthmoving Limited	4.2	Ordinary	**100%**	100%
DK Zinc Recycling GmbH	4.6	Ordinary	**86%**	-
Dormant				
Coal 4 Energy Limited**	4.1	Ordinary	**100%**	100%
Hargreaves Carbon Products Europe Limited**	4.1	Ordinary	**100%**	100%
Hargreaves Corporate Director Limited**	4.1	Ordinary	**100%**	100%
Hargreaves Industrial Products Limited**	4.1	Ordinary	**100%**	100%
HBLT Limited**	4.1	Ordinary	**100%**	100%
R Hanson & Son Limited**	4.1	Ordinary	**100%**	100%
HESOTT Limited**	4.1	Ordinary	**100%**	100%
Joint ventures				
Hargreaves Services Europe Limited	4.1	Ordinary	**49.9%**	49.9%

* These UK subsidiaries are exempt from audit by virtue of s479A of the Companies Act 2006.

** These UK subsidiaries are exempt from audit by virtue of s480 of the Companies Act 2006.

Company	Group undertakings £000	Joint ventures £000
Shares at cost and net book value		
At 1 June 2023	33,135	4,984
Capital contribution arising on share options	342	–
At 31 May 2024	33,477	4,984
At 1 June 2024	33,477	4,984
Capital contribution arising on share options	299	–
Investment in subsidiary undertakings	74	–
At 31 May 2025	**33,850**	**4,984**

The capital contribution arising on share options is as a result of the share-based payment charge during the year.

DK Zinc Recycling GmbH was incorporated in the year ended 31 May 2025.

Further details of the Company's investments in joint ventures are given in Note 14 of the Group Financial Statements.

5 Trade and other Receivables

	Company	
	2025 £000	**2024 £000**
Amounts due from Group undertakings	**116,838**	102,386
Amounts due from undertakings in which the Company has a participating interest	**14,372**	13,710
Other receivables	**237**	236
Prepayments and accrued income	**1**	26
	131,448	116,358

Included within trade and other receivables is £nil (2024: £nil) expected to be recovered in more than 12 months.

Amounts due from Group undertakings to the Company are repayable on demand. No interest is charged on these balances.

Amounts due from undertakings in which the Company has a participating interest are repayable on demand. Interest is charged at rates ranging between 7% and 10%.

6 Deferred Tax Assets

The Company has deferred tax assets of £nil (2024: £38,000).

7 Trade and other Payables

	Company	
	2025 £000	**2024 £000**
Amounts due to Group undertakings	**80,629**	65,704

Amounts due to Group undertakings for the Company are repayable on demand. No interest is incurred on these balances.

8 Capital and Reserves

Details of the Company's capital and reserves are given in Note 26 of the Group Financial Statements.

9 Dividends

Details of the Company's dividends are given in Note 26 of the Group Financial Statements.

10 Financial Instruments

The Company has taken advantage of the disclosure exemptions under 'IFRS 7 financial instruments: Disclosure' from presenting details and sensitivities on its financial instruments.

11 Capital Commitments

At 31 May 2025, the Company had capital commitments totalling £nil (2024: £nil).

Alternative Performance Measures Glossary

This report provides alternative performance measures ("APMs"), which are not defined or specified under the requirements of International Financial Reporting Standards. The Board believes that these APMs provide readers with important additional information on the business.

Alternative Performance Measure	Definition and Purpose
Underlying profit before tax ("UPBT")	Represents the profit before tax prior to amortisation of intangible assets, and, in accordance with International Accounting Standards, includes the Group's share of the post-tax profit of its German joint venture. This measure is consistent with how the business measures performance and is reported to the Board.

	2025 £000	2024 £000
Profit before tax	**17,456**	16,676
Amortisation of intangible assets	**191**	191
Underlying Profit before Tax	**17,647**	16,867

Alternative Performance Measure	Definition and Purpose
Basic underlying earnings per share	Profit attributable to the equity holders of the Company prior to amortisation of intangible assets after tax divided by the weighted average number of ordinary shares during the financial year adjusted for the effects of any potentially dilutive options. See Note 9.
EBITDA	EBITDA is defined as profit before tax prior to charges for depreciation, amortisation and interest and excludes the share of profit from joint ventures and gains and losses on the sale of fixed assets and investment property.

