I hereby certify that this is a true and accurate copy and confirm that the original shows a true likeness to the individual presenting the documents.



Peter Burnside
Keltbray Group Financial Director

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Annual report

KELTBRAY (BE) HOLDINGS LIMITED

Annual report and consolidated financial statements

2023

For the year ended
31 October 2023

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Keltbray is a specialist construction engineering and infrastructure services group

Our purpose is to engineer a better world by redefining the way sustainable development is delivered.

Based on our collective experience, we collaborate at the earliest stage to design and self-deliver innovative customer solutions across technically demanding built environment and infrastructure sectors.

Working in partnership with our stakeholders, we are actively contributing to economic growth, social advancement and environmental protection.

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Overview

Performance at a glance

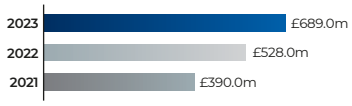
FINANCIAL HIGHLIGHTS

Strong financial performance, delivering sustainable growth in turnover and gross profit, maintaining balance sheet resilience.

ANNUAL REVENUE

£689.0m

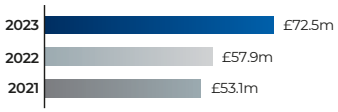
30 per cent growth in annual revenues to record level £689.0m for FY23 reflecting higher quality secured work and contractual discipline



GROSS PROFIT

£72.5m

Gross operating profit increased 25% on 30% higher turnover, reflecting increased volumes of higher margin work



> I am pleased with the Group's performance, as we make good progress against our strategic objectives. Our high-quality order book provides visibility and security of future workloads, keeping our projects safely on track and enabling us to deliver a strong set of results.
>
> **Darren James**
> Chief Executive Officer

OPERATING PROFIT

£4.2m

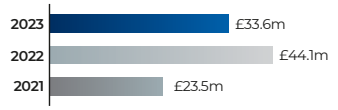
5.8 per cent decline in PBIT to £4.9m, reflecting a resilient performance impacted by a one-off exceptional funding cost



CASH RESERVES

£33.6m

Strong investor confidence providing funding platform for continued development



SOCIAL VALUE

£66.0m

Value generated from activities across Keltbray to create long-term social change for individuals, the company and wider society



Despite another year of trading challenges, Keltbray remained on track to deliver its strategy for sustainable growth – 'Unleashing our potential', to diversify and strengthen the business. We are aligning our capabilities with attractive UK growth sectors, where we see increasing demand for our sustainably engineered solutions.

We are pleased to report that the Group has posted a strong performance, ending the year with good growth in revenues, operating profit, the order book and sales opportunity pipeline, while strengthening our balance sheet, providing the necessary resilience to continue to enhance the effectiveness of our operating model and position ourselves to deliver our growth strategy.

OPERATIONAL HIGHLIGHTS

Excellent operational performance with significant growth in value and diversity of order book underpinned by tighter governance in opportunity selection and project delivery.

ACCIDENT FREQUENCY RATE (AFR)

0.11

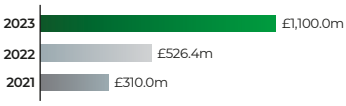
Protect health, prevent harm (PH²) programme continuing to deliver safety and wellbeing improvements on increased workload with improvement in AFR



ORDER BOOK

£1,047m

120 per cent growth in secured order book to over £1.0bn equivalent to one and a half year's annual turnover

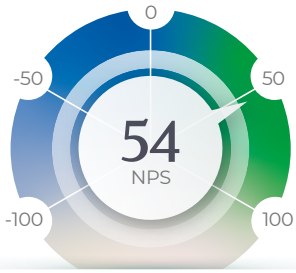


CUSTOMER SATISFACTION

54 ⟺ 85%

Net Promoter Score

Customer-centric organisational structure and 'one Keltbray' delivery approach achieving industry-leading approval ratings



EMPLOYEE ENGAGEMENT

(source: Robertson Cooper)

4.35/5.0

Good days at work

Strong workforce engagement with top quartile performance against industry norms

ENVIRONMENT

Group carbon emissions – Scope 1 & 2 (tCO_2e)

20,595

Environmental focus driving continuous improvements across all operations with a marginal increase in Scope 1 & 2 emissions against a significant increase in workload during the period



STRATEGIC HIGHLIGHTS

Strong progress on sustainable growth

- Excellent operational performance driving controlled revenue growth
- Proactive client and supply chain relationships across all markets

On track to deliver our strategic targets

- Engrained culture of risk management with robust investment governance
- High-quality secured order book provides confidence for FY24 and beyond
- Addressable pipeline in excess of £4.0bn driven by Government-backed investments in infrastructure
- External recognition for environmentally sustainable business practices driving customer engagement

Resilient financial position

- Balance sheet strength underpinning future growth plans
- Maintained net funds with solid cash performance and bank borrowing facılities, enhanced by enhanced by additional funding facility during the year
- Disciplined, inflation-linked approach to contract selection mitigating risk on trading and targets

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The year in review

November



Keltbray completes acquisition of IDEC Group to boost presence in power engineering and substation D&B

Success for Keltbray winning multiple accolades at the Green Apple Awards

Keltbray releases its new ESG Sustainability strategy

December



Keltbray saves 407kgs of CO^2, trialling technology developed for Formula 1 (F1) motorsport to power crane requirements

January



Keltbray releases trading update showing continued strong operational performance, underpinned by £526.4 million order book

February



Keltbray acquires PAS2080 verification from BSI, cementing our carbon management in Infrastructure

March



Keltbray and Powerday achieve Zero Waste to Landfill for 2022

Keltbray secures a number of essential energy infrastructure contracts totalling in excess of £140 million

Keltbray cuts vehicle idling below industry average

April



Success for Keltbray receiving prestigious World Green Apple Award for Drone Utility Inspections

Keltbray to deliver £73 million contract for City of London Corporation's Salisbury Square Development on behalf of Mace

Keltbray releases Gender Pay Gap report for 2022

May



Keltbray supports circularity at its waste management facility in London

Keltbray secures £40 million multi-year distribution framework contract for Northern Powergrid

June



Keltbray selected for £485 million Magnox Decommissioning and Asbestos Removal (DAR) Framework Contract

Keltbray successfully achieves ISO 45003 Managing Psychosocial Health certification with zero non-conformities or opportunities for improvement

Keltbray's achievements recognised at the Procurement Skills Accord Awards 2023

July



Keltbray secures contract to deliver major earthworks package on behalf of Programme and Project Partners (PPP) at Sellafield

Keltbray celebrates Net Zero Week with the release of its Carbon Reduction Plan

Keltbray's Rail team prioritises Workforce Learning and Development

August



Keltbray's Oval Village project shortlisted for Brownfield Award

Keltbray's achieves 100% electrification at Heathrow Cargo Tunnels

September



Keltbray secures three major renewable energy infrastructure services contracts in East Anglia

Keltbray launches new Technical Services capability to drive the safe reuse of existing buildings and infrastructure

October

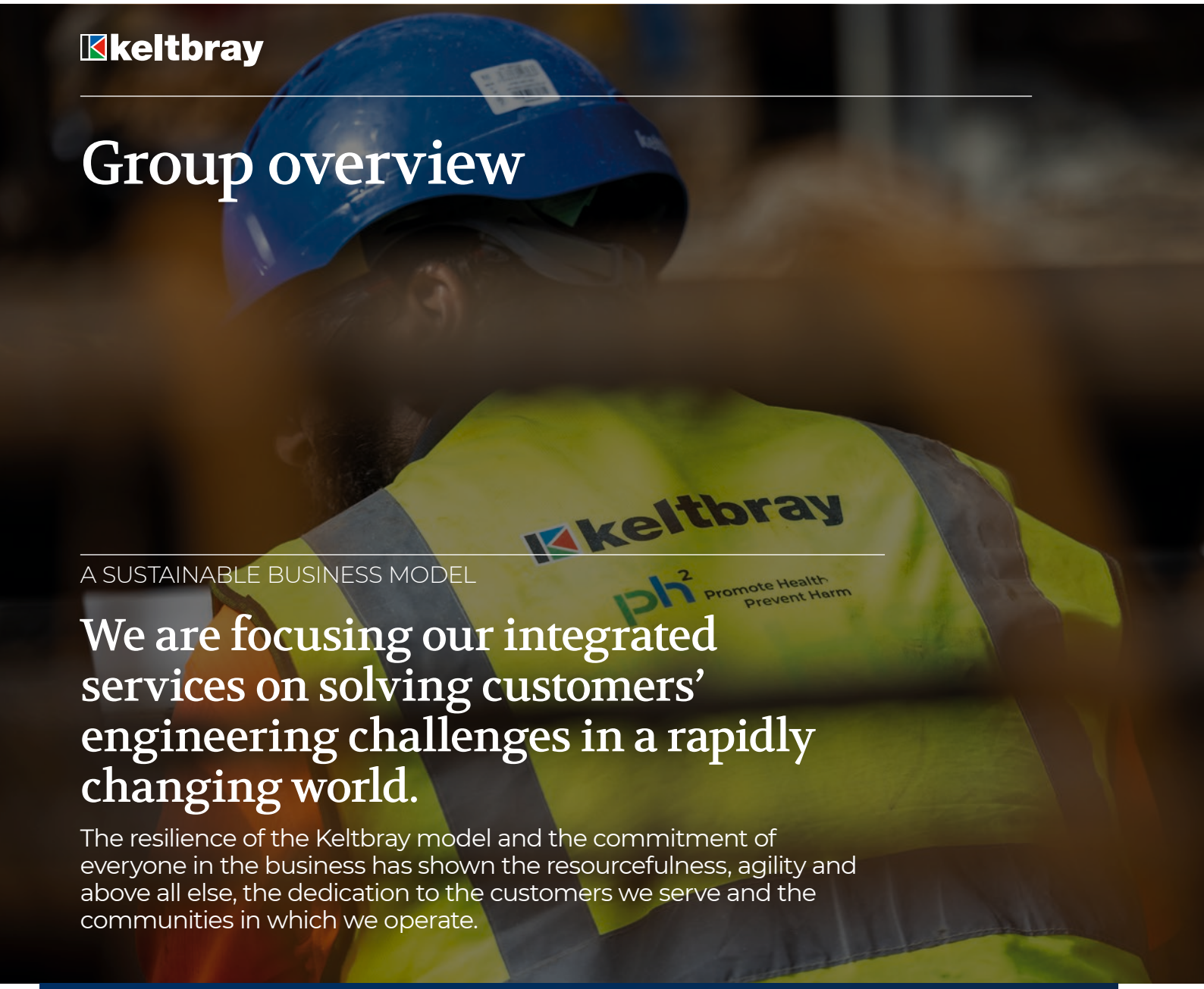


Keltbray's order book tops £1bn with award of major energy transition contracts

Keltbray awarded Gold membership by The 5% Club

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Group overview



A SUSTAINABLE BUSINESS MODEL

We are focusing our integrated services on solving customers' engineering challenges in a rapidly changing world.

The resilience of the Keltbray model and the commitment of everyone in the business has shown the resourcefulness, agility and above all else, the dedication to the customers we serve and the communities in which we operate.

WHO WE ARE

Keltbray is a UK-leading specialist construction engineering and infrastructure services business, offering a range of self-delivered solutions for blue-chip public and private sector customers.

WHAT WE DO

Operating in highly-regulated and safety-critical sectors, we are a key player in developing and maintaining Britain's economic infrastructure and built environment, and in selective overseas markets.

Our customers trust us to deliver certainty on their projects – to specification, safely, on programme, within budget and with care for the environment and the communities that host us.

Our integrated delivery approach is underpinned by the significant investments we are making in the development of our people, our specialist delivery capabilities and our research and development agenda. It focuses our business on engineering innovation and delivery excellence to provide greater value for all our stakeholders.

WHY WE DO IT

Our purpose is to redefine the way sustainable development is delivered. Our deep expertise means that we offer standalone and holistic services, to meet our clients' complex and changing engineering demands to enhance, upgrade and decarbonise their capital assets.

HOW WE DO IT

Keltbray's distinctive delivery model is based around a set of complementary capabilities that together constitute the way we go to work to deliver certainty through the smart solutions we provide for our customers.

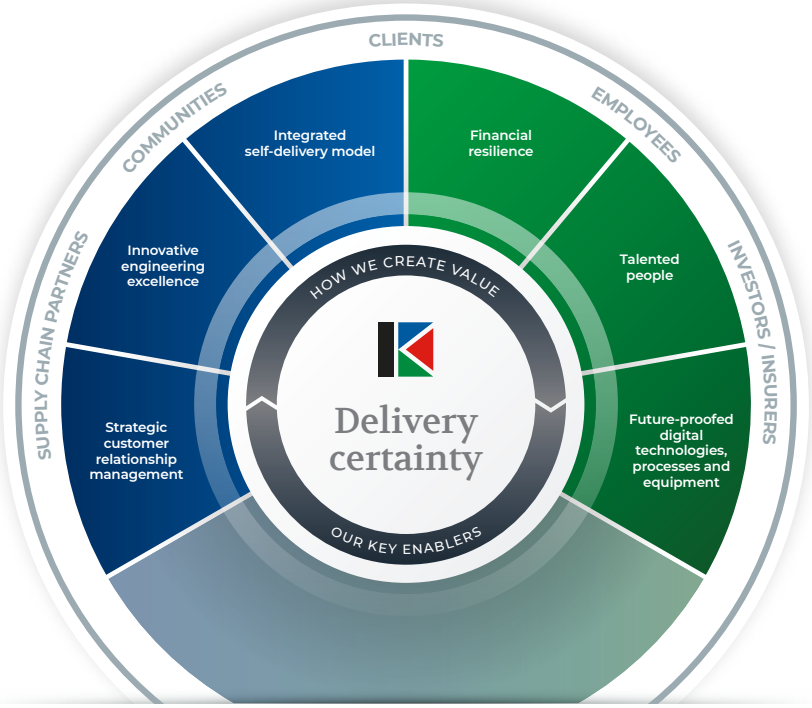
SCAN TO WATCH OUR FILM

Watch our corporate film to find out what we do and how we are redefining the way sustainable development is delivered.

Our progressive approach seeks to break down the barriers to success inherent in traditional contracting models. Clients need to feel confident entrusting their projects with a delivery partner capable of turning vision into reality. They need to be certain the end result will meet their expectations – and will be completed to the agreed programme, budget and specifications.

We believe that our unique delivery model has the ability to address these challenges – and the key to unlocking its benefits lies in deep and trusting client relationships that allow us to engage early on projects as a prerequisite to delivering greater value. It is only when clients and delivery partners – along with designers and others with vested interests – collaborate from the outset, as part of an integrated team, that opportunities for innovation in engineering can be fully exploited.

"Our sustainable business model provides progressive, long-term environmental, social and economic value to the stakeholders we serve"



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STRATEGIC CUSTOMER RELATIONSHIP MANAGEMENT

Inherent in the way we go to work, is a different kind of client/ delivery partner relationship management approach – one based on establishing and maintaining long-term strategic relationships where both parties' interests are aligned to deliver mutual benefit.

INNOVATIVE ENGINEERING EXCELLENCE

We work collaboratively with our clients, supply chain and industry partners to de-risk project delivery and engineer solutions with a high degree of outcome certainty. Our multi-disciplined network of professional engineers can design, contract and supervise sustainable, high performance engineering and construction services in the public and private sectors.

INTEGRATED SELF-DELIVERY MODEL

By drawing on our specialist in-house delivery businesses and directly employed workforce, we have greater control over quality and productivity.
It enables us to be more responsive, rectify issues and interface clashes quicker and achieve greater integration across the project phases. This brings an operational focus and intensity to project delivery that is very different to the traditional subcontracting model.

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Our services and sectors

STRONG OPPORTUNITY PIPELINE

Keltbray is well positioned in its chosen sectors to take advantage of the visible opportunities and grow sustainably over the medium term.

MACRO-TRENDS

Macroeconomic challenges are showing signs of easing, with inflation gradually being brought under control and positive signs for longer-term prospects across the construction engineering and Infrastructure services sectors.

Careful management of supply chain and inflationary pressures have helped to mitigate the risk of over exposure to cost and availability challenges and we are seeing preferred bidder positions, which were previously delayed by inflation, now converting to contract awards.

Our chosen markets are a balance of cyclical and non-cyclical in nature and are all showing increasing investor confidence and strong demand which helps to shield the group from the downturns, while presenting renewed opportunities as the economy recovers. The key market drivers include the UK's ambitions for innovation, decarbonisation, energy transition and greater connectivity.

The availability of materials is generally good, having eased during the year.

Our investment in our people and future talent pools will ensure we retain a skilled workforce, which remains in demand across our industry.

The Group has confidence for the future of the industry, and this provides strong optimism for the Group's future success.

Our chosen sectors show strong underlying drivers and continue to deliver significant opportunities to the Group.

Commercial Building markets to remain resilient

Although the volumes of new build development in the commercial office and mixed-use residential sectors are still recovering after the pandemic, the drive towards sustainable development and the increasing importance of refurbishment will continue to see demand tick upwards in Keltbray's core built environment sectors. This pent-up demand will be released from a number of sources, including those who see the sector as a safe investment haven against the cyclicality of capital markets.

The Energy Decommissioning market is poised for strong growth

As ageing social, industrial and energy infrastructure is upgraded or replaced with more sustainable, low carbon alternatives like New Nuclear, this is driving demand for specialist decommissioning and waste management capabilities over the next five-year period, where Keltbray is already playing a pivotal role.

Strong underlying growth in National Highways

Funding for the second Road Investment Strategy (RIS2) was increased to deliver additional projects such as the Lower Thames Crossing. The total spend of £27.4 billion over the 2020-2025 period is a significant increase over the £15 billion spent in RIS1 between 2015 and 2020. The investment plan of expenditure covers operations, maintenance, renewals and enhancements of the road areas affected, which aligns closely with Keltbray's highways service offering.

Emerging local government market

The local government maintenance market is forecast to see significant investment with the announcement of an additional £2.5 billion in funding, increasing local council budgets by 45% over the next five years. Further, over £700 million of outsourced contracts are up for renewal between 2021 and 2025. Keltbray is now well positioned to capitalise on this growing market, win new work and achieve sustainable growth.

Continued investment in high speed rail and regional network upgrade, maintenance and renewal

As the UK rail industry transitions from one Network Rail control period to the next (CP6 to CP7), the work focus is shifting, with maintenance and renewals receiving additional funding over the next five-year period. Total expenditure over CP7 currently stands at circa £40bn, with the ORR ensuring strong and robust challenge on cost and deliverability. As an agile operator offering a range of rail capabilities, Keltbray is well placed to deliver both maintenance and core upgrade and renewal works.

The confirmation of HS2 Phase 1 has cemented the government's commitment to high-speed rail, however, the cancellation of Phase 2A and the redirection of £36bn of investments into regional transport schemes represents a strong opportunity pipeline for Keltbray, with these local-level projects set to transform connectivity in the UK. The authorisation of further regional programmes and the proposed Northern Powerhouse Rail scheme will continue this trend of generational investment in this sector for years to come. Keltbray is already playing a critical part in this transformation.

Strong Energy pipeline

The power transmission and distribution industry is expected to see a wave of new demand as the UK plans for a green industrial revolution. Investments in renewable energy to become a wind power 'house' and new

nuclear generation capacity are pillars of these plans. Trusted and safe specialist contractors like Keltbray are well placed to deliver these works and the associated infrastructure to enable the networks to support this greener power generation.

Smarter procurement

The implementation of the UK Government's Construction Playbook aims to make both public, and through association private sector, more responsible and sustainable buyer, emphasising the importance of creating value, both socially and in terms of work delivered. This new focus matches well with Keltbray's core purpose to redefine the way sustainable development is delivered.

Growth of frameworks

Construction procurement in the UK continues to evolve, presenting opportunities for progressive and collaborative contractors. This trend is set to continue and Keltbray is well positioned through its collaboration-based delivery model to help drive this transition.

Long-term strategic alliances

Public bodies charged with operating and maintaining infrastructure assets are increasingly embracing longer-term alliances, which encourage industry collaboration to drive sustainable innovation, higher efficiency and customer service standards. Keltbray already has a strong track-record working with organisations like Network Rail, the Energy Distribution Network Operators and National Highways in this regard.

Transformational green infrastructure agenda

As the frequency and severity of extreme weather events such as prolonged heatwaves and intense rainfall increases, there is a need to make infrastructure more resilient to the changing climate. The UK Government has prioritised the decarbonisation of many of the construction sectors in order to meet the target of net zero carbon emissions by 2050. This agenda sits at the heart of the Group's core purpose, and Keltbray is well positioned to capitalise and transform the UK's social and economic infrastructure for the future.

Market outlook

1. Investment in critical national priorities

- Key contractor for public and private clients, with over 80% of order book in these areas
- Our primary sectors reflect the UK's drive to recover from economic downturn and are forecast to be strong growth platforms
- Significant investment in innovation supports the UK's productivity drive

2. Balancing economic growth and social advancement

- National footprint and local relationships support UK's 'levelling up' agenda to tackle regional and local inequalities
- Significant investment in Northern England operations with recent acquisitions and business investments

3. Climate change and net zero imperative

- Directly supporting customers with their environmental challenges
- Focussing on our own journey to net zero by 2040
- Well positioned in key areas of decarbonisation and renewable energy generation

4. Inflation, labour and materials

- Commercial focus on contractual terms and conditions and forecasts
- Long-term, positive relationships with tier 1 supply chain partners
- Risk-based planning and procurement backs off inflationary and resourcing pressures
- Integrated self-delivery model shields business from cyclicity of markets

EXAMPLES OF MAJOR UK BUILDING AND INFRASTRUCTURE INCOME STREAMS TO 2030

Programme	Forecast Investment
Private Commercial Development	£80bn
Road Investment Strategy (RIS) 2 & 3	£27bn
High Speed Rail	£54bn
Network Rail CP7 / CP8	£43bn
Integrated Rail Plan	£54bn
Energy Transition	£67bn
Nuclear Decommissioning Authority	£8bn
Local and Regional Transport	£14bn
Aviation and Ports	£7bn
Defence Estates	£4bn

NB: These investment forecasts are not all addressable by Keltbray and there are also additional market opportunities which exist outside of these forecasts



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Industry-leading business services

Keltbray operates an integrated construction engineering and infrastructure services business model. This is proving highly effective in diversifying our income streams across targeted sectors, locations and different phases of the value chain, helping to deliver a sustainable performance over the longer term.

SPECIALIST ENGINEERING SERVICES

- Demolition and remodelling
- Geotechnical engineering and deconstruction
- Environment services
  - Contaminated soil / ground water
  - Asbestos removal
  - Site remediation
- Decommissioning and hazardous waste management

INFRASTRUCTURE SERVICES

- Rail systems design – Wentworth House Rail Systems
- Rail civil engineering
- Rail overhead line electrification and distribution
- Power transmission
- Energy network distribution
- Renewables
- Transportation engineering
- Energy storage
- Primary and distribution substations and telemetry
- Urban realm remodelling

CONSTRUCTION SERVICES

- Engineering design – Wentworth House Partnership
- Civil engineering
- Foundation piling
- Sub and super structures
- Major civils and earthworks

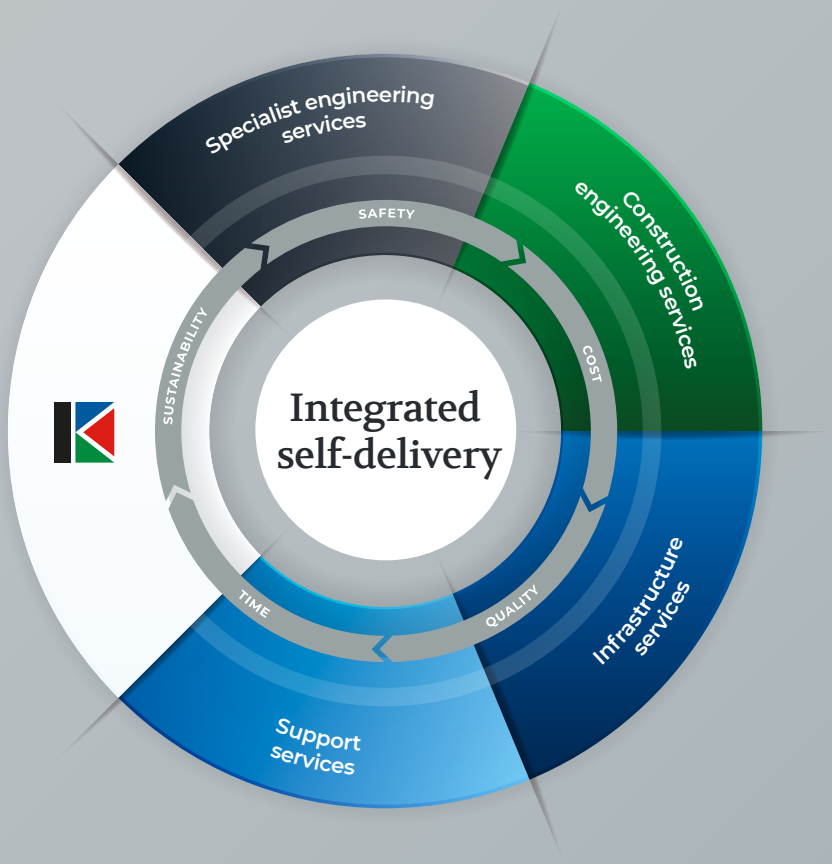
SUPPORT SERVICES

- Preconstruction and commercial management
- BIM and digital engineering
- Civil engineering plant, lifting and haulage equipment
- Project delivery support services:
  - Recruitment
  - Operational safety training
  - Occupational health and wellbeing



Dynamic growth sectors

Through our UK business network, Keltbray has a strong and growing presence in built environment and infrastructure sectors. Our business activities are shaped by the product innovation and delivery certainty of the services we provide to meet clients' sustainable development challenges.





Buildings

- Commercial office
- Mixed-use
- Data centres
- Life sciences
- Defence
- Healthcare
- Judicial

Energy and Nuclear

- Power Networks and storage
- Renewables
- Substations
- Decommissioning

Rail

- UK Network
- Regional networks
- High Speed 2

Transport

- Highways
- Aviation
- Ports

Local Government

- Urban regeneration
- Flood alleviation
- Urban transit


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Strategic report



Executive Chairman's statement

"Keltbray's business model has certainly been put to the test over the last four years, and I am pleased to report that it has served us well, making us an even stronger, more dynamic business today."

Brendan Kerr
Executive Chairman

Dear Stakeholders,

In last year's Chairman's statement, I said that over the coming financial year we would continue to make steady progress through a mix of project delivery excellence, technical innovation, investment and capturing key opportunities as they present themselves.

This year has seen market volatility persist as global growth continued to slow amidst the ongoing conflict in Ukraine, while UK interest rates have risen to combat inflation.

Keltbray's business model has certainly been put to the test over the last four years, and I am pleased to report that it has served us well, making us an even stronger, more dynamic business today.

Keltbray remains a growth-oriented company and has produced a resilient performance. While the UK has experienced little economic growth this year, our core markets have remained strong, reflecting the enduring status of our distinctive business model. Indeed, our target sectors have remained particularly resilient in the face of many challenges over the past few years. Our distinctive flexible offer, the scalable operating platform, unique portfolio of business capabilities and well supported balance sheet mean we are positioned to weather any further challenging market conditions.

PERFORMANCE

This strong position was illustrated by a good set of full-year results at Group level, with annual revenues increasing 31 per cent to a record level of £689m, operating profit before exceptional costs is up 10 per cent to £7m but has overall reduced as a result of these excfeptiopnal costs. The order book increased an impressive 124 per cent year-on-year to £1.1bn, putting us on track to deliver our strategic target of secured work that is twice the value of annual revenues, with 75 per cent of forecast FY2024 turnover now secured.

The executive team will continue to focus on: the health and wellbeing of our people; revenue and margin growth; cost containment and growing our order book through the disciplined pursuit of projects suited to our self-delivery operating model; and advancing all aspects of environmental, social, and governance (ESG) initiatives, to make Keltbray a leading light in the shift to a circular economy-led industry.

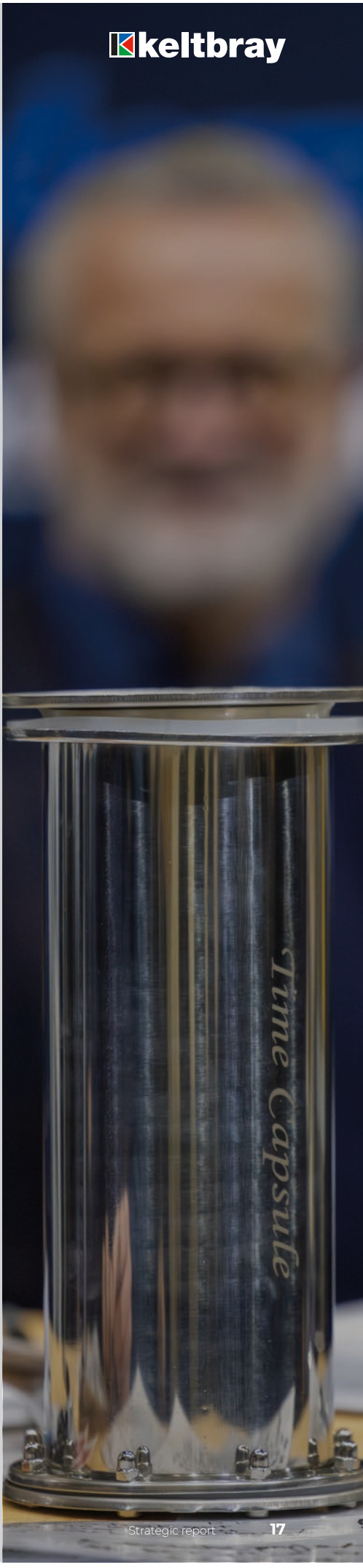
STRATEGY

Progress is being made across all aspects of the Group's sustainable growth strategy with improvement in key areas including margin and revenue. The completion of the acquisition of the specialist energy business 'IDEC' during the year, has further enhanced the energy business, while growth in Building and Infrastructure is also contributing to strategic goals. We will continue to focus on enhancing our core business by building expertise in-house, alongside establishing supply chain support through more specialist capabilities to help deliver economic and environmental benefits.

Underpinning the strategy are our four pillars:

- Our inclusive 'can do' culture driven by clear values and business ethics, socially responsible delivery, and quality
- Our collaborative approach and innovation-led delivery model
- Our responsible approach to doing the right thing for the environment and society
- Our corporate governance rigour and financial discipline

These Environment, Social and Governance (ESG) pillars are a core part of the Board's strategic focus, and also reflect the needs of our stakeholders, and will therefore continue to guide all our actions.



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Executive Chairman's statement cont.

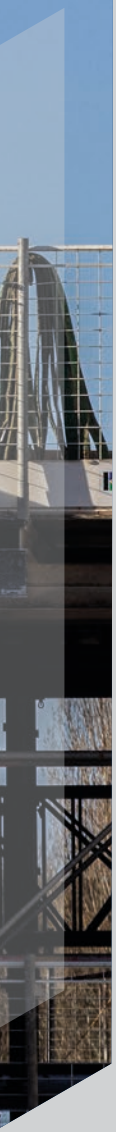
GOVERNANCE

With our growth plans, continual improvements in our approach to corporate governance provides a stronger structured framework of management discipline in decision making.

In 2023, we continued to ensure that our view on our most material issues are up-to-date and aligned with those of our stakeholders. The results are reflected in our strategic business decisions and underpinned by our robust governance framework, highlighted throughout this report. The most prominent themes this year included, but weren't limited to: operational and financial rigour, safety and wellbeing, social and environmental sustainability, talent management and succession planning.

During the year, John Keehan retired as a Main Board member, having worked at my side as Finance Director for many years playing a fundamental role in the corporate development of the Group. I would like to place on record my gratitude for his outstanding contribution and wish him and his family every success in the future.





OUTLOOK

While successive UK Governments remain committed to investing in infrastructure and see it as vital to future economic growth and the progress towards net zero, it is apparent that public procurement and contracting processes are frequently subject to review, delay and cancellation as we have witnessed with the likes of HS2 Phase Two and the A66. We expect this situation to improve and have already seen encouraging signs of greater urgency in the procurement processes of some government departments. Align this with the growing private investment in sectors like life sciences, data centres and renewable energy storage, and there are strong reasons to be optimistic about the future.

We will continue to work towards a more progressive, diverse and responsible business by meeting the targets outlined in our business strategy and investing in key areas such as upskilling, corporate development and business improvement processes, including greater technology adoption.

At the same time, we will continue to nurture the great culture within Keltbray and engage with people who, despite the turbulence of the last few years have remained energetic and fully committed. Moreover, we have confidence in the long-term fundamentals of our target markets, integrated business model and have the operational and financial resources to continue to meet our strategic growth and financial performance objectives.

On behalf of the Board, I would like to thank everyone at Keltbray for their dedication and hard work. Their high levels of engagement have once again been instrumental to the business in producing a good set of results against a challenging backdrop.

Thank you



Brendan Kerr
Executive Chairman

SECTION 172 STATEMENT

The directors take their responsibilities to stakeholders very seriously. Throughout 2023, the Main Board reviewed existing engagement mechanisms across each of the Group's key stakeholder groups.

The Board ensures all complementary and divergent stakeholder views are understood and embedded into Board discussions and the decision-making process. In addition to having regard to the interests of the Group's stakeholders, directors also consider the impact of the Group's activities on the communities within which it operates, the environment, and the Group's reputation for high standards of business conduct.

The directors seek to act in good faith in the way most likely to promote the long-term success of the Company for the benefit of its shareholder, and to act fairly between all of its stakeholders. Through the Main Board and its sub-committees, directors have taken action to promote and support these objectives across the Group, details of which can be found throughout this Annual Report as set out here:

- The Company's purpose, values and Code of Conduct on pages 28 to 29;
- A description of key stakeholder groups and how the Group has engaged with stakeholders on pages 126 to 128;
- The range of activities undertaken across the Group relating to sustainability matters on pages 53 to 97;
- Details of how high standards of integrity are maintained on page 138 to 139;
- The proactive and pragmatic approach of the Group toward risk on pages 136 to 149;
- The framework of the Company's decision making on pages 104 to 109; and
- Details of the Company's governance processes and practice on pages 115 to 128



Chief Executive's strategic review

I am extremely proud of the team's resilient performance this year; their focus on delivering critical engineering solutions through a collaborative customer experience, underpins Keltbray's record financial performance.
Our strong customer advocacy and leading team engagement scores highlight the huge contribution each team member makes towards achieving our success and delivering on the considerable potential in our target markets.

Darren James
Chief Executive Officer

A YEAR OF STRONG STRATEGIC PROGRESSION

- Continued improvement in performance across all target markets
- Enhanced portfolio diversification underpinning profitable growth
- Continued focus on client satisfaction
- Growing opportunity pipeline in chosen markets and record order book
- Robust balance sheet strength supporting operational delivery and development
- Year-on-year improvement in all key performance metrics
- Confident outlook for a strong FY24 performance

Performance on track with strong revenue and order book growth

I am pleased to report another strong set of results as we enter the defining period of our Sustainable Growth strategy to 2025 – 'Unleashing our potential'. Thanks to our talented people, our businesses are performing well and we are doing what we said we would do, consistently delivering margin and revenue growth, supported by an appropriately funded balance sheet, exceptional order book and mutually beneficial supply chain and client relationships.

FY23 Revenue was up 31% from £528m to a record level of £689m, with a corresponding return to stronger levels of Gross Profit despite the continuing macroeconomic challenges in the year, with pre-exceptional profit before tax up 10% to £7.0m. We also have a record order book of high-quality secured work standing at over £1.1bn in our chosen sectors providing visibility and security of future workloads. The recent banking facility extension, completed in June 2023, has also helped drive the Group's creditor days down and in doing so ensures we are eligible for more complex contract awards in new markets like renewable energy.

A PROGRESSIVE, INCLUSIVE CULTURE

Health and safety

The health and safety of our people and all those who come into contact with our activities is and always will be Keltbray's number one priority, with our commitment to our 'Promote Health, Prevent Harm' agenda leading the actions that we take to keep each other safe every day. This was highlighted in our bi-annual employee survey carried out in 2024, where 95% of respondents stated that we give health and safety the highest priority.

As part of our drive to prevent harm in all its forms, we made a concerted effort to reduce further our AFR (Accident Frequency Rate), which measures the number of injuries resulting in more than seven days away from work, improving from 0.12 to 0.11, despite a significant uplift in operational activities. This reaffirms that we have a strong reporting culture where people feel confident in their ability to report incidents. As part of our response we increased focus on our behavioural safety programme to reinvigorate our efforts to enhance positive behaviours and link wider elements of the business' strategy such as wellbeing and quality into the programme.

Chief Executive's strategic review cont.

People

Every day we build, collaborate and partner to create a better engineered world. It is the energy and expertise of our team that takes Keltbray to new heights and we are proud of our people and the culture we create together. Empowering and engaging our people remains a key priority for the Main Board and Executive teams. We invest considerable time each year developing Keltbray's culture and improving the employee experience.

This is shaped by our absolute commitment to increasing wellbeing, reducing inequality, broadening diversity and facilitating inclusion. We are committed to ongoing investment in this programme and our family-friendly initiatives. Our culture is a key differentiator enabling Keltbray to retain talent and successfully execute our hiring plans. We are now a team of over 2,000 people, with new 138 joiners welcomed through the IDEC acquisition among those coming into the business during the year.

Attracting, developing and retaining talented people is a cornerstone of our strategy. During the year, we made significant investment in our people, acknowledging the correlation between a highly-engaged workforce and increased business performance. This included a refresh of our employee proposition programme which showcases the unique set of benefits such as culture, compensation, career development, work-life balance, stability and location that our people receive in return for their skills, capabilities and experience.

We also launched new graduate and apprenticeship programmes to ensure we retain the talent we have built up by enabling our people to move between businesses, roles and locations within our organisation, rather than seeking alternative employment to meet their professional and personal needs.

We pride ourselves on being people orientated, progressive and inclusive, and continue to work hard through our Inclusion Committee to embed equitable and inclusive practices across our organisation. We have set our sights on material improvement in this area and have established a series of plans to accelerate progress.

In November 2022 our annual pay review for all employees took effect. The percentage of the pay rise was scaled to ensure that those who are the hardest hit by the current cost of living crisis received the greatest benefit. The maximum pay rise of 5%, was applied to around 75% of our PAYE people. In addition, we also made an exceptional cost of living payment to all our colleagues on a basic salary of £50K or less, as we seek to deliver industry-leading wellbeing standards for all our people to help them navigate these uncertain times.

Early careers remain a key part of our long-term resource planning and succession planning. We believe our investment in people makes a significant positive difference to business performance. Our most recent record team engagement score reflects this, putting us in the top quartile of companies surveyed by Robertson Cooper. Importantly, over 80% of our team are committed to working hard for the organisation and feel valued, materially above the national benchmark for medium and large companies in the UK. This is a fantastic endorsement as we aim to become a destination employer in a highly competitive marketplace for talent.