	2025 £000	2024 £000
Profit before tax	**17,456**	16,676
Depreciation	**18,775**	16,212
Amortisation of intangible assets	**191**	191
Net finance expense	**1,943**	724
Share of profit in joint ventures (net of tax)	**(4,013)**	(1,533)
Profit on sale of fixed assets and investment property	**(629)**	(6,204)
EBITDA	**33,723**	26,066

Alternative Performance Measure	Definition and Purpose
Net Asset Value per share	Represents the Net Asset value of the Group divided by the number of shares in issue less those shares held in treasury. Calculated as follows:

	2025	2024
Total shares in issue	**33,138,756**	33,138,756
Less shares in treasury	**(136,444)**	(332,401)
Shares for calculation	**33,002,312**	32,806,355
Net Asset Value per Balance Sheet	**£194,199,000**	£192,096,000
Net Asset Value per share	**£5.88**	£5.86

Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865)

NOTICE IS GIVEN that this year's Annual General Meeting of Hargreaves Services plc (the Company) will be held at Hotel Indigo, Durham, DH1 3HP on 29 October 2025 at 11.00am to consider and, if thought fit, approve the following resolutions:

Ordinary Business

1. To adopt and receive the Directors' Report, the Strategic Report, the Directors' Corporate Governance and Remuneration Reports, the Audit & Risk Committee Report, the Auditor's Report and the Financial Statements for the year ended 31 May 2025.
2. To approve the Directors' Corporate Governance and Remuneration Reports for the year ended 31 May 2025.
3. To declare a final dividend for the year ended 31 May 2025 of 18.5 pence per ordinary share to bring the dividend for the year ended 31 May 2025 to a total of 37 pence per ordinary share.
4. To re-appoint Roger McDowell as a director of the Company, who offers himself for re-appointment.
5. To re-appoint Gordon Banham as a director of the Company, who offers himself for re-appointment.
6. To re-appoint Stephen Craigen as a director of the Company, who offers himself for re-appointment.
7. To re-appoint Nigel Halkes as a director of the Company, who offers himself for re-appointment.
8. To re-appoint Nicholas Mills as a director of the Company, who offers himself for re-appointment.
9. To re-appoint Christopher Jones as a director of the Company, who offers himself for re-appointment.
10. To re-appoint Simon Hicks as a director of the Company in accordance with article 29.2 of the Company's Articles of Association, who offers himself for reappointment.
11. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of this meeting to the conclusion of the next general meeting at which accounts are laid before the Company.
12. To authorise the Audit & Risk Committee of the board of directors to determine the remuneration of the auditors.
13. To authorise the directors of the Company pursuant to section 551 of the Companies Act 2006 (the Act) generally and unconditionally to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into such shares in the Company:
    13.1. up to an aggregate nominal value of £1,100,077 (representing approximately one-third of the total ordinary share capital in issue (excluding shares held in Treasury) as at 25 July 2025); and
    13.2. comprising equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £2,200,154 (after deducting from such amount any shares allotted under the authority conferred by virtue of resolution 13.1) in connection with or pursuant to a pre-emptive offer,

    provided that such authorities conferred by this resolution 13 shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year unless varied, revoked or renewed by the Company in general meeting, save that the Company may at any time before such expiry make offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry and the directors may allot shares and grant rights pursuant to such offers or agreements as if the relevant authorities conferred by this resolution 13 had not expired. These authorities shall be in substitution for all previous authorities previously granted to the directors to allot shares and grant rights which are pursuant to this resolution 13 revoked but without prejudice to any allotment or grant of rights made or entered into prior to the date of this resolution 13.
14. Subject to and conditional upon the passing of resolution 13 (and in substitution for all existing like powers granted to the directors of the Company (to the extent they remain in force and unexercised)), the directors be and are empowered pursuant to sections 570 and 573 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company for cash:
    14.1. pursuant to the authority conferred upon them by resolution 13.1 or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act, in each case:
        14.1.1. in connection with or pursuant to an offer of such securities by way of a pre-emptive offer; and
        14.1.2. (otherwise than pursuant to resolution 13.1.1 above) up to an aggregate nominal value of £330,023.12 (representing approximately 10% of the total ordinary share capital in issue (excluding shares held in Treasury) as at 25 July 2025); and
    14.2. pursuant to the authority conferred upon them by resolution 13.2, in connection with or pursuant to a pre-emptive offer,