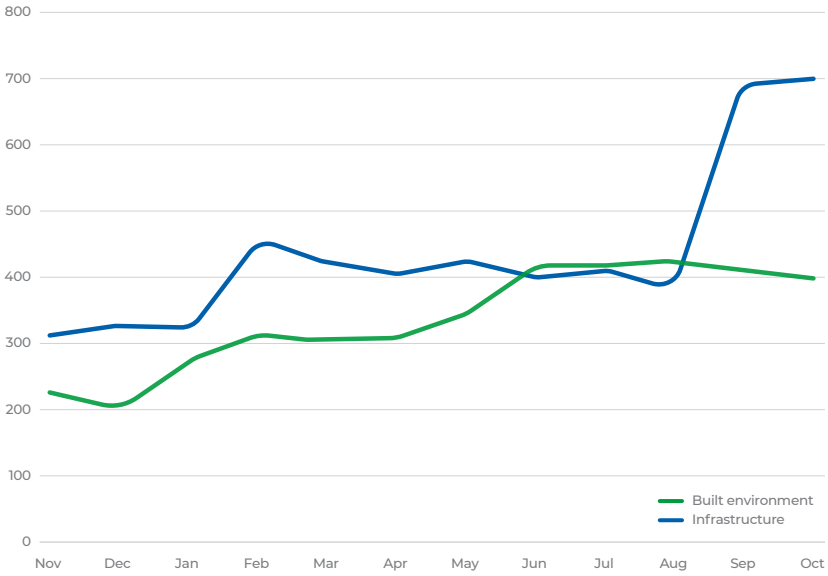


WORK-WINNING AND DELIVERY EXCELLENCE

Clients

Delivering engineering excellence for our clients is key to the long-term sustainability of our business. Our approach is reflected by the fact that over 80 per cent of our order book is repeat business and we have already secured 75 per cent of our order book for FY24.

Order book growth for FY2023
£m





Awarded work growth has been driven by recent awards in our newly combined Energy Services and Renewables business, which the acquisition of certain NMCN contracts opened the door to the renewables market allowing us to accelerate our presence in this buoyant and growing sector as well as providing access to new clients.

The Rail business continues to deliver the pipeline of works on the back-end of Control Period 6, and is in a strong position to be awarded significant works when CP7 commences in Q2 2024.

The Built Environment now has secured the equivalent of one year's annual revenue spanning a 2½ year period. Going into FY2024, 70 per cent of its budgeted turnover is already secure with a blended gross profit margin of 11.05 per cent.

A growing proportion of the Built Environment's order book is now made up of NEC type contracts, these being either cost-reimbursable contracts or schedule of rates for the likes of HS2 and Sellafield which provides greater margin certainty than the more traditional contracting models.

The overall quality of our order book and the embedded underlying margins have also increased in the year, as a result of highly targeted bidding based on the application of a 'gateway' governance structure and strict selection criteria. This is followed by continuous Contract Valuation Reviews (CVR) in the delivery phases to assure target margin is achieved and customer requirements are delivered.

Delivering a high-quality service to our clients is a fundamental component of our strategy and underpins our reputation and client relationships. Our approach is to embed quality and buildability into our designs and to follow through into project delivery and handover. This is supported by digital engineering, Modern Methods of Construction, and our BMS (Business Management System), which contains the processes and templates required to provide quality assurance at every step of a project, irrespective of size and complexity.

We are developing our digital tools and are taking an increasingly digitised approach to project delivery, improving safety, quality and collaboration, and driving down carbon. Our increasing capability in supporting clients to design, build and maintain low carbon infrastructure and buildings was recognised in the year by our selection to be on the Magnox (now Nuclear Restoration Services) Demolition and Asbestos Removal Framework as part of the decommissioning on 10 nuclear power stations across the UK.

Supply Chain

An important element of our work is delivered in partnership with our supply chain, so, we work closely with them to develop collaborative relationships that improve social, environmental and economic outcomes.

We continue to retain Gold status from the Supply Chain Sustainability School, a collaboration designed to upskill its members through free training and resources covering sustainability, offsite manufacturing, BIM, Lean and Management.

Sustainable development

Safeguarding the current and future needs of our customers and their end-users from negative environmental and social impacts is at the heart of Keltbray's core purpose and offering. We balance cost, quality, regulatory compliance and great user experience to help our customers establish trust in their capital assets.

Our broad portfolio is continually evolving across our markets segments to help our customers address the societal, environmental and regulatory challenges they face. Alongside the benefits our products and solutions offer, we have also invested in other areas to build on our environment, society and governance (ESG) impact.

In addition, we have strengthened our ESG capabilities as we scale up our positive action, which includes stretching targets to reduce our climate impact and increase our diversity. We take pride in our ethical approach to doing business throughout the Group. This ranges from our internal practices to the advice and solutions provided to customers.

The commitment to safe and sustainable business practices is accelerating our strategic progress and strengthening our leadership position in specialist engineering and construction markets where we operate. This has progressed throughout all our business units, with our delivery operations in particular benefitting from the renewed focus on a combined safety and wellbeing approach. We once again received external recognition during the year with the news we had secured both Gold and President's RoSPA awards for outstanding health and safety practices.

Environment and climate change

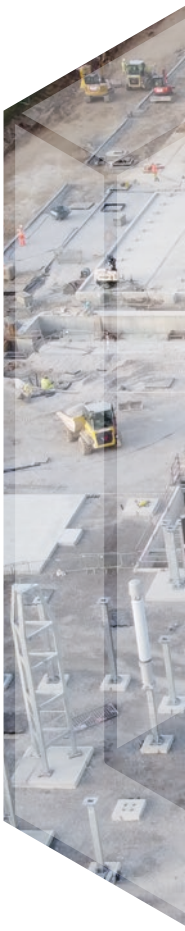
We are passionate about the role we play in decarbonising the built environment for a greener, more sustainable future, and our focus remained on driving continuous improvements across all operations with a marginal increase in Scope 1 & 2 emissions against a significant increase in workload during the period on a like-for-like basis excluding recent acquisitions, as a result of a number of initiatives.

Having pledged to achieve net zero carbon across our own operations by 2040, and all activities by 2050, we performed a full inventory of our Scope 3 emissions which enabled us to set near-term emissions reduction targets which have subsequently been validated by the Science Based Targets initiative (SBTi).

We continue to invest in our capabilities to support clients to deliver low and net zero carbon projects and now have a dedicated team of low carbon specialists across our business.

Communities

Delivering a legacy of positive social value outcomes is increasingly important for our clients and employees. This year, we have delivered £66m in social and local economic value by providing employment for local people, procuring through local supply chain, using local subcontractors, and providing apprenticeships and training opportunities for the young and socially disadvantaged.



Outlook and summary

I am pleased with the Group's performance, as we make good progress against our strategic objectives. Our high-quality order book provides visibility and security of future workloads, keeping our projects safely on track and enabling us to deliver a strong set of results.

Our two division structure addresses a broad range of large and expanding UK end markets, all of which are adapting to key structural drivers such as social and political change, carbon neutrality, and energy transition and security.

The Board is excited by the long runway of sustainable growth opportunities and our unique ability to capitalise on these given the significant strategic progress of the last four years, and additional capability presented by the addition of technical expertise through recruitment and acquisition. Keltbray today is a resilient and adaptable business well versed in navigating macroeconomic uncertainty.



In FY24, we will continue to govern and run the business in line with our strategy and core values through the economic uncertainties that have gripped the UK for the last four years. Taking the year as a whole, the business is well positioned to successfully achieve its strategic and financial objectives in FY24. Our teams will continue to move at pace to leverage the benefits of being a connected and integrated business and we are confident in our ability to deliver on our set targets.

I want to thank our shareholder for his continued trust, confidence and support in Keltbray's growth and development. I will close by extending my sincere thanks to all my colleagues who share our purpose and strategic ambitions. It has been particularly rewarding to see the ongoing resilience of our people and our partners – investors, suppliers, communities, and of course, our customers – who share our resolve to redefine the way sustainable development is delivered.

Thank you.



Darren James
Chief Executive Officer

How we create value

What differentiates Keltbray? The unique combination of highly experienced teams; innovative self-delivery capabilities; financial resilience; strong, enduring partnerships and our 'can do' reputation across all elements of our business are what we believe sets us apart from our competitors.

VERTICALLY INTEGRATED DELIVERY MODEL

The coordination of our commercial, procurement, engineering and project delivery processes enable us to capture and maintain margin through all stages of the consumer value chain.

Our recycling capabilities help lower material costs, improve product stability and contribute to a sustainable circular economy.

SCALE AND EXPERIENCE

We are the UK's largest specialist construction engineering and infrastructure services provider, operating well-invested, state-of-the-art plant and equipment. Our extensive UK network is a strong driver of sales growth and market share. We also operate in highly regulated sectors where strong barriers to entry exist.

SUSTAINABLE INNOVATION

We are committed to a purpose and strategy of continually developing new and existing products and services to drive sustainable development. We support the use of digital engineering technologies that drive greater collaboration, resource efficiency and operational productivity, making it easier to do business with Keltbray.

PEOPLE AND CULTURE

Our highly experienced and skilled leadership team have a proven track record of achieving profitable growth. Our corporate culture and values promote openness, trust and a 'can do' ethos. This clarity of purpose, coupled with our investments in training and development ensure all of our people have the necessary skills to solve our customers' challenges.

OUR BRAND STRENGTH

We have a strong brand image and reputation which has been developed and nurtured over 40 years by keeping our promises to our stakeholders. Our marketing and business development activities seek to maximise our brand awareness and build brand loyalty with new and prospective customers.

UK FOOTPRINT

Our operational divisions are strategically located to optimise our reach into target sectors. They facilitate access to readily available labour, plant and inventory, thereby providing excellent service to both local and national customers.

OUR CORPORATE GOVERNANCE

We are committed to doing the right thing for our stakeholders. Achieving corporate governance standards and sustainable business practices that meet the highest levels of integrity and scrutiny for a privately-owned enterprise. This is why we are early adopters of The Wates Corporate Governance Principles for Large, Private Companies. We believe this is the best way of ensuring resilient long-term growth and the success of the Group.

SUPPLY CHAIN

We align our suppliers and subcontractors with our working practices, our values and our Code of Conduct. This deeper understanding creates an alignment on health and safety approach, greater efficiencies and opportunities for innovation, as well as upskilling workforces and allowing the small and medium supply chain partners we work with to develop.



What we do...


We demolish and remodel
We remediate and enable
We design and manufacture
We engineer and construct
We renew, upgrade and maintain
We deconstruct and decommission
RAW MATERIALS
USE/REUSE
RECOVER
REDUCE
RECYCLE
Our circular ecosystem

Our strategy

Creating purposeful value

Keltbray is a single-shareholder business owned by Mr Brendan Kerr, which has developed from humble origins into one of the UK's leading specialist construction engineering service providers in the built environment.

Who we are

Objective...

Building long-term shareholder value by responsibly improving people's lives

This is driven by a clear corporate purpose...

To engineer a better world by redefining the way sustainable development is delivered

Our vision...

To be the UK's leader in specialist engineering delivery

Our values

- *Care for and respect everyone*
- *Build winning teams*
- *Put the customer at the heart of everything*
- *Bring innovation to life*
- *Keep our promises, aim to exceed*
- *Work with integrity and do the right thing*



Unleashing our potential

A strategy for sustainable growth



ACTION AGENDA

Our inclusive, 'can do' culture driven by clear values and business ethics

Embed a purpose-led, inclusive culture where everyone has the opportunity to thrive and contribute to our success

Safety and wellbeing
Our primary focus is to ensure we promote health and prevent harm for our employees and all those who come into contact with our operations

Our people
Create a progressive workplace which enables everyone to reach their full potential and the business succeeds

Our collaborative approach and innovation-led self-delivery model

Deliver engineering excellence for our customers that directly supports industry transformation

Customers
Our primary focus is to ensure we promote health and prevent harm for our employees and all those who come into contact with our operations

Supply chain partners
Achieve alignment of culture and priorities withour supply chain partners to create best-in-class, sustainable and collaborative outcomes for customers, creating mutual value for all stakeholders



Play a full role in addressing the environmental and social challenges to create greater value for the planet

Climate action and carbon reduction
Drive a circular economy approach to develop and deliver carbon-smart project solutions to achieve net zero by 2040 to protect the environment and enhance biodiversity for future generations

Social Value creation
Proactively generate positive social change which contributes to the long-term prosperity and resilience of the communities that host us and wider society

Build business resilience and deliver profitable growth in a risk-assured way

Shareholder value
Adopt a highly-disciplined approach to work-winning based on achieving strict financial targets against robust selection criteria

Deliver predictable cash flows and sustainable margins through the economic cycle

Generate shareholder returns that support continued growth and business improvement

Our responsible approach to doing the right thing for the environment and society

Our corporate governance rigour and financial discipline

Key Performance Indicators

Measuring our performance

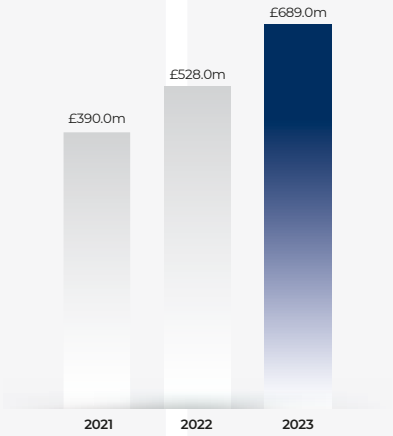
The Main and Executive Boards use a balanced range of financial and operational indicators across our business units to measure the Group's performance against its strategic targets, helping to guide our thinking and decision making at every stage of corporate development and client delivery.

FINANCIAL PERFORMANCE

The Group sets stretching but achievable financial performance targets as part of its annual strategic planning process to improve performance from both a cost and sales perspective to drive appropriate financial returns, with complementary capital structures. These are derived from the Group's consolidated financial statements.

REVENUE

£689.0m

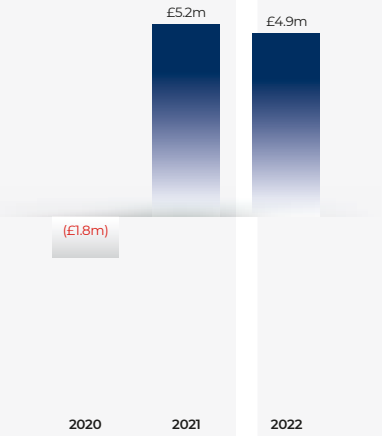


Definition
Managed revenue represents the amount of sales generated from the provision of engineering and construction-related services, including the Group's share of joint ventures, associations and proprietary sales.

Performance
Managed revenue increased by 31 per cent on a like-for-like basis to £689.0 million (2022: £528.0 million) during the year. This was a result of increased revenue from energy projects in our Infrastructure division, coupled with continued growth in public and private sector building markets. Selective bidding during periods of intense market competition and an increased focus on quality of earnings over volume of sales across our work-winning activities globally has served to protect revenues across the business.

OPERATING PROFIT (POST-EXCEPTIONAL ITEMS)

£4.9m



Definition
Operating profit (post-exceptional items) before interest and taxes (PBIT), is a measure of a company's profit that includes all expenses except interest and income tax expenses, and is a key measure of the operating profitability of all revenue-generating business units.

Performance
Post-exceptional Operating Profit before interest and tax declined to £4.9 million (2022: £5.2 million) despite continuing market challenges facing our industry globally. The performance benefitted from our sector diversity, with strong performances in rail and energy, where UK Government investment levels have been maintained.

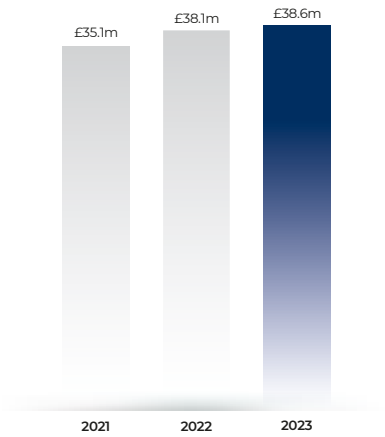
The improvement can also be attributed to a more selective approach to tendering with the introduction of governance gateways, alongside productivity improvements at site delivery level to maintain margins.

Built Environment experienced more challenging market conditions with the Ukraine conflict having a direct impact on client investment timescales, and margin pressure on work in hand, as price inflation gripped the industry, which resulted in interest rates remaining high.



NET FUNDS

£38.6m



Definition
Net funds position at the year-end is a key factor in evaluating the Group's cash and equivalents liquidity position. The Group's capacity to generate positive net cash balances and secured credit facilities is an important measure of its ability to satisfy customers' project funding requirements, invest in business growth and also serves as a strong attractor to outside investment.

Performance
The Group ended the financial year maintaining its net funds position at £38.6 million (2022: £38.6 million), despite the continuing market volatility. This is a creditable performance in the current market and indicates the underlying strength of the result and the resilience of our integrated enterprise model.

The Group continued to hold significant cash and reserves, and this performance has been achieved in parallel with continued investment in core areas of the business, and the significant growth in the groups secured work volumes during the year.

Key Performance Indicators cont.

OPERATIONAL PERFORMANCE

The Group sets and tracks operational performance through alignment to the Group strategic goals and our strategic purpose to transform the organisation into one recognised as a specialist engineering enterprise of considerable scale and profitability. These results form part of a continuous monitoring and improvement cycle that help guide the immediate next steps in our strategy realisation.

CUSTOMERS

To assess progress towards our aim of becoming a trusted engineering partner generating sustainable returns, we continuously track the marketing, adoption and application of the core elements of our integrated value proposition across our targeted clients and sectors. We also use qualitative client satisfaction survey results as key indicators of our engineering and delivery performance on clients' projects.

ORDER BOOK

£1,100m



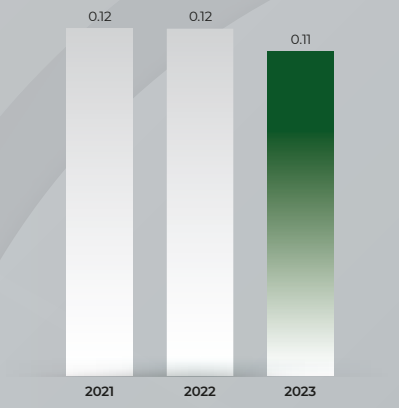
Definition
Order book represents the value of work outstanding on secured contracts. It is a key measure of our success in winning new work and also provides visibility of future earnings.

Performance
The Group order book increased to £1,100 million (2022: £526.4 million). The strong performance is directly attributable to the improving market conditions, particularly in our addressable UK infrastructure markets, and the Group's selective focus on high-quality, profitable work, rather than volume. This disciplined approach resulted in some major successes during the year, in targeted key sectors such as commercial building, rail, energy and highways.

We are rebuilding future workload beyond 2023 and, encouragingly, our medium-term pipeline of higher-certainty opportunities includes significant prospects in all our core markets. In addition, at the year-end, we had a pipeline of 'on strategy' opportunities worth over £4.0 billion. We will continue to take a cautious approach, maintaining selectivity to avoid bidding for lower-margin work at a time when price competition in the market remains intense.

ACCIDENT FREQUENCY RATE

0.11



Definition
The elimination of accidents from our business is an objective of the highest strategic significance. Our health and safety performance determines our strength as a business. It is not an isolated measure but one that defines our success in all other areas of our operations. For this reason, it is central to business improvement – a precondition of our continued growth and our licence to do business.

Accident Frequency Rate (AFR) is an industry-standard measurement equivalent to one reportable lost-time incident resulting in more than three working days' absence per 100,000 hours worked.

The Group's health and safety approach is aligned through our 'Promote Health, Prevent Harm (PH²)' programme.

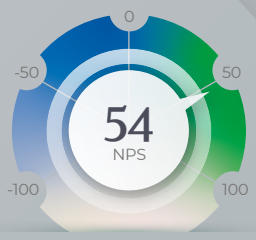
Performance
AFR improved to 0.11 in the year (2022: 0.12). Given the significant increase in work in hand delivered during the year, this result represents a continual underlying improvement in our safety management approach, validating the investment in the leadership time and resources given to all our behavioural safety programme – 'Promote Health, Prevent Harm (PH²)'.

Our ability to protect the health and safety of everyone involved in or affected by our operations is, we believe, the single most important measure of our value. Harm of any kind in our workplaces is a matter for the deepest regret, shared by colleagues in every part of the business.

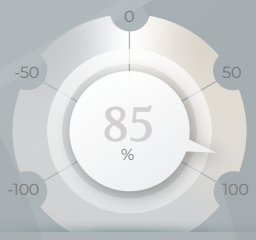
CUSTOMER SATISFACTION

54 Net Promoter Score ⟺ 85% Satisfaction Rate

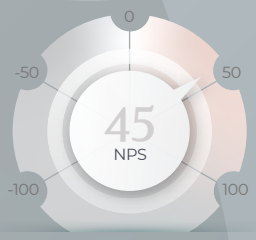
Our NetPromoter® Score



Customer satisfaction



SurveyMonkey Global Benchmark for Construction industry



Definition
All of our key clients and strategic partners have a dedicated executive-level relationship contact. Client satisfaction data is collected from key clients and strategic partners relating to their perception of the Group's operational performance on their projects as part of our strategic imperative to strengthen the core of the business.

In Q1 2023, the Group undertook its first global client perception study and developed a new method of gathering and reporting client feedback at the project level – a first in our industry. This provides clients with an opportunity to share their views on strengths and weaknesses in the Group's value proposition and supports our continuous improvement process by allowing us to track and manage client engagement and drive further improvement across all aspects of our business.

The Group has adopted the Net Promoter Score methodology as it measures the likelihood of new and repeat business. This measure is useful for forecasting business growth, cash-flow, as well as assess the health of our brand and overall customer satisfaction.

Performance
The Group's goal is a year-on-year improvement in client satisfaction on its major projects, with a targeted 20 per cent overall uplift by 2028 from the 2023 benchmark. As a result, previous years' data has not been included for comparison purposes due to its incompatibility with the new approach.

The newly published client perception feedback is derived from detailed survey responses from 20 of our key strategic clients, representing the major revenue-generating client relationships enterprise wide. When asked to rate their experience of working with Keltbray, the average score was 8.5 out of 10 (or 85%). The results are a direct endorsement of the Group's client-centric approach following its organisational restructure in FY21 to bring leadership closer to the customer.

Quick wins and immediate actions have been delivered over the course of this exercise, with high level recommendations being developed in 2023, including further work to embed a consistent, Group-wide client relationship management contact model.

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Key Performance Indicators cont.

EMPLOYEE ENGAGEMENT

Employee engagement is based on trust, integrity, two-way commitment and communication between an organisation and its members. It is an approach that increases the chances of business success, contributing to organisational and individual performance, productivity and wellbeing.

GOOD DAYS AT WORK

4.35 / 5

Definition
Employee engagement is an all-encompassing metric which determines the level of understanding and commitment of the Group's employee base to our strategic goals, and hence provides a direct correlation to service levels, client satisfaction, business growth and financial performance.

It is important that we are aware of how our employees are feeling on a number of topics, so we can take any necessary actions to ensure we continue to appropriately support our people. We increasingly use our employee engagement survey to assess individual motivation and organisational processes in this regard.

Performance
Employee engagement is measured every two years by an independent survey analysis company, Robertson Cooper. In the bi-annual survey the Group achieved an overall score of 4.35 Good Days at Work, against a norm group comparison of 4.05. This is a clear endorsement of our strategic direction and the executive team tasked with leading its implementation, with the main drivers identified as job enjoyment, time and training to do the job, and people being listened to and their ideas being taken on board.

Responses to additional questions related to safety and wellbeing were overwhelmingly positive, with the majority of our people feeling the working environment is safe, and also positive for their wellbeing, and were therefore twice as likely to stay with the organisation as those who felt less positive in these areas.



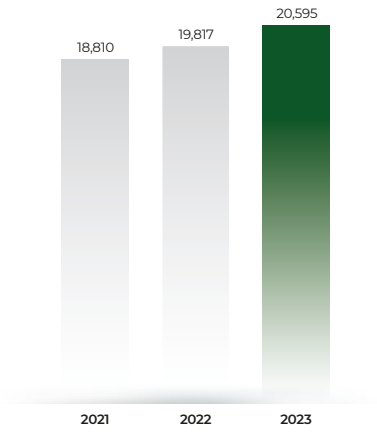
ENVIRONMENT

The most pressing sustainability issue of our time is climate change; we recognise that our operations form part of the problem and bold change is needed. We have therefore set 'net zero' as our own organisational goal to realise the benefits for ourselves, and importantly, our customers.

Our pledge to reach net zero by 2040 underpins all five capitals of sustainability (manufactured, financial, social, human, natural). We recognise the need to move 'beyond zero' – building a resilient business that puts the wellbeing of our teams, the natural environment and our stakeholders requirements at the heart of everything we do.

CLIMATE ACTION AND CARBON REDUCTION

20,595 (tCO_2e)



Definition
The reduction in carbon emissions is the most pressing global issue faced by society today, and companies have a disproportionate role to place in achieving global net zero targets. The Companies Regulations on Climate Change, introduced in 2018, are designed to increase awareness of energy costs within organisations, provide them with data to inform adoption of energy efficiency measures and to help them to reduce their impact on climate change. They also seek to provide greater transparency for stakeholders.

Keltbray applies the SECR reporting framework to drive the implementation of energy efficiency measures, with both economic and environmental benefits, supporting Keltbray and our stakeholders in cutting costs and improving productivity at the same time as reducing carbon emissions.

Performance
Keltbray continued to perform strongly in its drive to materially reduce its scope 1 and 2 emissions, by identifying actions to reduce emissions from operational activities. The increase in scope 1 and 2 emissions during the year was directly attributable to the increase in workload, reflected in our increased turnover for the year and significant growth in our order book.

Specific initiatives include decarbonising our fleet and plant by investing in new powertrains and alternative renewable fuel sources. We are also assessing and changing the way we operate from preservation to recycling and repurposing. For example we are using the UK's extensive waterways to bulk transport materials to our remediation processing plants, rather than the road network. Our net carbon zero drive also extends to the materials we use in project delivery, with carbon free concrete now offered on all temporary works packages.

Group operating review

Keltbray's strategy to focus on Government-backed building and infrastructure market sectors, where our engineering expertise and integrated delivery capabilities create greater certainty for customers, has once again maintained delivery momentum during the year.

Alongside the rest of the industry, Keltbray continued to navigate significant economic challenges in FY23. Inflationary pressures, which became more acute because of the ongoing war in Ukraine, and delays to private investment in our core building markets did impact the performance of our Built Environment division. In Infrastructure, where a focus on bringing major infrastructure renewal and upgrade programmes to market has been largely maintained by Government, we have seen growth in our performance across energy and transport markets, significantly boosting our pipeline of secured works.



CORPORATE DEVELOPMENT

Major corporate development activity during the year included the completion of the 'on strategy' transaction to acquire IDEC Group Limited, a 'high-voltage power' engineering business. Keltbray-IDEC Limited provides a full electrical substation design, construction and commissioning service up to 275kV; this includes the provision of digital systems engineering solutions based around grid protection, control, supervision and data acquisition to the energy networks, renewable energy and energy storage markets. Keltbray-IDEC also designs, supplies and commissions digital process control and system integration services to the water and industrial sectors.

Following the entry into administration of the Buckingham Group, Keltbray moved decisively to secure the talents of several members of the senior leadership team, including Simon Walkley, as Managing Director of Keltbray's Rail business.

STRATEGIC FOCUS

Our commitments to embedding strong governance, providing delivery excellence on increasingly multi-disciplinary complex projects, and integrating and developing innovative approaches, have all been factors in our ability to weather this turbulence. They also give us reason for cautious optimism.

In both operating divisions, we secured prestigious new work across our key sectors, as outlined in the respective divisional operating review sections.

We continued to maintain our focus on driving greater performance and control into all our delivery activities during the year. Recognising the ongoing pressure on gross margins in a volatile market dominated by inflationary pressures, we applied commercial contractual rigour, taking decisive steps to retain cash in the business, while ensuring customer focus remained at the heart of everything we do.

The Group continued its sector diversification approach to provide greater protection from market cyclicality while opening us up to new clients and income streams that benefit from our integrated delivery model, introducing greater selectivity into our opportunity pipeline through the mandating of our capital allocation forum, the Executive Investment Panel (EIP), to ensure we seek to only pursue work that is 'on strategy' and therefore meets our strict financial criteria and contractual terms and conditions.

During the year, we delivered a strong performance in identifying and securing a profitable pipeline of work within our core and target adjacent sectors, with the order book topping £1bn for the first time in our history.

The Group invested considerable senior time in developing its data analytics and management information systems to create a fact-driven approach to opportunity tracking and tendering. This has included the new Customer Relationship Management platform to identify, track and report on work to be obtained from the sales opportunity pipeline (SOP).

This work was augmented by a review and refresh of the Group's Delegations of Authority framework to bring greater oversight and decision-making control to our tendering and proposals activities. The Group kept its cost-to-serve activities under continuous review to ensure we were sizing our overhead in line with industry best practices, productivity initiatives and the good quality opportunities we have identified, thereby optimising the use of our resources, and allocating capital where it generated the greatest returns for the Group.

We continued with the roll-out of site-based smart operating procedures, and streamlined operational support activities across our business units, while continuing to scale up our systems integration efforts to achieve better internal economies of scale in areas like financial, human resources, information technology and supply chain management.

OUR AWARDS

City of London – Considerate Contractors Scheme Awards

Gold Site Awards

- 2 Aldermanbury Square
- Peterborough Court

Energy & Utility Skills

- Excellence in Social Value (Procurement)
- Supplier Signatory

Green Apple Environment Awards

Excellence in Senior Leadership – Highways

Construction Innovator Finalist – Wentworth House Partnership

Outstanding Performance in Health & Safety

Prevention of Accidents – Rail

Group operating review cont.

OUR PEOPLE

Safety, health and wellbeing sit at the very heart of our operations and it was pleasing to see the continuing commitment and engagement of all our people, with our safety and wellbeing programme – Promote Health, Prevent Harm (PH²), which was further evidenced through our annual safety and wellbeing survey, which confirmed the very high levels of understanding and engagement with our approach to sending everyone home, safe and well every day.

Engineering and construction activities are, by their very nature, inherently dangerous and expose our project-based employees in particular to higher levels of physical and cognitive risk. Our Strategic Safety, Health, Environment Leadership Team (Strategic SHELT) governance process, now fully embedded across all our business operations, creates a direct link to the Executive Board in managing enterprise-wide safety risk.

Implementation of the Group's People strategy continued our commitment to invest in our employees' skills and capabilities through training and development – once again delivering over 70,000 hours of training during the financial year – as well as the technologies and equipment they rely on to be effective in their roles and thrive in their careers.

We are broadening their access to online learning tools and development programmes through our innovative training platform – Flex. This digital training tool provides our people with the specific training they need to extend their skill sets and increase their productivity, directly at their place of work – this helps cement our reputation as a 'can do' organisation.

We retained a focus on our sustainability targets, centred predominantly on a reduction in carbon emissions and an increase in the social value we add to our people and the communities where we work. Our sustainability progress is summarised on pages 53 to 98 of our FY23 Group sustainability report (Sustainable development report) which is also downloadable from our website.

Keltbray once again received outstanding industry recognition for the innovation, sustainability and best practice of its engineering and construction services during the year. The roster of awards marks the most successful year in Keltbray's history for delivery achievement.





KERR PROPERTY

Kerr Property is the development arm of the Keltbray Group, the UK's leading specialist construction engineering and infrastructure services company, specialising in land, planning and mixed-use development. The business focuses on securing land and delivering planning consents in sustainable town and country locations in which there is high demand.

The business has made important planning progress in recent years and the business has now built an impressive portfolio of development sites at all stages of planning. This success is part of Kerr Properties' long-term strategy to secure quality locations that offer 'turnkey' mixed-use development potential, from raw concept at land stage through to planning, delivery and completion with pre-sold land and building contracts.

In the 2023 review period, Kerr Property built on the positive growth experienced in the 2022 financial year, with two major projects progressing through planning determination phases in Finniest, Glasgow and Ickenham, West London. These are both due to be successfully consented in FY24.

The small property team continue to develop other opportunities in both Northern Ireland and Mainland UK, seeking primarily to regenerate urban brownfield sites.

Built Environment 'at a glance'

FY 2023 Revenue
£311m

YE 2023 Order book
£337m

People
814

Specialisms

1. Demolition and Remodelling
2. Ground Engineering
3. Foundations
4. Sub and super Structures
5. Major Civils
6. Structural steelwork
7. Construction Plant

Markets and Sectors

1. Commercial Buildings
2. Industrial Estate remodelling
3. Transport Infrastructure
4. Data Centres
5. Life Sciences
6. Energy Storage
7. Energy from Waste
8. Aviation

Priorities	Outcomes
1. Continue to grow a reliable and stable business platform with repeatable, profitable and cash-positive work portfolios	1. Unlocks access to longer-term customer relationships that provide a pipeline of higher value work
2. Achieve market diversification facilitated by our agile operating model	2. Secures exposure to less-cyclical, highervalue market sectors
3. Drive positive industry change by remaining true to our entrepreneurial heritage	3. Drives higher win rates supporting customers' carbon agendas
4. Effectively invest and deploy 'in-house' resources to promote and facilitate our self-delivery approach	4. Ensures access to higher-margin contracts
5. Develop our talent by attracting, retaining and developing the best people	5. Ensures high quality and retention of capabilities

Keltbray's Built Environment (BE) division provides market-leading design, demolition, ground, civil and environmental engineering services, piling and structures, through to asset decommissioning, providing customers with an integrated offer of innovative and sustainable engineering solutions.

The business differentiates its offering through the provision of a highly-specialised self-delivery business model, adopting an innovative approach that delivers certainty for customers on some of the most complex and challenging engineering building projects in the UK and in deliberately targeted, diversified areas of the market. Through establishing long-term, value-based relationships from the earliest possible opportunity, we are able to unlock the benefits of our approach and of having an internal supply chain deployed in a model that manages and maximises the interfaces within the integrated scopes, delivering increased certainty for customers.

The Built Environment division has been successful in deploying clear strategies while targeting projects reflecting a new direction taken by the markets and by our clients, which includes a greater focus on "remodelling projects" as opposed to more traditionally-scoped schemes. BE won a number of prestigious projects in key sectors, many with existing customers, illustrating the strength of focus on forming long-term, mutually beneficial partnerships across selected markets and with clients seeking best-in-class construction services.

Engineering and construction services

The BE business strategy has evolved with the target of a diversified set of clients and project influencers to better position our proposition and create an agile and resilient business. Asset Owner-direct and Main Contractor relationships both continue to be pivotal elements of our approach; with the main contractor often on-boarding the project part-way through delivery via a novation of our existing contract with the Asset Owner. Notable amongst many significant wins during the year was the awards of prestigious contracts including the 334 Oxford Street (eventually with) with Lend Lease, and Western Yards with Multiplex.

We also continued to secure valuable repeat business with long-standing customers on complex development schemes which remain a corner stone for our medium and long-term business plan. This translated in the win of the enabling works for One Victoria Street for Stanhope and Mitsubishi and 50 Fenchurch Street for Yard Nine as well as additional contracts on the Museum of London project for the City of London Corporation. For all these projects, BE was able to demonstrate the full suite of engineering services which were a key factor in securing these contracts. The same approach was instrumental in the award of the Cundy Street project for Lodha as well as the works on the old Richborough power station for Pacific Green Energy in the development of their new major battery storage facility. This project is clear testament to the diversified approach of BE which aims at deploying engineering services and capabilities in sectors and for clients which would not have been traditionally associated with our portfolio. This project involved a combination of civil and energy packages to enable the interface with National Grid's 400kV network with the power being cyclically stored and supplied through that Grid interface via large-scale battery storage technology.

In parallel with new wins, BE is continuing with the successful delivery of some of largest and iconic projects in London including the IBM Building and Woolgate Exchange for Stanhope, the Network Building for Derwent, the topping out of 100 Fetter Lane for Yard Nine and 2 Aldermanbury Square for Great Portland Estates which is being recognised as one of the main pioneer schemes embedding the full principles of circular economy. All of these projects eventually on-boarded main contractors which included Mace and Kier as well as those aforementioned.

BE is also continuing the successful delivery of projects in the aviation sector including foundation works at the Manchester Airport and the wider presence at Heathrow Airport via the delivery of enabling type contracts under Costain and Mace as well as part of the directly awarded asbestos removal services framework with Heathrow Airport Ltd.



Ground, civil engineering and specialist services

We have continued to secured packages on projects and programmes associated with key infrastructure projects including High Speed 2 (HS2) and Sellafield despite the uncertainty around political choices and high-level reviews.

Despite the review and reduction of the overall programme and the immediate impact on the Euston Station project, the UK Government's HS2 enabling works programmes continue to offer future opportunities especially in the regions. HS2 remains an ongoing opportunity for the Group to work across both the enabling and core construction phases of the project, and we have been successful in continuing to deliver the follow-on phases of the C1 ventilation shafts and head houses for the HS2 running tunnels under the complex Chilterns section of the route for the ALIGN Joint Venture. This was complemented by the awards of the Viaduct contract in the Chilterns for the Balfour Beatty Vinci JV.

BE has also targeted specific blue chip, large-estate asset holders who are developing their remodelling programmes to respond both the decarbonisation and improved productivity agendas. This is evidenced by modest value but strategically important early projects wins with the Rolls Royce industrial manufacturing divisions in the Midlands.

Our specialist structural steel engineering capability continues to complement the Group's integrated delivery model and this has been demonstrated in their effective implementation of engineering solutions especially for remodelling and heavy refurbishment projects. Key strengths of this specialist offering include a directly-skilled workforce, understanding of sustainability challenges, interface between temporary and permanent works and coordination of multiple trades.

A notable success in the year was the award of the contract for the supply and installation of 2,000t process boiler steel framing for the Lostock Sustainable Energy Plant (LSEP) which is a twin-line Energy from Waste facility which is currently under construction at the Lostock Works site near Northwich in Cheshire for LSEP JV and Black and Veatch UK. The facility will export 69.9MW of electricity to the grid using residual waste, once built, the LSEP will process 600,000 tonnes of waste per year while powering 125,000 homes as a result.

Decommissioning, remediation and environmental services

BE's decommissioning business continues to be an industry leader in its field, providing smart engineering solutions to industrial decommissioning projects throughout the UK. It is an accredited specialist in the highly regulated market of decommissioning of Petrochemical, Pharmaceutical, Energy, Nuclear and Heavy Industry capital assets that have reached the end of their operational lives.

The decommissioning team ensures execution of projects to the highest safety, health and environmental standards and to programme, cost and quality providing specialist expertise from the earliest engagement phases of a decommissioning project covering the period from the initial plant closure to onsite mobilisation. During this stage of the project, characterisation surveys are used to identify the location and quantum of potentially hazardous materials, plant components to be cleaned and de-energised, and value engineering opportunities to maximise the return from saleable assets.

During the FY2023, Keltbray was selected as one of nine suppliers on a £485 million framework contract for the delivery of complex nuclear infrastructure decommissioning and asbestos removal services across all 10 reactor sites, two research sites and one hydroelectric plant, all operated by Magnox on behalf of the Nuclear Decommissioning Authority.

The framework is initially for four years with options to extend up to a further two years. The framework scope covers demolition and de-planting, turbine hall cleaning, removal and treatment of radioactively contaminated plant, including cooling ponds and water treatment facilities.

This work complements Keltbray's rapidly expanding portfolio of multi-disciplined infrastructure activities already being undertaken in pursuit of the UK's transition to a lower carbon, more secure energy future.

BE's Environmental Services' asbestos management business (KES), continued to provide specialist hazardous services to major commercial, industrial and infrastructure clients across the UK.

These services including controlled surveys and characterisation, planning and management of the safe execution of treatment and/or removal and disposal, all under its HSE Licence.