    as if section 561(1) of the Act and sub-sections (1) – (6) of section 562 of the Act did not apply to any such allotment, and the powers given shall expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year unless renewed or extended prior to such expiry, save that the directors of the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement as if the power had not expired.

Special Business

15. To approve amendments to the Hargreaves Services plc Executive Share Option Scheme (the Scheme), the principal amendments of which are set out in the explanatory notes below.
16. The Company be and is generally and unconditionally authorised for the purpose of section 701 of the Act to make market purchases (which in this resolution shall have the meaning given to this term in section 693(4) of the Act) of its ordinary shares of 10 pence each in the capital of the Company (Ordinary Shares) on the terms set out below:
    16.1. the maximum aggregate number of Ordinary Shares authorised to be purchased by the Company pursuant to this resolution 16 is 4,950,347 (representing approximately 15% of the total ordinary share capital in issue (excluding shares held in Treasury) as at 25 July 2025); and

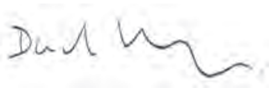
Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865) continued

16.2. the minimum price which may be paid for each of those Ordinary Shares (exclusive of expenses) is 10 pence; and

16.3. the maximum price (exclusive of expenses) which may be paid for each of those Ordinary Shares is not more than the higher of: (i) 5% above the average of the middle market quotations for Ordinary Shares (as derived from the Daily Official Lists of the London Stock Exchange) for the five dealing days immediately preceding the date of purchase; and (ii) the price stipulated by European Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the Market Abuse Regulation, but so that this authority shall (unless previously varied, revoked or renewed) expire on the earlier of the conclusion of the next Annual General Meeting of the Company or the date falling six months after the end of the Company's current financial year, save that the Company may before the expiry of this authority conclude any contract for the purchase of its own shares pursuant to the authority conferred by this resolution 16 which contract would or might be executed wholly or partially after the expiration of this authority as if the authority conferred by this resolution 16 had not expired.

30 July 2025
By order of the Board



David Hankin
Company Secretary

Registered Office:
West Terrace
Esh Winning
Durham
DH7 9PT
Registered in England and Wales No. 4952865

Notes

1. This notice is the formal notification to members of the Company's Annual General Meeting (the Meeting), its date, time and place and the matters to be considered. If you are in doubt as to what action you should take you should consult an independent adviser.
2. Resolutions 1 to 13 and resolution 15 will be proposed as ordinary resolutions. A simple majority (being more than 50%) of votes cast must be in favour of each such resolution in order for it to be passed.
   Resolutions 14 and 16 will be proposed as special resolutions. A special resolution requires 75% or more of votes cast to be in favour of such resolution in order for it to be passed.
   All business proposed at the Meeting is ordinary business, pursuant to Article 24.1, save for resolutions 15 and 16. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those shareholders registered in the register of members of the Company at close of business on 27 October 2025 as holders of ordinary shares of 10 pence each in the capital of the Company shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on 27 October 2025 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
3. If you are a member of the Company at the time set out in Note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend and to speak and vote on your behalf at the Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
   A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
4. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the office of the Registrars of the Company, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than 11.00am on 27 October 2025.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in Notes 10-13 below) will not in itself prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
6. If a member appoints a proxy or proxies and then decides to attend the Annual General Meeting in person and vote using their poll card, then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding, then all proxy votes will be disregarded. If, however, the member votes at the meeting in respect of less than the member's entire holding, then if the member indicates on their polling card that all proxies are to be disregarded, that shall be the case; but if the member does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the member's entire holding. If you do not have a proxy form and/or believe that you should have one or if you require additional forms, please contact the Registrars of the Company, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD.
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see Note 4 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
8. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
9. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD no later than 11.00am on 27 October 2025. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to Note 7 above, your appointment will remain valid.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's (Euroclear) specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11.00am on 27 October 2025. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting – Hargreaves Services plc