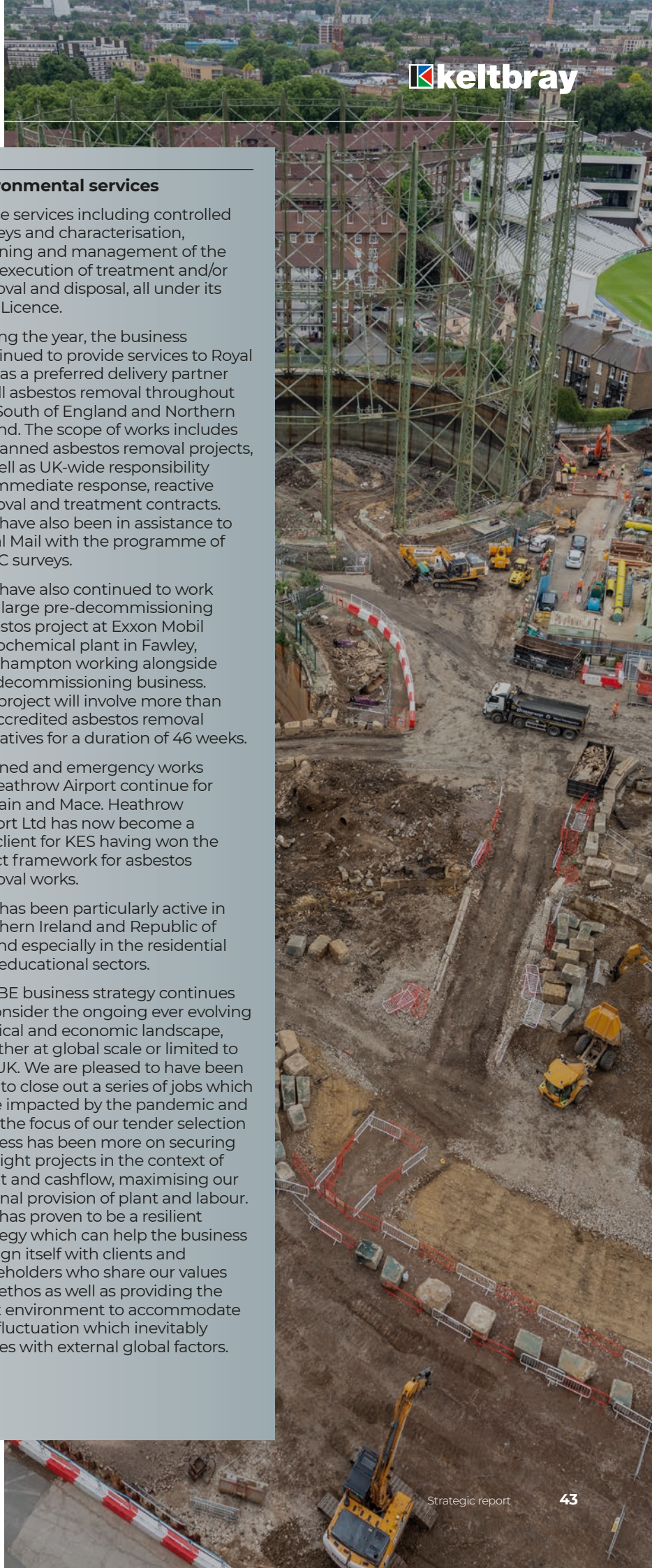
During the year, the business continued to provide services to Royal Mail as a preferred delivery partner for all asbestos removal throughout the South of England and Northern Ireland. The scope of works includes all planned asbestos removal projects, as well as UK-wide responsibility for immediate response, reactive removal and treatment contracts. KES have also been in assistance to Royal Mail with the programme of RAAC surveys.

KES have also continued to work on a large pre-decommissioning asbestos project at Exxon Mobil petrochemical plant in Fawley, Southampton working alongside our decommissioning business. The project will involve more than 20 accredited asbestos removal operatives for a duration of 46 weeks.

Planned and emergency works at Heathrow Airport continue for Costain and Mace. Heathrow Airport Ltd has now become a key client for KES having won the direct framework for asbestos removal works.

KES has been particularly active in Northern Ireland and Republic of Ireland especially in the residential and educational sectors.

The BE business strategy continues to consider the ongoing ever evolving political and economic landscape, whether at global scale or limited to the UK. We are pleased to have been able to close out a series of jobs which were impacted by the pandemic and that the focus of our tender selection process has been more on securing the right projects in the context of profit and cashflow, maximising our internal provision of plant and labour. This has proven to be a resilient strategy which can help the business to align itself with clients and stakeholders who share our values and ethos as well as providing the right environment to accommodate any fluctuation which inevitably comes with external global factors.



Wentworth House Partnership

Wentworth House Partnership (WHP)

WHP achieved another successful year with turnover split between work within the Keltbray Group and external clients. The proportion of external work has reduced slightly on previous years due to the Thames Tideway project nearing completion and the delays to infrastructure especially HS2 resulting from Treasury actions. WHP continues to secure repeat work for external clients and referrals in as a result targeting infrastructure projects and clients that will continue to be sustainable.

WHP's continues to support Keltbray's broader move into adjacent infrastructure sectors, particularly with highways and energy customers. Our teams supply skills and services to complement and deepen the project team's capabilities to assist delivery. WHP is also supporting specific infrastructure schemes by providing design management support and identifying scope of Keltbray-purchased design that can be delivered in-house by the Group.

This is in addition to the core support provided to Keltbray's Built Environment division from tender through pre-construction, to construction and completion phase. This support has recently included site support to develop planning and methodology for improved construction efficiency and coordination with temporary works design.

In order to improve the efficiency of providing temporary and permanent works design solutions we are investing in the preparation of standard design solutions for commonly needed contractor items. This is done in collaboration with the construction teams to maximise effectiveness and value to the projects.

This is in addition to further development of the patented Hiperpile scheme suite of products.

All commissioned design information is created and digitally presented as a default in industry-standard 3D BIM software. This allows more efficient and integrated design and provides more easily understood solutions to project teams to assure certainty of outcome.

WHP continues to provide support to its clients in the commercial development sector.

This is a competitive market for our clients, and consequentially for WHP; the projects range in scale and complexity, the most challenging currently being the Museum of London and the Salisbury Square Development.

These large projects have required the development of complex and coordinated methods and temporary works, coordinated with the multiple activities being carried out by the group's delivery businesses. The disciplines cover the full spectrum of demolition, structural alteration of heritage structures and basement construction. All of these are recognised specialisations of WHP.

WHP's traditional temporary works capability is supplemented by complex geotechnical expertise enabling us to carry out assessments of soil-structure interaction, ground movement assessment and potential damage assessments. These analyses and designs allow us to provide our clients with safe methodologies with predictable outcomes. This facility is increasingly being called for on HS2 and other infrastructure projects such as Heathrow Airport.

WHP has established a proven capability for highway works and bridges following years of supporting clients on these schemes. This is now recognised as an opportunity for future growth, alongside new markets such as energy and petrochemical. The growth will be controlled to ensure that professional capability can be recruited and developed to maintain the standards that our clients expect.

WHP operates defined design and modelling procedures that are accredited by BSI. As such, we are accredited under ISO9001 and BS EN ISO 19650-2:2018. In the period WHP have made further investments in defining procedural work instructions and video training content with the aim of improving compliance and promoting efficient working methods.



hiperenergy™

Hiperenergy

At Hiperenergy, we redefine the link between sustainability and tangible value. We deliver integrated energy infrastructure that enhances asset value, better serving the needs of developers, businesses and communities.

At the core of our business lies a multifaceted approach encompassing design, construction, finance, and operation, all geared towards the realisation of low-carbon, renewable thermal energy systems. Our vision is for a network of locally connected energy hubs, each trading and distributing surplus energy to optimise performance and minimise waste.

Central to our offering is the patented Hiperpile foundation system, a ground-breaking and award-winning technology. The hallmark of the Hiperpile product is its ability to reduce both operational and embodied carbon emissions, effectively tackling the dual environmental footprints inherent in traditional methods of construction and current operation of buildings.

Within the realm of Hiperenergy, we redefine today's foundations as tomorrow's assets by following the below principles, outlined as follows:

Integrated design	Holistic Energy Systems optimisation
By integrating structural, geotechnical and thermal design principles within a singular foundation solution, we optimise efficiency and functionality.	We enable the integration of diverse renewable energy technologies, facilitating the efficient operation of entire building systems.
Operational Carbon mitigation	**Urban Development accessibility**
Through the harnessing of ground-source energy coupled with the latest heat pump technology, we achieve outstanding operational carbon reductions. Ground-source energy solutions, delivering an efficiency level twice that of than air-source systems, form the bedrock of our sustainable energy approach.	Our innovative solutions break down barriers to accessing high-capacity thermal energy storage and generation, particularly in densely populated urban environments where space constraints pose significant challenges.
Embodied Carbon reduction	**Financial accessibility**
Our methodologies lead to a substantial reduction in the embodied carbon associated with piled foundations, achieving reductions ranging from 20% to 40%, thereby mitigating the environmental impact of construction activities.	Recognising the financial hurdles associated with the initial capital outlay for ground-source energy systems, we offer innovative funding options tailored to overcome these barriers, ensuring that sustainable infrastructure remains within reach for all stakeholders.



Group operating review cont.

Infrastructure 'at a glance'

FY 2023 Revenue
£378m

YE 2023 Order book
£710m

People
1,153

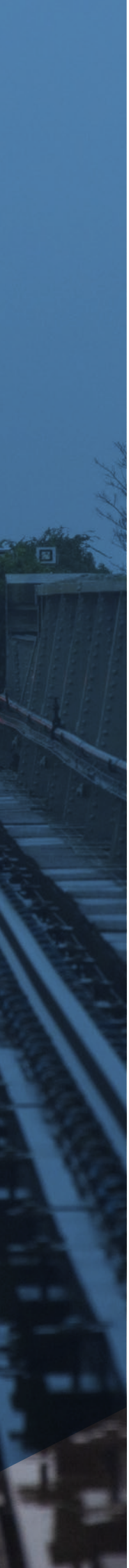
Specialisms

1. Power transmission and distribution
2. Converter stations
3. Battery storage
4. Energy telemetry
5. Rail:
   - Systems design
   - Civils
   - OLE
   - Plant
6. Energy decommissioning (inc. asbestos removal)
7. Highways civils
8. Urban realm

Markets and Sectors

1. Power networks
2. Renewable energy
3. Energy storage
4. Rail
5. Energy decommissioning
   - Nuclear
   - Wind
   - Fossil fuel
6. Highways
7. Local Authority infrastructure

Priorities	Outcomes
1. Continue to grow industry-leading specialist engineering skills and end-to-end project delivery capabilities	1. Unlocks access to longer-term customer relationships that provide a pipeline of higher value work
2. Focus on high-margin, high-growth energy and transport sectors	2. Secures exposure to less-cyclical, faster growing market sectors
3. Drive a customer-centric approach underpinned by strong risk and governance processes	3. Drives higher win rates for targeted customers
4. Effectively invest in and deploy our industry-leading direct employment model to assure delivery certainty	4. Ensures high quality and retention of capabilities
5. Continue to pursue organic and inorganic growth opportunities to accelerate our growth platform	5. Provides basis for scalable growth



The Infrastructure Services division operates primarily on key rail, power, renewables and energy networks, and highways infrastructure projects and frameworks across the UK. It is diversifying its presence into markets where our design and delivery capabilities provide greater cost and programme certainty in safety critical environments.

The Infrastructure business division continued on its trajectory of responsible growth in the key sectors aligned to the Global and UK Government drivers of decarbonisation, digitisation, energy security and the economic levelling up agenda, achievement of targeted operating efficiencies, and high-quality contract wins based on the strong demand for Keltbray's integrated self-delivery capabilities.

RAIL SERVICES

Keltbray's large-scale and multidisciplinary rail services are instrumental in enhancing, maintaining, and renewing the UK's railways . Keltbray's Rail business offers multidisciplinary specialisms to enhance and renew rail infrastructure including civil engineering, property, permanent way, signalling and electrification assets. These works are essential in enhancing safety, improving reliability, increasing capacity, driving decarbonisation of the industry, and ultimately providing a better passenger experience, improving maintainability, and delivering a more sustainable rail network for the UK.

Work continued in the year to develop the Rail business to compete for the delivery of multidisciplinary work programmes, and to establish a broader portfolio of longer-term framework contracts. This forms part of the Rail business plan, supporting the Group strategy to deepen client relationships and penetrate new customer markets, with a holistic rail 'design, construct and maintain' offering.

Our Rail business has solidified this approach by securing a place on Network Rail's Eastern Region Partnership. This collaborative framework will see Keltbray deliver works on Lot 3a – Contact Systems and Lot 4a – Power and Distribution. This will build on the strong geographic presence we have in the region for potentially the next ten years.

The electrification of the existing network infrastructure is a key capability of Keltbray's Rail business, having developed a national pedigree over the last eight years across England and Wales on most major programmes delivered. These include the Great Western Electrification Programme (from London Paddington to Cardiff and Bristol), the Crossrail East 'On Network' works (from London Liverpool Street to Shenfield), the North West Electrification (from Manchester to Liverpool and Blackpool), and the Welsh Valleys Upgrade programme within the Cardiff area.

The Rail business is founded upon a national rail multidisciplinary systems capability working either directly or indirectly for infrastructure owners and train operators on both renewals and enhancement programmes. Over the next year, industry focus will move to mobilising for the new Control Period 7, and unrolling of major investment programmes such as Midland Mainline Electrification, Midlands Rail Hub, Network Rail Scotland's programme of decarbonisation works as well as targeted High Speed 2 projects.

There are also several rolling stock manufacturers and train operating companies with franchise funded enhancement programmes to facilitate the introduction of new rolling stock, which requires new maintenance depots, stabling facilities, and platform extensions and gauging alterations to accommodate longer trains, representing a strong opportunity pipeline for the business.

The Network Rail Enhancement Programme is funded to enable passenger improvements in terms of a faster, more reliable, increased capacity (more seats), more frequent, and an overall better service (cleaner, air conditioned, Wi-Fi enabled and electric operated doors). This is further dovetailed to the sustainability agenda and the increased desire to decarbonise rail travel by replacing diesel traction with electrified trains, powered by 25,000-volt overhead line infrastructure.

Keltbray's team in the Southeast continue to perform strongly in the region, delivering a programme of 'Civils Reactive' works on behalf of Network Rail, delivering essential rail work, including maintenance services. This position has been strengthened with the award of Network Rail's Intrusive & Non-Intrusive Framework (5+3 years) and our Welding team have secured a place on the Welding Framework for Central Rail Systems Alliance.

Whilst the enhancement commitments may vary between Control Periods the Network Rail Maintenance and Renewal work bank is consistent and very much driven by the volume of infrastructure assets, their condition, and the planned asset renewal cycle. Fluctuations in work volumes can occur because of weather-related incidents where the largely Victorian-constructed earthworks asset is impacted by climatic conditions caused largely by localised and excessive rain and drought conditions.

Keltbray's Rail business delivers track renewal upgrades, long timber replacements, drainage improvements, earthwork embankment and cutting stabilisations, and ancillary civil engineering/structures work including piled retaining walls, culverts, and bridges. Whilst the frameworks are zero value contracts, they have good visibility over future workflow horizons linked to the Control Period maintenance and renewals plans, and with mini tenders for larger maintenance works.

Keltbray's Rail business also assists Network Rail in the upfront planning of their property renewal and maintenance work bank through a five-year building examination framework, with contracts being awarded within both the Eastern and North-West & Central regions to deliver a programme of visual and detailed inspections of Network Rail's property portfolio, which includes operational buildings, depots, and passenger railway stations.

Other non-delivery framework contracts include the Isolation management in the Western Region where Keltbray's rail electrification expertise supports Network Rail and other contractors in delivering works within non-operational planned working windows on the Great Western route between London, Paddington and Reading.

Keltbray's Rail business is able to support customers in providing a more resilient, resourceful, and robust railway by delivering better value for rail passengers and the taxpayer by demonstrating market competitiveness and a continuous improvement culture. This is enabled with a 'self-delivery' model with the ownership of critical resources in particular a highly-skilled workforce and a specialised plant capability being the key to safe and efficient productivity.

Several pieces of plant have been specifically manufactured, licensed, and commissioned by Keltbray's Rail Plant unit to work efficiently on Network Rail's infrastructure. This equipment has been developed in-house with strategic plant manufacturers to maximise productivity whilst at the same time minimising operative exposure to site hazards.

These innovative ideas will continue to provide competitive advantages and have been informed by the Group's commitment to invest in plant in direct response to our client's continuing calls for improved safety and productivity. Training of people continues to be a high priority, and whilst their technical competencies are a given to the business, it is the core values and behaviours that are becoming increasingly important to our clients as social value factors including EDI (ethnicity, diversity, and inclusion) now being critical strategic goals to UK Clients with expectations on the market to likewise embrace.

Our in-house design office, Wentworth House Rail Systems is also an exemplar of our self-delivery model providing our clients early concept design support whilst at the same time supporting our construction teams in pragmatic design solutions.

Having received the Royal Society for the Prevention of Accidents (RoSPA) Gold Award seven times previously, the rail business achieved another gold award win in the 2023 RoSPA Health and Safety Awards.





Wentworth House rail systems

Wentworth House Rail Systems and Keltbray International continued to support each other in expanding Keltbray's rail footprint internationally, in Canada, through the delivery of high-value rail system design services in partnership with Tier One rail infrastructure providers in these adjacent markets.

In 2018, Keltbray International was established in Ontario, Canada to investigate the possibility of developing an imported overhead lines capability demanded from the sizeable Canadian rail infrastructure upgrade programme in the greater Toronto area, with Metrolinx as the ultimate client.

To date, this team has successfully delivered a single project through an 'alliance relationship' with a local Canadian engineering partner. Following the success of this project we are now supporting with maintaining the asset, alongside investigating other opportunities including being a rail engineering training provider.

In addition to excellence in delivery, Keltbray's Rail business continues to invest in the future of our workforce. Three new graduates have joined the team alongside eight apprentices. In addition to this, seven of our workforce have achieved professional accreditation.

ENERGY SERVICES

The Energy business continues to grow its distribution, transmission and renewable energy offering with a strong forward order book of works for the next financial year. During the financial year, the business re-secured multi-year frameworks with SSE, Scottish Power and UKPN. In addition, we have won new frameworks with NPG, Scottish Power and UKPN in differing workstreams. These wins demonstrate the longevity of our client relationships, some of which stretch over three regulatory cycles (15 years). Energy was also awarded a number of prestigious, high-value works packages in the transmission sector including the 132kV Tower Works framework for UK Power Networks, the transmission framework for Scottish and Southern Energy in Scotland and a number of individual projects for Scottish Power transmission.

We successfully retained our accreditation to the Energy and Utility Skills Procurement Skills Accord. Part of the submission covered Social Value and Keltbray Energy were singled out and won the 'Excellence in Social Value' category.

Transmission & Distribution: This business unit works for all seven of the nation's DNO's (Electricity Distribution Network Owners) via a mixture of multi-year frameworks and single-action major projects. The market is regulated by OFGEM and as such there are clear investment plans agreed with each DNO for every regulatory period, which are for five years. The key advantage in this is that our clients are in a position to guarantee a level of activity over the period of the contract which makes it a very attractive proposition for the supply chain.

We have continued to strengthen our relationship with Scottish Power Transmission (SPT), securing the delivery of four key projects associated with the 132kV Bundle.

We have also strengthened our relationship with SSEN with the offering of Trident 132kV design and delivery capability and we continue to support UK Power Networks (UKPN) with the delivery of all 132kV Overhead Lines works.

As previously mentioned, the distribution works are underpinned by the frameworks we have in place with SSE, SPEN, NPG, UKPN and NIE.

Keltbray are the largest distribution overhead line contractor in the UK, this is in both value terms and in the scale of our in-house directly employed qualified linesmen. We have seen significant growth in our transmission capability over the last three years and today are regarded as a significant operator in this specialist area. The overhead line market is a specialised operational area and one of the key drivers for Keltbray entering the market is the high barrier to entry that exists, along with the skills and training required there is also significant investment in equipment required to be able to operate in the market in any meaningful way.

We are beginning to see a trend that the high-value transmission works are now likely to be won in a framework; already evidenced by the ones we hold with UKPN and SSE. This will further assist our growth potential in this area.

RENEWABLES

Keltbray Energy's Renewables division has gone from strength to strength, with 2023 seeing us successfully energising our first Battery Storage project for Tesla. At 100MW, this was the largest energised battery storage project in Europe at the time.

Adding to this success, the team also mobilised two new battery storage projects for Harmony Energy in Harrogate and Teesside and were awarded a 275MW battery storage project for Pacific Green in Kent.

The Renewables team has been steadily built over the year, with the appointment of a Managing Director, Operations Director, Head of Commercial and team of electrical designers, all working towards our clear strategy of turnkey delivery of renewable energy projects. This area continues to be a significant growth market address, given the zero carbon and energy security agendas and the requirement to invest in the electricity network to be able to handle this transition is considerable. With these appointments, Keltbray have the skills in house to contribute in a significant way to this market and the investment and acquisitions to date form part of that plan to offer something unique to our clients.

Keltbray Energy have also continued their delivery of groundworks and major civils engineering for converter station and renewables infrastructure. Strong relationships with client partners Hitachi saw the successful completion of Dogger Bank B and award of Dogger Bank C and Hornsea Enabling Works and with Siemens saw the completion of Greenlink Interconnector as well as the award of East Anglia 3 and Walpole civil engineering packages.

keltbray IDEC

KELTBRAY-IDEC

Keltbray-IDEC report an increase in turnover of circa 30% with their integration into Keltbray Energy completed successfully. They have resecured the NGED framework for a further three years, with the potential to exted to five and were successful in securing the UKPN Substation Engineering Services Framework Contract expected to become the largest Keltbray-IDEC workstream over the next three years.

Keltbray-IDEC have also successfully relocated their Stockton Design Office to new premises at Mitchell House. They have also successfully established a new project delivery team in Blantyre to deliver 275/400kV Transmission Substation projects.

ELECTRICITY WORX

ELECTRICITYWORX

ElectricityWorx have grown their telecoms division in Northern Ireland and have continued to extend their footprint in Britian and now have over 40 installation teams. They have also started supporting clients in additional works in Britain to support their BDUK contract to include poling, surveying and wayleaves. Additionally, ElectricityWorx have extended their installations to now include Multiple Dwelling Units (MDUs). To solidify their success, ElectricityWorx have been awarded an additional 33kV wind far connection in Northern Ireland as part of an ongoing relationship with a key client. To support their growth, ElectricityWorx have taken on four trainee telecoms operatives to grow the team.

Social Value also continues to be a key part of scheme delivery, with 12 laptops recent donated to Swatragh primary school. The company generously responded to a recent appeal for support in replacing old devices uplifted by the Education Authority as they approached the end of their useful life.

TRAINING

Keltbray Energy has continued investment in our dedicated distribution and transmission training facility in Bathgate, Scotland. This facility delivers specialist training on Overhead Line Installation and maintenance from low voltage up to 400kV transmission voltages. In 2023, the facility was visited by all our DNO partners to showcase the quality and capability of the centre. Our first cohort of Transmission Overhead Linesmen trainees commenced in 2023, with the second cohort scheduled for 2024.



Group operating review cont.

HIGHWAYS AND LOCAL GOVERNMENT

Keltbray's Highways business continues to solidify relationships with National Highways and local authorities. With self-delivery capabilities backed by a strong national supply chain, we deliver complex design and build schemes, flood alleviation, major highways upgrades and public realm schemes.

We also have expertise in logistics, traffic management, earthworks and roadworks as part of a series of frameworks at both national and local government level as well as standalone projects.

We have established, long-term client relationships with National Highways and numerous local authorities (such as East Riding of Yorkshire, Sheffield City Council, Barnsley MBC and Lincolnshire Council).

Highways continue to grow into these areas and have started to diversify, turning to national projects and large and complex infrastructure schemes.

Work continues on the diverse portfolio of schemes in highways, flood alleviation, energy and structures. Notable schemes include Barnsley Market Gate Footbridge scheme, a £7.5m project to replace the footbridge stretching across the railway line in Barnsley town centre; Upper Don Flood Alleviation scheme, an innovative design and build system of flood walls and alleviation for Sheffield City Council; M621 Junction Improvement Works, a £50m scheme on behalf of National Highways; early stages of the A66 a £80m major highways scheme for National Highways as well. We have also started work on Elland Station, a design and build scheme for West Yorkshire Combined Authority to be delivered as a 'one Keltbray' specialist project with Keltbray's Rail business. 2023 also saw Keltbray's Highways business begin works on the Castlegate Public Realm scheme for Sheffield City Council, delivering the next stage in our award-winning Grey to Green scheme, transforming the heart of Sheffield City Centre.

Through the efforts of our business development team, in conjunction with our commercial team's development of robust supply chains in targeted areas of growth, we are in a strong tendering position for the exciting pipeline of works to come through funding streams such as Levelling Up, Future High Streets, City Region Sustainable Transport and the Local Transport funds.

Links to local authorities have also been strengthened with a series of frameworks in the North Midlands and North East such as Doncaster Regions, and through our appointment to the Lincolnshire Highways Select List Framework and the novation of our places on the YORcivil Major Works framework, and National Highways Regional Delivery Partnership (RDP) framework securing a strong pipeline of works nationally, across 22 local authorities and other regionally-based public sector bodies.

Focus is also turning to wider national reach, with tender opportunities being pursued across the country, focusing on areas of growth outside our stronghold in Yorkshire and the Midlands. In our growth plan, we actively target and maintain our place on some of the most significant public sector frameworks in the UK.

Frameworks help mitigate risk by generating a high level of secure pipeline with clients we know and have established commercial relationships. Our site teams continue to deliver excellent live projects.

With a history of public sector work, Highways have also dedicated time and resource into enhancing social value outputs and leaving a lasting legacy. Sustainability and creating social value are at the heart of our strategy. A key aspect of our approach is ensuring we understand the impact of our works to stakeholders, clients, local economies and the environment.

Both site and support office teams regularly dedicate time to delivering schools programmes, work experience, apprenticeships, volunteering and community projects and we use our lean methodology to explore innovative ways to reduce waste and carbon emissions during scheme delivery.

Through our place on the major National Highways framework – Regional Delivery Partnership (RDP), our division is at the forefront of industry progression. Our team take an active role in working groups and the Supply Chain Sustainability School as we continue to focus on Carbon Reduction and increasing social value to support our communities and meet our customers, and our own sustainability targets.

Divisional focus is also on delivering high-quality projects safely and sustainably with the business unit acquiring a fifteenth consecutive RoSPA Gold Award and fifth Presidents Award. Highways also continues to embed lean methodologies into how we deliver our work, bringing not just innovation to our delivery approach but also efficiency and enhanced collaboration between site teams and clients, challenging the status quo and progressing our processes and procedures to drive improved outcomes for the division commercially as well as for clients.

keltbray

Sustainable development report

Engineering a better world

Sustainability sits at the heart of our core purpose and influences everything we do. This allows Keltbray to deliver solutions that are more valuable for customers, attract the best people, drive productivity improvements, manage risks and seize opportunities, and support local communities and society as a whole. We believe sustainability is not just an obligation; it is a source of competitive advantage.

We made significant progress during the year aligning our business and sustainability strategies with the universally recognised United Nations Development Goals and our customers' sustainability targets.

We have reported on our Group sustainability achievements since 2013, highlighting the important work taking place across the business to reduce carbon, support greener practices, and encourage good health and wellbeing whilst driving safety, innovation and economic growth.



Why is sustainability important to Keltbray?

ENSURE A LONG-TERM FUTURE

Keltbray believes it has a moral and ethical obligation to its stakeholders, future generations and the planet to be more sustainable. Sustainability is also critical to the ongoing success of our business. Companies that want to survive and thrive need to plan for that long-term success today. Having a sustainable business model puts an organisation ahead in its industry – providing a competitive advantage. The companies who prioritise long-term sustainability in addition to short-term success are the ones who will succeed tomorrow.

REDEFINE A SUSTAINABLE DELIVERY APPROACH

There is no more elegant or efficient designer than nature – there is no waste, everything fuels something else – a continual cycle of regeneration. Business needs to emulate this with a 'circular economy' approach. Sustainable services achieve quality in resource health and re-utilisation, renewable energy and carbon management, water stewardship, and social value. In short, these innovative service providers seek to make things in a way that leaves the world a better place for future generations.

BUILD BUSINESS RESILIENCE

Every hedge against a potential future problem increases a company's resilience. Incredible opportunities exist for collaboration among business, government and wider society to plan for the unpredictable. We can also build internal organisational resilience through more sustainable decision making. This helps ensure the future availability of raw materials, and onsite waste management eliminates current and future landfill or waste diversion costs. These are the business models that are going to win in the marketplace of the future.

BUSINESS AS A 'FORCE FOR GOOD'

When businesses like Keltbray care about the environment, their accomplishments can have an exponentially positive impact on the world. Many of our customers are also committed to sustainability as a business value, and are some of the most successful companies in their sectors. They are seeking to collaborate with like-minded organisations who genuinely share their sustainable goals and desire to create a world that is in better shape because of their activities, not in spite of them.

Bringing sustainability to life

Keltbray's clear and guiding purpose

'To redefine the way sustainable development is delivered'

closely aligns with our long-standing reputation for innovation and delivery certainty, and with the millions of people who rely on our services every day.

At Keltbray, we are working to create a sustainable future by combining integrity and smart innovation to meet, to the greatest extent possible, the balanced needs of all our stakeholders.

We are focused on enhancing the quality and value of our business through the disciplined allocation of our resources to meet the demands and expectations of our changing world, so that we grow our business safely, sustainably and responsibly, for the benefit of all.

Darren James
Chief Executive Officer

As a self-delivery engineering business operating at the 'doing'-end of the construction value chain, the direct and indirect impacts of our activities at every level are much more tangible and quantifiable to the stakeholders we engage with every day.

Keltbray brings the four core aims, outlined previously, to life by inculcating the decision-making, risk mitigation and action planning directly associated with their achievement throughout the entire fabric of the business.

This process starts at the very top with our core purpose – 'Redefining the way sustainable development is delivered'.

This pre-emptive, proactive approach defines every element of our operations from medium to long term capital allocation, people development, asset optimisation and resource usage and management, to ensure we can measure progress, continually learn and apply lessons and justify our sustainability claims with all our stakeholder classes.





United nations sustainable development goals

In 2020, Keltbray aligned its sustainability commitments with the UN Sustainable Development Goals, recognising the significant impact our industry has on the environment, economy and society.

We therefore believe sustainability can be a real and positive differentiator for the business, and our company purpose reflects this ambition – Redefining Sustainable Development– with the view that sustainability runs through everything we do.

The United Nations Sustainable Development Goals (SDGs) are an important framework for Keltbray, given we operate largely in complex environments utilising substantial amounts of materials and resources, and we need to monitor and improve the extent to which our business makes a positive contribution to society's wider goals.

The 2030 Agenda for Sustainable Development is a global agreement to eradicate poverty and fight inequality and injustice. It was agreed by world leaders at the UN in 2015, with a focus on the 17 SDGs which the UK has committed to deliver domestically.

The nature of Keltbray's business guides which goals to focus on. Having identified the eight SDG's to focus on in our published strategy from 2021 we have made significant progress against our goals continuing to make the greatest positive and lasting difference and . "Unleashing our potential". Despite our concentrated efforts it remains that our environmental, economic and social performance has a positive impact across many of the SDGs.

Keltbray's sustainability focus

The Eight

We have identified eight of the 17 United Nations Sustainable Development Goals that are of particular importance to us and our stakeholders, where we believe we can make the greatest positive and lasting difference.



Social sustainability objectives

3. Good health and wellbeing

Ensure healthy lives and promote wellbeing for all at all ages

4. Quality education

Ensure inclusive and equitable education and promote lifelong learning opportunities for all

5. Gender equality

Achieve gender equality and empower all women and girls

10. Reduced inequalities

Reduce inequality in and among countries

Environmental sustainability objectives

11. Sustainable cities and communities

Make cities and human settlements inclusive, safe, resilient and sustainable

13. Climate action

Take urgent action to combat climate change and its impacts

Economic sustainability objectives

8. Decent work and economic growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9. Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Group Sustainability Director

Keltbray's sustainability pledge is to provide innovative building and infrastructure engineering solutions that generate value to our customers and support their own sustainability commitments, whilst playing our own part in addressing the global challenges determined by the UN Sustainable Development Goals.

Holly Price
Group Sustainability Director

Sustainability framework

Sustainability runs through everything we do. From the people we support, the company we sustain, the local communities we work in, the industry we represent and the planet we live on.

The built environment and infrastructure industry is materials and resource intensive, with huge pressures exerted on the natural environment at every stage of a project's life-cycle.

Sustainability is therefore mutually beneficial to both the natural environment and our business, aiding us to use resources efficiently to create long-term sustainable value, build resilience to environmental and social pressures, as well as minimise risks throughout our supply chain to drive economic growth.

Managing the environmental, social and economic pillars holistically is key to protecting our environment, supporting local communities, serving our customers, sustaining the economy and helping wider society thrive.

The areas of focus below have been identified as being integral to Keltbray, based on a materiality assessment of their impact on our business, and they therefore set the framework for the Group's sustainability approach and programmes of work.



Our sustainability objectives

Social sustainability

GOOD HEALTH

Ensure healthy lives and promote wellbeing for all

Our people are having 'Good Days at Work'

- Annual measure of success using Robertson Coopers' 'Good Days at Work' framework
- Improve health, safety and environmental conditions and reduce accidents/incidents
- Plan and deliver relevant health promotion and prevention
- Continuous development of localised wellbeing advocates

QUALITY EDUCATION

Ensure inclusive and equitable education and promote lifelong learning for all

Provide quality learning and development fairly and inclusively

- Clear and defined processes and procedures for job chats and annual review development
- Digitisation of onboarding and learning opportunities to increase accessibility and interaction
- Benchmarked user-friendly learning solutions to remove barriers to entry
- Promotion of continuous development through life-long learning

Increase group knowledge and capability on sustainability matters

- Partnership with Supply Chain Sustainability School and annual internal sustainability capability assessment
- Make explanatory sustainability short films available through digital learning; platform to all employees

GENDER EQUALITY

Promote gender equality

Be an equal opportunities employer with fair and transparent recruitment, pay and employment processes

- Annual gender pay gap reporting and improvement plan
- Proactive Inclusion Committee with a developed inclusion and diversity strategy

REDUCED INEQUALITIES

Reduce inequality and make opportunities available to all

Robust and auditable processes that promote opportunities for all

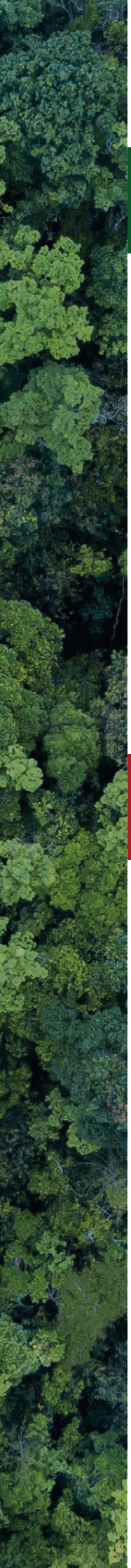
- Continuous monitoring of our EDI statistics
- Monitoring of promotion of opportunities to diverse groups and measurement of success
- Deliver the Fairness, Inclusion And Respect campaign and digital learning to all

SUSTAINABLE CITIES AND COMMUNITIES

Support local communities

Demonstrable support for the local communities through engagement, creating opportunities and engineering solutions

- Deliver a minimum of one social value outcome (as defined by the national Themes, Outcomes and Measures) per £1m of Group turnover



Environmental sustainability

SUSTAINABLE CITIES AND COMMUNITIES

Make the workplace inclusive, safe, resilient

Protect environment and enhance biodiversity

- Zero environmental harm
- Measure our impact on biodiversity, and identify and implement opportunities to contribute to biodiversity net gain (aim 10%)
- Fully implement our PH² strategy on all projects and in all work places
- Increase environmental awareness and knowledge at all job levels

CLIMATE ACTION

Take urgent action to combat climate change and its impacts

Decarbonise our operations to achieve net zero by 2040

- Achieve an absolute reduction for Scope 1 & 2 GHG emissions by 46.2% by 2030 and reduce Scope 3 GHG emissions by 55% per £'m of GEVA by 2030 from a 2019 base year
- Achieved PAS 2080 Accreditation

Use resources more efficiently, maximising their life-cycle to drive circular economy

- Zero non-hazardous waste to landfill – championing circular economies, material passports and urban mining
- Key building materials to be sourced from responsible and certified suppliers
- Define scope of water and material usage to set reduction targets

Economic sustainability

DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Generate value by supporting local businesses and economies

- Only work with contractors that satisfy the minimum sustainability requirements of our prequalification and common assessment standard
- Comply with local (S106), customer and responsible procurement targets

Invest in our growth

- Achieve higher levels of economic growth through diversification, innovation and supporting our key customers

Generate social value by supporting local jobs and learning and development opportunities

- Develop local, diverse and inclusive employment plans for all projects and in line with our business growth. Plan, do and measure for all projects
- Implement group social value measurement tool personal development through life long learning content

Our clients want to work with us above others

- Client feedback Net Promoter Score in place

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote sustainable and inclusive industrialisation and foster innovation

Continuously develop new and existing products and services to drive sustainable development

- Invest further in our digital technologies that drive greater collaboration, resource efficiency and operational productivity to make it easier to do business with us
- Develop our offsite manufacturing to reduce risk in our operational delivery
- Grow our business in decarbonisation, renewable energy and energy storage markets

Environmental review

With our customers placing increasing emphasis on the sustainability of their assets, opportunities for innovations to create increased environmental value are expanding.

To this end, Keltbray is committed to developing climate-smart project solutions that improve resource efficiency in delivery and operation through the innovations in sustainability they deploy. Our environmental pledge therefore affects and influences all the Group's operations and processes at every level in the creation of environmental value.

In 2023 we continued to tackle each element of our sustainability strategy and achieved the following:

1

CARBON MANAGEMENT

2040

Targeted year for net zero carbon emissions

The most pressing sustainability issue of present time is climate change; we recognise that our operations form part of the problem and bold change is needed. We have therefore set net zero as our own organisational goal to realise the benefits for ourselves, and importantly, our customers.

In 2023, Keltbray continued working with the Carbon Trust to calculate its Scope 1, 2 & 3 emissions and gain the SBT verification in January 2024.



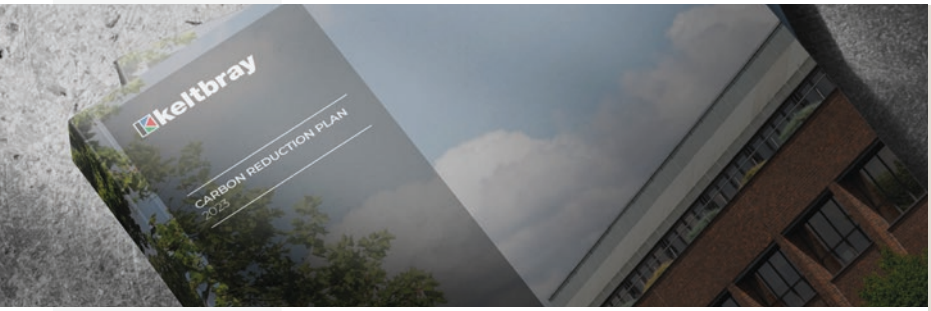
We have committed to reducing our emissions in line with the 1.5°C Paris Agreement

Keltbray understands that climate change is the most important issue of our lifetime and the single greatest threat to our planet. The urgency to address the issue is underscored by the latest report from the United Nation's Intergovernmental Panel on Climate Change (IPCC), which provides a thorough examination of the physical science of climate change.