(incorporated and registered in England and Wales under company number 4952865) continued

12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).
14. If a corporation is a member of the Company, it may by resolution of its directors or other governing body authorise one or more persons to act as its representative or representatives at the Meeting and any such representative or representatives shall be entitled to exercise on behalf of the corporation all the powers that the corporation could exercise if it were an individual member of the Company. Corporate representatives should bring with them either an original or certified copy of the appropriate board resolution or an original letter confirming the appointment, provided it is on the corporation's letterhead and is signed by an authorised signatory and accompanied by evidence of the signatory's authority.
15. As at 25 July 2025 (being the last business day prior to the publication of this Notice) the Company's issued share capital consisted of 33,138,756 ordinary shares (136,444 of which are held in Treasury with no voting rights). Therefore, the total voting rights in the Company as at 25 July 2025 was 33,002,312.
16. The following documents will be available for inspection at the Company's registered office at West Terrace, Esh Winning, Durham, DH7 9PT during normal business hours on any week day (Saturdays and English public holidays excepted) from the date of this notice until the close of the Meeting and at the place of that Meeting for at least 15 minutes prior to and during the Meeting:
    - copies of the service contracts for the Executive Directors of the Company; and
    - copies of the letters of appointment of Non-Executive Directors of the Company.

Explanatory Notes to the Notice of Annual General Meeting
The notes on the following pages explain the proposed resolutions.

Resolution 1: Accounts

The directors will present the Directors' Report, the Strategic Report, the Directors' Corporate Governance and Remuneration Reports, the Audit & Risk Committee Report, the Auditor's Report and the Financial Statements for the financial year ended 31 May 2025 to the meeting as required by law. These financial statements on pages 64 to 107 of the Company's Annual Report.

Resolution 2: Approval of the Directors' Remuneration Report

Shareholders are asked to approve the Directors' Remuneration Report for the financial year ended 31 May 2025 which is set out in full on pages 52 to 55 of the Company's Annual Report. The vote is advisory and the directors' entitlement to remuneration is not conditional upon this resolution being passed.

Resolution 3: Final Dividend

The Board proposes a dividend for the financial year ended 31 May 2025 of 18.5 pence per ordinary share. If the meeting approves resolution 3, the dividend will be paid on 3 November 2025 to shareholders on the register of members on 26 September 2025.

Resolutions 4, 5, 6, 7, 8 and 9: Re-appointment of Directors

The Company's articles of association require one-third of the directors to retire from office each year (or, if their number is not a multiple of three, the number nearest to one third of directors, but not less than one third). However, in line with the Quoted Companies Alliance Corporate Governance Code 2023 which the Company has adopted for the year ended 31 May 2025, all of the Directors are retiring by rotation and are offering themselves for re-appointment, with the exception of Simon Hicks who is offering himself for re-appointment under resolution 10.

Brief biographical details of the directors are set out on pages 40 and 41 of this document.

Resolution 10: Re-appointment of Director

As Simon Hicks was appointed to the Board on 1 June 2025, a date subsequent to the date of the last Annual General Meeting, he is required by the Company's articles of association to be re-appointed at this year's Annual General Meeting. Accordingly, the directors recommend that Simon Hicks be re-appointed as a director and resolution 10 proposes his re-appointment.

Brief biographical details of Simon Hicks are set out on pages 40 and 41 of this document.

Resolutions 11 and 12: Re-appointment and Remuneration of Auditors

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the next general meeting. PricewaterhouseCoopers LLP are willing to be re-appointed for a year and resolution 11 proposes their appointment and, in accordance with standard practice, resolution 12 authorises the Audit & Risk Committee of the board of directors of the Company to determine the level of the auditors' remuneration.