Our pledge to reach net zero by 2040 underpins all five capitals of sustainability (manufactured, financial, social, human, natural). We recognise the need to move 'beyond zero' – building a resilient business that puts the wellbeing of our teams, the natural environment and our stakeholders requirements at the heart of everything we do.

To achieve this we are not just investing in new technologies and equipment, but we are also assessing and re-engineering the way we operate.

Keltbray achieved PAS2080 Carbon Management in Buildings and Infrastructure embedding our Carbon Reduction Plan into our key processes and systems.



Throughout this process, Keltbray identified a series of actions to reduce emissions from its operational activities.

"Our teams have worked incredibly hard to further solidify our position as a business committed to reducing the impact of our operations on our environment. In 2023 we facilitated various initiatives and trialled emerging technologies to improve site efficiencies and environmental impact. We are incredibly proud of our achievements and look forward to forwarding development within our industry."

Kiro Tamer
Head of Environmental Sustainability

CASE STUDY

In-house utilities

Understanding the real electrical demand and profile of construction processes is a vital tool required in the effort to decarbonise construction processes.

At Keltbray, we have invested heavily into removing diesel powered processes from our operations and power our construction projects using mains electricity in order to decarbonise construction projects, it is key that a mains power connection is made available. To ensure we are able to support our clients and achieve 'net zero' sites and to reduce our own emissions, a 'utilities' team was created.

The scope of this team is to coordinate the projects electricity, gas and water disconnection and connection requirements with the relevant STATS to run and power the project in the most efficient manner.

Timing the utilities disconnection and connections right is critical to a projects sustainability and programme performance as it allows the project delivery team to utilise the existing supply for as long as possible and then move onto the new supply with minimal disruption. Timing this incorrectly can resolve on the reliance of generators and transported water supply, which is costly and inefficient.

Where electricity supply is not available and we have to rely on generators, the utilities team is responsible to designing the most efficient system, this could vary from load on demand generators to hybrid systems where we rely on battery technology to power the baseload and only use the generators on peak demands.

Our utilities team can:

- Coordinate the connection and disconnection of a projects utilities requirements
- Install telematics to ensure the most efficient power supply
- Reduce reliance on onsite generator use

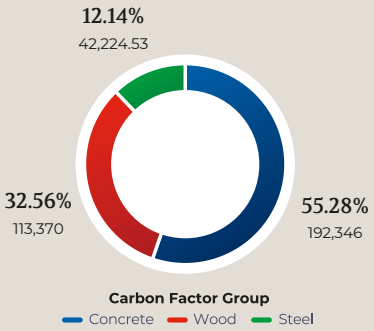
Scope 3

The embodied carbon related to our projects and processes accounts for 89% of our total embodied carbon so it has been vital to invest into to the technology and reporting tools to improve our ability to review and report the embodied carbon on our projects.

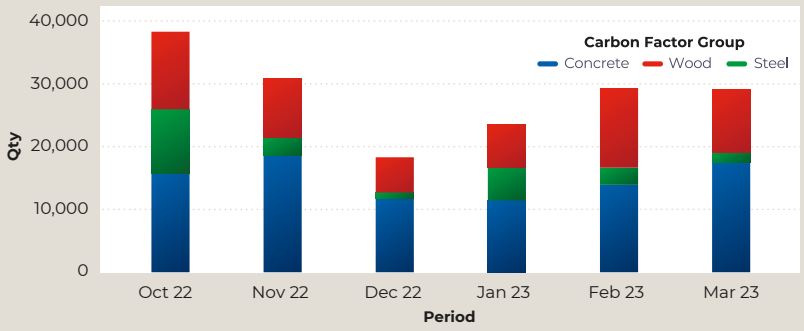
Collaborating with our material suppliers, architects, engineers, developers we are assisting the projects we were on to visualise the embodied carbon of the different elements to challenge and find different means to decarbonise and improve data accuracy.

Materials Reporting for All Contracts

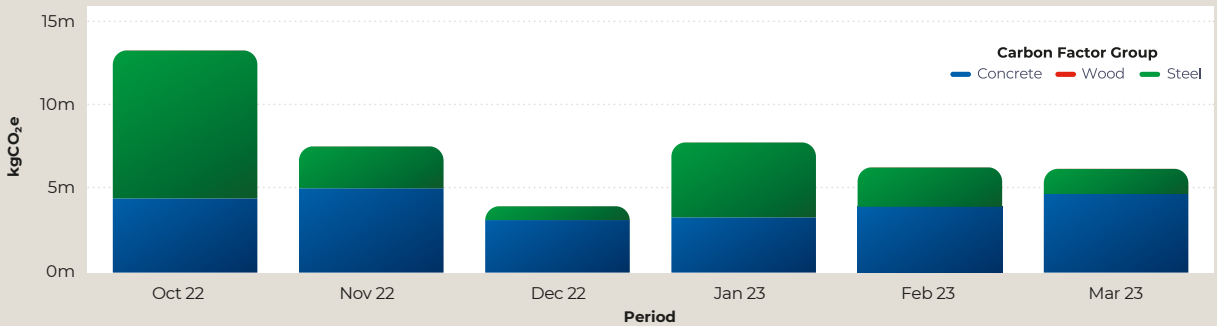
TYPE BY VOLUME



QTY DELIVERED BY PERIOD IN LAST SIX MONTHS



CO_2 EMISSIONS ($kgCO_2e$) BY MATERIAL TYPE IN LAST SIX MONTHS



CASE STUDY

Co2nstruct Zero

Using Flywheel innovations to reduce fuel, carbon and cost

Punch Flybrid Flywheel System managing the power supply of our hoist requirements at our Mellish Court demolition works

Our works at Mellish Court, on behalf of Milton Keynes City Council, display an excellent example of Keltbray's efforts to reduce the environmental impacts of construction works whilst improving project efficiencies and managing operational costs.

The floor-by-floor demolition works required a hoist to transport essential materials and personnel up and down the building.

Keltbray previously trialled a Punch Power 200 to help manage power requirements for a tower crane on one of our sites with positive results. Our teams saw the opportunity to apply this technology towards the hoist requirement for the project.

The equipment was supplied by Sunbelt Rentals, along with a 2,000-litre fuel tank with Smart Guard telematics sensor for remote fuel management.

Typically, a hoist would require a 300kVA generator to run, however by using the Punch Flybrid Peak Power Support Unit, we were able to downsize the generator to 100kVA without affecting the power supply.

The Punch Power 200 captured energy that would typically have been wasted and discharged it when a larger boost of power was needed to operate the hoist.

The project lasted for a total of 17-weeks finishing one month ahead of schedule. Over the course of the 17-week project, fuel consumption was reduced by 4,410 litres, compared to using a 300kVA generator. Including the cost of hiring the Punch Flybrid unit, the cost saving was £4,573.

This prevented 11,907 kg of carbon dioxide from entering the atmosphere.

At Keltbray, we actively look to trial the latest innovations to drive project efficiencies and deliver sustainability initiatives, all whilst balancing the needs of our business.





CASE STUDY

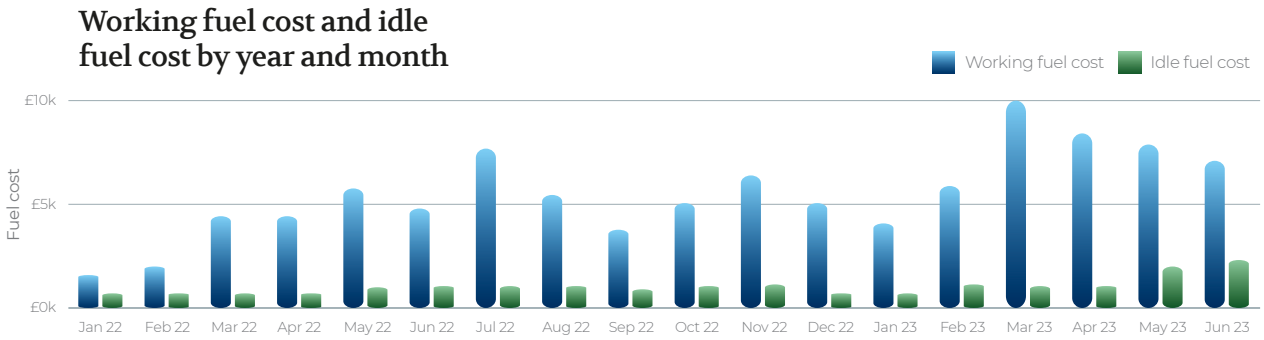
Using digitisation to track and improve project-level carbon performance

The ability to review process with accurate and live data is crucial to the implementation of Keltbray's science-based target.

Scope 1

Keltbray have created a platform which reports the performance of all large plant. This information and either fed directly from an API feed or the raw data directly from the machines telemetry.

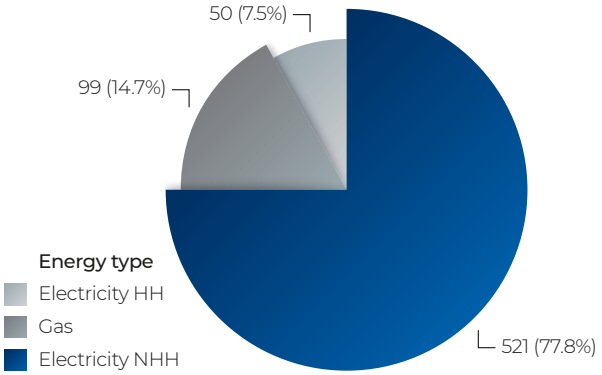
The ability to visualise the performance of our machines and relevant processes provides our project delivery team the insight necessary to challenge and improve our operational efficiency.

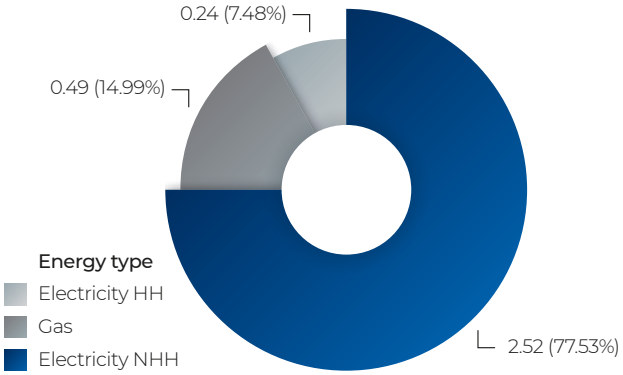


Scope 2

We have extended our partnership with Ecotricity for another 24 months providing our projects, offices and operating workshops and depots 100% renewable electricity and green gas (applicable sites).

By consolidating our supply of energy and relevant supply meter and data collection contracts we are able to visualise the performance of all our relevant users and better understand the demand and efficiency and demand of our operations.





Environmental review cont.

Streamlined energy and carbon reporting compliance statement

Mandatory requirement	Reporting Year 2021 – 2022	Reporting Year 2022 – 2023
Keltbray's consumption used to calculate emissions (kWh)	85,187,550	87,584,497
Keltbray's Scope 1 emissions from combustion of fuel for Plant & Machinery tCO_2e)	10,195	9,711
Keltbray's Scope 1 emissions from combustion of fuel for On Road Vehicles (tCO_2e)	9,238	10,019
Keltbray's Scope 1 emissions from gas combustion (tCO_2e)	88	127
UK Scope 2 emissions from purchased electricity (tCO_2e)	398	738
UK Scope 3 emissions from all indirect emissions (tCO_2e)	114,368	206,471
Total gross emissions (tCO_2e)	164,287	227,066
Intensity ratio (Scope 1 & 2 emissions tCO_2e/£'m turnover)	37.5	29.5

METHODOLOGY USED

The methodology used to calculate Keltbray's total energy (kWh) and emissions carbon dioxide equivalent emissions (tCO_2e) was to break down the energy portfolio:

- The energy (kWh) used in buildings was gained directly from our suppliers as we manage all the contracts centrally. Where this is not applicable, i.e. in a managed building, we take meter readings on a monthly basis and log them on our reporting tool. Using official converting factors the energy used to power our facilities was converted to tCO_2e

Note: the increase in emissions related to gas and electricity are due to having consolidated all of our fixed locations and applicable projects under a single supplier and therefore improved our data. An increase in electricity related emissions is also due to moving away from diesel generators and using mains power to power our projects.

- The energy (kWh) used to power the plant and machinery was gained directly from the fuel suppliers and using official converting factors it was converted from litres of fuel to kWh and tCO_2e. Emissions figure includes HVO biofuel and white diesel

- The energy (kWh) used to power the on-road vehicles was gained directly from the fuel suppliers and using official converting factors it was converted from litres of fuel to kWh and tCO_2e

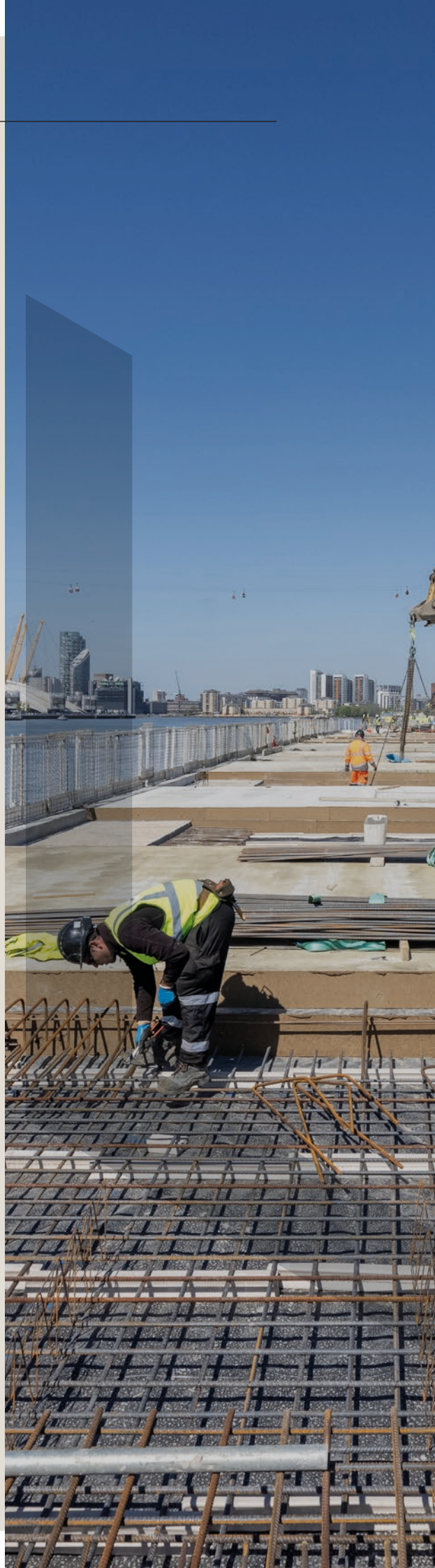
- The Scope 3 emissions have been calculated for all of Keltbray's indirect emissions for category 1a, 1b, 2, 3, 4, 5, 6, 7 & 8 of the Greenhouse Gas Protocol

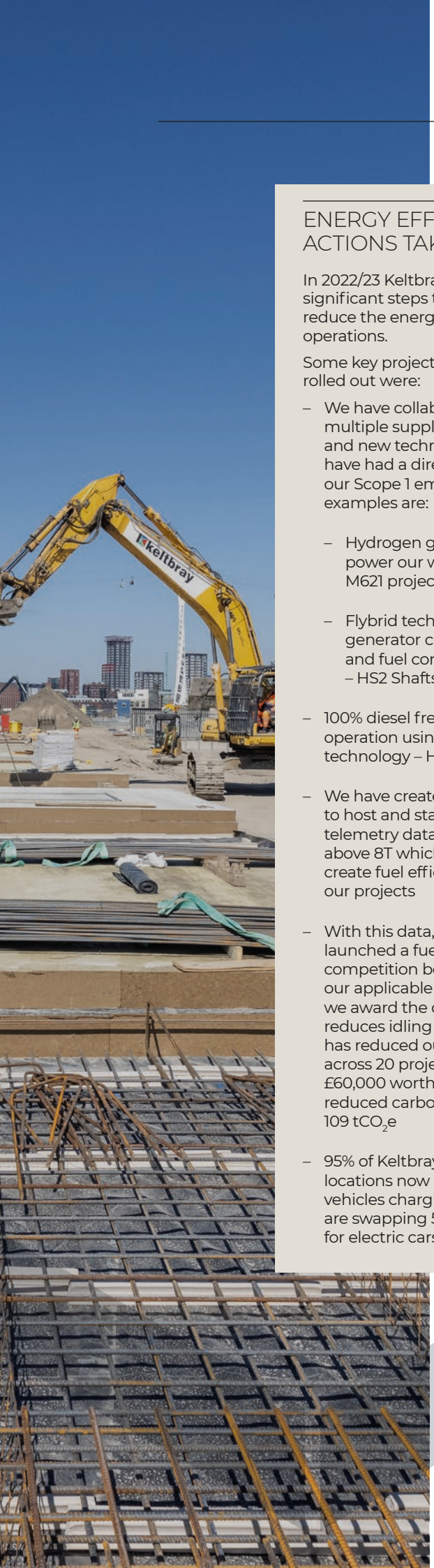
- Where possible, we used actual volumes and suppliers carbon data such as Environmental Product Declarations to calculate the embodied carbon

- Where volumes and product specific carbon data was not available, we used a cost-based carbon calculation to calculate Scope 3 emissions

- Due to acquisitions and changes in Keltbray's capabilities, we have witnessed a larger than 5% increase in our overall emissions inventory which mean we will re-calculate our baseline and set new science based targets.

Note: In 2023 we witnessed an increase in Scope 3 emissions due to an increase in turnover and also due to improved and more accurate reporting techniques.





ENERGY EFFICIENCY ACTIONS TAKEN

In 2022/23 Keltbray Group made significant steps to tackling and reduce the energy demand of its operations.

Some key projects which were rolled out were:

- We have collaborated with multiple suppliers to trial and new technologies which have had a direct reduction to our Scope 1 emissions, a few examples are:
  - Hydrogen generator to power our works vehicle – M621 project
  - Flybrid technology to reduce generator capacity by 40% and fuel consumption by 50% – HS2 Shafts
- 100% diesel free construction operation using battery technology – Heathrow
- We have created a database to host and standardise the telemetry data for all excavators above 8T which enables us to create fuel efficiency reports for our projects
- With this data, we have launched a fuel efficiency competition between all of our applicable projects where we award the driver who reduces idling the most. This has reduced our average idling across 20 projects by 20%, saved £60,000 worth of diesel and reduced carbon emissions by 109 tCO_2e
- 95% of Keltbray's key fixed locations now have electric vehicles charging points and we are swapping 5% company cars for electric cars on a yearly basis
- Between November 2021 and March 2022, 80% of our onsite fuel usage was HVO which reduced local air quality emissions by up to 8%
- We have changed our energy supplier to Ecotricity and are now receiving 100% renewable electricity and the UK's greenest gas
- We have standardised our generator supplier and all our generators are now supported by telemetry data which enables us to review the load in order to identify and reduce inefficient processes
- We are using hydrogen cell to provide clean power to the M621 Highways project, a sustainable alternative to diesel generators
- During 2022, almost 100% of non-hazardous waste sent to Powerday, was diverted from landfill, in line with Keltbray's Environmental policy
- With our circular economy strategy we were able to make significant carbon savings for a number of key materials including structural steel, MEP units and various assorted fixtures, fittings and furniture amongst others
- Reduced reliance on onsite generator use, by connecting sites directly to the mains power, in the last 12 months we've saved 980,000L (£700,000 equivalent) of diesel and reduced emissions by 2,466 tCO_2e
- Diesel generators used on site have been installed a telemetry monitor to ensure efficient power supply and reduced the kVA capacity if generators weren't used at full capacity

2

BIODIVERSITY

Keltbray seeks to understand, avoid and respond to any potential impacts its operational activities may have on biodiversity and sensitive ecosystem areas. Our projects and operations aim to minimise our impact on the environment to the greatest extent possible and will collaborate and support our clients to help them achieve the 10% biodiversity target set in the environmental bill where applicable. We also look for opportunities where we operate to make a positive contribution to conservation and to support local society through initiatives such as volunteering, to support community-based environmental improvement projects.