Resolution 13: Renewal of Board's Authority to Allot Shares
Resolution 13.1 grants the directors authority to allot relevant ordinary shares up to an aggregate nominal amount of £1,100,077 being approximately one-third of the Company's issued ordinary share capital (excluding shares held in Treasury) as at 25 July 2025.

In line with guidance issued by the Investment Association, resolution 13.2 grants the directors authority to allot ordinary shares in connection with pre-emptive offers (including a rights issue) up to an aggregate nominal amount of £2,200,154 (representing 22,001,541 ordinary shares of 10 pence each), as reduced by the nominal amount of any shares issued under resolution 13.1. This amount, before any such reduction, represents approximately two-thirds of the Company's issued ordinary share capital (excluding shares held in Treasury) as at 25 July 2025. Under a rights issue, ordinary shareholders are invited to subscribe for further ordinary shares in proportion (as near as is practicable) to their holdings of shares in the Company and, if they accept the invitation, their holding of shares is not diluted (and if they decline the offer then they can sell their "rights" in the market for value).

Guidelines issued by the Investment Association provide that an authority for directors to allot new shares up to an amount equal to one-third of the existing share capital, such as that granted by resolution 13.1, will be regarded as routine. The Investment Association guidelines also state that an authority for directors to allot a further amount equal to one-third of the existing issued share capital, such as that granted by resolution 13.2, will also be regarded as routine as long as that additional authorisation applies only to pre-emptive offers.

It is not the directors' current intention to exercise either of these authorities. The authorities granted by resolution 13 replace the existing authorities to allot shares.

Resolution 14: General Disapplication of Statutory Pre-emption Rights
Resolution 14.1.1 grants the directors power to allot shares without first offering them to existing shareholders in proportion to their existing shareholdings, where such offers are made in connection with or pursuant to a pre-emptive offer of shares.

Resolution 14.1.2 permits the directors to allot shares without first offering them to existing shareholders and otherwise than in connection with a pre-emptive offer, but only up to a maximum nominal amount of £330,023.12 (representing 3,300,2312 ordinary shares of 10 pence each and being approximately 10% of the total ordinary share capital (excluding treasury shares)).

Resolution 14.2 grants the directors power to allot those shares issued further to the powers granted to them under resolution 13.2 without first offering them to existing shareholders.

Resolution 15: Approval of amendments to the Hargreaves Services plc Executive Share Option Scheme (the Scheme)
The Board proposes that shareholders approve an amendment to the performance criteria of the Hargreaves Services plc Executive Share Option Scheme. It is proposed that the Company Performance Option be amended to require TSR growth between 40% and 65%. The EPS Growth Option will remain unchanged. The amendments, if approved, will apply to future options awarded under the scheme.

Resolution 16: Purchase of Own Shares
Resolution 16 authorises the Company to purchase its own shares (in accordance with section 701 of the Act) during the period from the date of this Annual General Meeting until the end of the next Annual General Meeting of the Company or the expiration of six months after the Company's current financial year end, whichever is the sooner, up to a total of 4,950,347 ordinary shares. This represents approximately 15% of the issued ordinary share capital of the Company (excluding shares held in Treasury) as at 25 July 2025. The maximum price payable for a share shall not be more than the higher of 5% above the average of the middle market quotations of such shares for the five business days before such purchases and the price stipulated in the European Commission-adopted Regulatory Technical Standards pursuant to Article 5(6) of the Market Abuse Regulation (being the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out). The minimum price payable for a share will be 10 pence. Companies are permitted to retain any of their own shares which they have purchased as treasury shares with a view to possible re-issue at a future date, rather than cancelling them. The Company will consider holding any of its own shares that it purchases pursuant to the authority conferred by this resolution as treasury shares. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base.

The directors will consider making use of the renewed authority pursuant to resolution 16 in circumstances which they consider to be in the best interests of shareholders generally after taking account of market conditions prevailing at the time, other investment opportunities, appropriate gearing levels, the effect on earnings per share and the Company's overall financial position. No purchases will be made which would effectively alter the control of the Company without the prior approval of the shareholders in a general meeting.

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For more information

Please visit us online at www.hsgplc.co.uk for up to date investor information, company news and other information.

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