The biodiversity of a site is assessed when impact assessments are conducted for any new major project or expansions to existing operations. We carefully consider the potential environmental impact of our activities and how local communities may be affected before, during and after operations.

Before we commence works in sensitive environments, biodiversity action plans are developed. This helps us to identify and minimise any impacts during planning, operations and at decommissioning. Measures are taken to restore habitats or ecosystems that are close to our operations and our standards are designed in line with relevant environmental standards.

Protected species training – DEFRA assessments/case studies etc., trees, energy case studies.

3

WATER PRESERVATION

We are taking steps to manage our use of water responsibly – including looking for beneficial ways to recycle and reuse this valuable resource.

As a specialist engineering and project delivery business, we impact water usage both during the construction phases, and the end-use of the built environment and infrastructure assets we deliver. We are therefore constantly seeking new ways to reduce the use of fresh water by substituting grey water as an alternative, increasing availability for local communities.

To ensure the most efficient use of water and the relevant process, we have established an internal process to manage the water supply and discharge required for our operations.

Supported by a strong relationship with the relevant water retailers and wholesalers, we have created an effective way to utilise the water infrastructure for the supply and discharge trade effluent to ensure we benefit from the most efficient supply and don't waste any water by not discharging back into the system. We design and operate our fixed facilities to help reduce their freshwater use, deploying the latest technology to help us improve water efficiency and reduce the pollution of public waterways.





4

CIRCULAR ECONOMIES

Keltbray's core purpose, Redefining Sustainable Development, is centred on viewing everything we demolish as a potential asset for reuse. We define sustainability in demolition by maximizing the value of arising materials for as long as possible.

We have collaborated with our clients, local authorities, engineers and developers to further understand how the material which exists in buildings to be demolished can be reused in the new build itself or in other projects across the industry.

Recent examples of Keltbray's circular economy successes on projects include:

76 Upper Ground

Keltbray were initially awarded the enabling works contract to prepare the building for follow-on permanent works. The enabling works consisted of soft strip, deconstruction of the listed pre-cast cladding, partial demolition, hydro demolition to the exposed slab edges, and concrete cleaning for internal walls and columns.

The works at 76 Upper Ground embodied circularity within the planning stages, whilst also following Stanhope's specifications to dismantle and retain the iconic heritage concrete façades and exterior panels.

Circular economy achievements for the project so far include:

27,360 raised access floor tiles

equating to

169,632kgCO_2e emissions saved

82 listed façade panels (weighing an average of six tonnes per unit)

equating to

88,068 kgCO_2e

95 tonnes of paving blocks

equating to

25,485 kgCO_2e

71 tonnes of bricks

equating to

15,123 kgCO_2e

Keltbray has also organised the reinstallation of 40 tonnes of dismantled steel for the new structure at 76 Upper Ground, with material sourced from another Keltbray demolition project in the London area. This will reduce the embodied carbon of this structural component from 577kg to 47kg per tonne equating to a total savings of 21 tCO_2e.

Environmental review cont.

CASE STUDY

2 Aldermanbury Square

Situated in the City of London, this project encompassed a spectrum of tasks, including soft strip demolition, structural deconstruction, and temporary works, culminating in sub/superstructure reinforced concrete frameworks for GPE.

Sustainability remained central to this endeavour, with GPE's resolute ambition to operate within the principles of a circular economy, aiming to divert at least 98% of operational waste away from landfills. Furthermore, GPE outlined specific social sustainability targets, encompassing local employment, apprenticeships, work experiences, community engagement, and support for the homeless.

The works at 2AS saw the dismantling of over c. 1,500 tonnes of steel from the existing core structures, with the total being assessed and viable for reuse within the GPE portfolio or in the wider industry.

c. 1,500 tonnes of steel dismantled and viable for reinstallation preserving

2,430,420 kgCO_2e

22,032 raised access floor tiles sent for processing and direct reuse saving

3,346.6 kgCO_2e

5,100 carpet tiles reused in exhibitions and later donated to charity saving

67,983 kgCO_2e

6 lift units, in full working order, designated for a test rig before new deployment

50m² of Amtico flooring donated to Woodford Town FC

70 bike racks, 55 planned for donation with 15 retained on site









2 Aldermanbury Square

5

MATERIALS MANAGEMENT

To further strengthen our processing of materials for reuse, we have invested in a 25-year lease in a strategic location accessible from many of our projects and utilising river transportation.

Keltbray's waste transfer facility, located at Plaistow Wharf in Silvertown, London, offers a convenient central location for Keltbray and other contractors to manage waste generated from construction, demolition, and excavation activities. The facility enables the transportation and recovery of waste materials, diverting them from ending up in landfills and promoting beneficial reuse.

Situated within a safeguarded wharf, the site is dedicated to industrial purposes and is leased from the Port of London Authority under a long-term agreement. This ensures the preservation of its vital role as a road-river transport hub.

Plaistow's location enables the utilisation of barge transport for the efficient hauling of materials in bulk. The use of a single loaded barge is equivalent to the use of 55 tipper lorries, achieving both carbon and cost savings. This not only alleviates traffic congestion but also reduces the number of heavy goods vehicles (HGVs) on London's roads. With the capacity to load two barges per day, one per tide, the facility effectively eliminates the need for 110 lorry journeys.

At Plaistow, the team actively implements circular economy principles. Inert waste is recycled on site into aggregates that can be used for piling mats and backfilling on other Keltbray sites. All waste intended for reuse is managed using the WRAP Protocol which ensures it is of a high quality and meets technical specifications.

The facility also adopts circular practices for managing surface water, which is captured and stored on site via a 250,000-litre storage tank. This water, which undergoes filtration and UV treatment, is then pumped through a dust suppression system that is used to dampen down stockpiles in dry conditions to mitigate the risk of dust emissions from site.

The operations at Plaistow are closely linked to Keltbray's Mohawk Wharf waste treatment facility, which is located a short distance away. Mohawk Wharf treats hazardous waste soils through biological processes and screening to remove contaminants from soils that can then be transported to Plaistow for onwards shipment via barge.

The team at Plaistow have specialist knowledge in testing and analysing various waste materials and support divisions across the Keltbray Group. Investment in onsite lab equipment allows them to undertake rapid testing for heavy metal and hydrocarbon contamination in soils and other excavated materials. This allows for better segregation of hazardous materials and further increases the ability to divert waste from landfill.



Environmental review cont.





6

Supply Chain and Responsible Sourcing

SUPPLY CHAIN ENGAGEMENT

Using the framework of PAS 2080, at Keltbray, we actively engage all the members of the supply chain to ensure a collaborative approach to tackle the decarbonisation of the industry.

As constructors and delivery partners we serve an important role within the industry to engage with asset owners and designers and proactively engage and challenge our suppliers.

In the last 12 months we have had several workshops with policy makers, concrete, steel, power generation, alternative technology suppliers, engineering designers and all of our relevant clients and communities to expose this integrated challenge we have.

We have also collaborated and contributed on many different initiatives, such as...

Keltbray gets involved at London Build Expo 2023

Keltbray was pleased to have been a part of this year's London Build Expo. Below are some key takeaways from our involvement through panel discussions by some of our captivating thought leaders:

Sustainable communities

Engagement isn't just a word for Keltbray; it's a commitment. Our proactive community involvement focuses on sustainable employment for local residents, fostering relationships within London boroughs, and creating advocates within communities. Keltbray's work with ex-offenders exemplifies our inclusive approach, making a real impact beyond construction.

Insights on a 'Sustainable Skyline Taskforce'

Holly Price emphasized the imperative of ESG (Environmental, Social, and Governance) practices and highlighted the need to diversify the construction workforce. Addressing the ethnic pay gap and promoting EDI (Equality, Diversity, and Inclusion) brings not only societal benefits but also a compelling case for sustained industry growth.

Initiatives and challenges

The industry faces a wealth of information and initiatives, sometimes leading to information overload. There's a need for better clarity and streamlined communication to guide individuals considering careers in construction. Bringing sustainability professionals into communities and measuring performance through data collection are crucial steps.

Circular Economy vision

Kiro Tamer's insights transcended beyond carbon reduction, envisioning a circular economy in construction by 2050. Materials passports and the concept of London as a materials bank, opens doors for sustainable practices. Learning from other industries like textiles and enhancing supply chain engagement early in projects are keys to success.

Collective Actions for Change

The call for collective action was loud and clear. Businesses need to introspect and align with the triple bottom line – people, planet, profit. Understanding local impacts, creating optimal work environments, and fostering collaboration at every stage of construction.

Key challenges and solutions

Addressing challenges requires a multifaceted approach: integrating circular economy principles in contracts, educating design teams, utilising platforms like Globechain, and working closely with policymakers like the GLA. Metrics creation, reports, and handbooks are essential tools in this transformative journey.

Sustainability in numbers

Kiro also contributed to a panel discussion emphasising the crucial role of accurate sustainability data, its pitfalls, tools for collection, collaboration's significance, and industry-standard practices in steering construction towards a net-zero future.

London Build Expo 2023 set the stage for a more inclusive, sustainable, and innovative construction industry. Let's keep collaborating, learning, and building a better tomorrow, one sustainable brick at a time!

The aspirations are ambitious yet achievable – genuine visibility of diverse workforces, collaborations driving change, and investments promoting sustainability. Making tangible progress, creating value, and reimagining the future of construction.


PETZL
keltbray
keltbray
ph2
Promote Health
Prevent Harm

Social Value review

1 HOW WE DELIVER SOCIAL VALUE

At Keltbray, Social Value is created when our people and businesses make a conscious and concerted effort, and where the effect of their actions generates social change by contributing to the long-term wellbeing and resilience of individuals, the company and wider society.

Keltbray's business model means we take direct responsibility for delivering on our promises to consult, improve and leave a positive legacy in the communities in which we work. Through our skills and communities team, we develop and deliver tailored local community development programmes through a partnership approach, working extremely hard to ensure that the communities benefit from the built environment and infrastructure solutions we deliver, not only during the construction phase but also throughout their operational life.

Our 'Social Impact' measurement

Keltbray has a credible history of delivering Social Value through our projects. Over the past year, we have explored how we can record and report the true impact of our actions in a way that fully showcases our efforts. To do so we have now adopted an impact measurement platform which uses the Impact Evaluation Standard (IES).

This will allow us to convert our social impact into an indicative financial value, as well as providing a transparent, consistent and auditable model for tracking and valuing many business activities.

The Impact Evaluation Standard (IES) enables us to bring consistency and additional rigour to our auditing and reporting of Social Value for individual projects and across the Group, encompassing economic improvement, sustainability and community benefit aspects. The framework is led by a Steering Committee of industry experts alongside other specific working groups, which together create one of the most robust, consistent, up-to-date and forward-looking Social Value measurement methodologies available.

The IES framework is a collection of 113 metrics and supporting guidance which has been developed by industry experts in accordance with the UK Government's Green Book Guidance and which aligns directly to, and builds upon, the UK Government's Social Value model including Procurement Policy Note 06/20 (PPN 06/20). The framework includes a range of custom 'Proxy Values' which allow organisations to convert the social impact they are creating into an indicative financial value.

These financial values of social impact or economic benefit that provide an additional way to quantify Social Value, compare outcomes between projects or organisations, and evidence impact to society. As part of this, the derivation of proxy values for the Impact Evaluation Standard follows the cost-benefit analysis' methodology recommended within the UK HM Treasury and Green Book guidance. Cost benefit analysis (CBA) estimates the benefits and costs of a project by how it affects the wellbeing of individuals in society and it measures this in monetary terms. The monetary values are estimated in such a way that they represent changes in people's quality of life. CBA is currently the internationally endorsed best practice method.

Keltbray have long been committed to social sustainability, with further evaluation through impact measurement we can drive continuous improvement to redefine the way sustainable development is delivered.

Keltbray's Social Impact report 2023 focused our activities against the UN's Sustainable Development Goals and targeted our delivery in line with turnover to drive social value across the Group.

To measure our Social Value, we have adopted a platform that uses the Impact Evaluation Standard (IES), calculating the added benefit of our activities as a monetary figure. The IES enables us to bring consistency and additional rigour to our auditing and reporting, encompassing economic improvement, sustainability, and community aspects. The IES framework is a collection of metrics and guidance which has been developed by industry experts in accordance with the UK Government's Green Book Guidance and which aligns directly to, and builds upon, the UK Government's Social Value model including Procurement Policy Note 06/20.

This year we have continued to build on our community partnership approach, developing new relationships and strengthening established ones. The continued support allows our initiatives to evolve and expand to maximise impact.

Impact Evaluation Standard

thrive

Social Value is created when a conscious effort is made by people and organisations where the effect of their actions excite social change. These can be seen as adding Social Value by contributing to the long-term wellbeing and resilience of individuals, communities and the society in general.





Support is offered to community organisations, charities and local businesses to ensure that we bring local benefit and leave a positive legacy. There are focussed support programmes in place and the activities take the form of community investment, enhancing the environment and local economy initiatives.

Learning involves direct contact with communities through formal training partnerships and curriculum engagement activities. This includes careers advice events, development frameworks, bespoke training for customers and hard to reach groups.

Our projects are engineered with people in mind both at Keltbray and in the community. This comes in many forms and requires a bespoke approach to traffic management, economic interface and community initiatives to name a few.

Engagement is generally community focussed and allows Keltbray to get to know neighbours, stakeholders and local businesses. We have become part of the community to keep them informed and offset any impacts of our works. Community engagement is proactive, operating consistently alongside our projects to inform our support activities.

Following an incredibly active year for Social Value across Keltbray, we are delighted with the progress being made across the Group to deliver sustainable social impact report that benefits individuals, the company, and the wider society.

TOTAL SOCIAL VALUE GENERATED

£66,025,905.41

IES VALUE

£2,900,761.54

Local Employment

Local Employment

79

People

IES VALUE

£34,881.73

Volunteering

Volunteering

1,059

Hours

IES VALUE

£164,608.85

Apprenticeships

Apprenticeships

33

People



Social Value review cont.

Donations and Fundraising

Making funds available for charitable causes and encouraging fundraising initiatives.

Keltbray jointly sponsored the British Down Syndrome Swimming Championships with one of our key supply chain partners.

£544k

Environmental stewardship

Recognising the social impact of reducing our carbon emissions, enhancing biodiversity and protecting the natural environment.

Our Built Environment projects implement circular economy initiatives to re-home and re-use items and materials from sites, offering them to local charities, businesses and individuals to reduce waste and support communities.

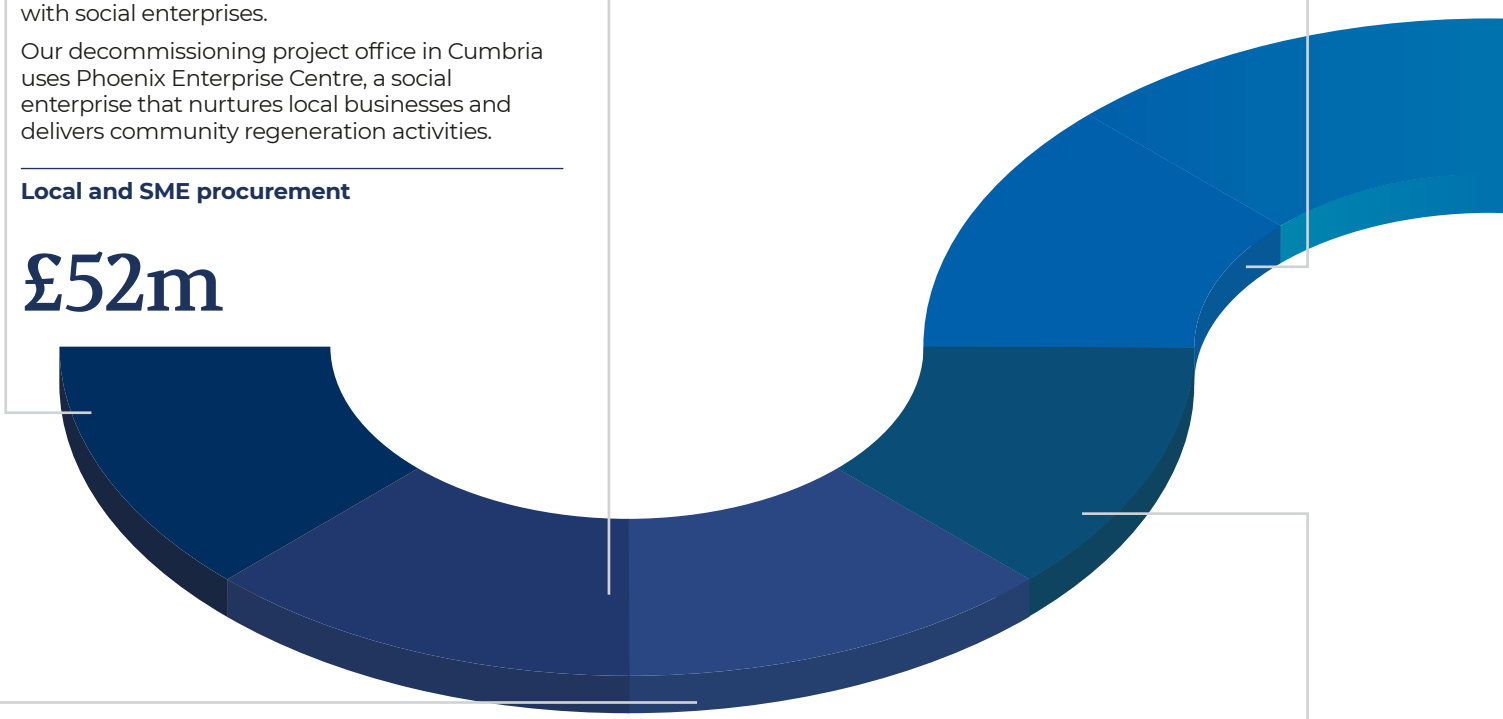
£191k

Exploring opportunities to boost local economies, support growing business and work with social enterprises.

Our decommissioning project office in Cumbria uses Phoenix Enterprise Centre, a social enterprise that nurtures local businesses and delivers community regeneration activities.

Local and SME procurement

£52m



Local Employment

79 People

£2.9m

Providing employment opportunities for those that live local to our projects.

Through the HS2 Curzon Street project we engaged with Birmingham City Council's job brokerage prior to the project start so that we could maximise opportunities, so far we have shared three job opportunities and employed two people from the local area.

Mental Health and Wellbeing Initiatives

£366k

Providing in-house wellbeing programmes and medical advice to ensure our people are fully supported.

Keltbray regularly deliver Mental Health First Aid training across the group to add to our ever-growing team of Mental Health First Aiders, making sure efficient support is available in all areas of our business.

Apprenticeship opportunities

33 People

£164k

Enabling people to develop their skills and careers through a wide range of craft and high-level Apprenticeships.

Among many, this year we enrolled our first Scaffolding Apprentice through our Built Environment projects. Our Learning & Development team provide comprehensive support to apprentices starting their trade.

Community engagement

764 Hours

£24k

Working with the community to identify and deliver support initiatives that bring benefit to those who live and work in the local area.

Our Crewe office, along with other groups in the community, got together to reinstate flowerbeds to a local green space. Being embedded in the community meant we were aware of the council's focus on biodiversity and happy to support.

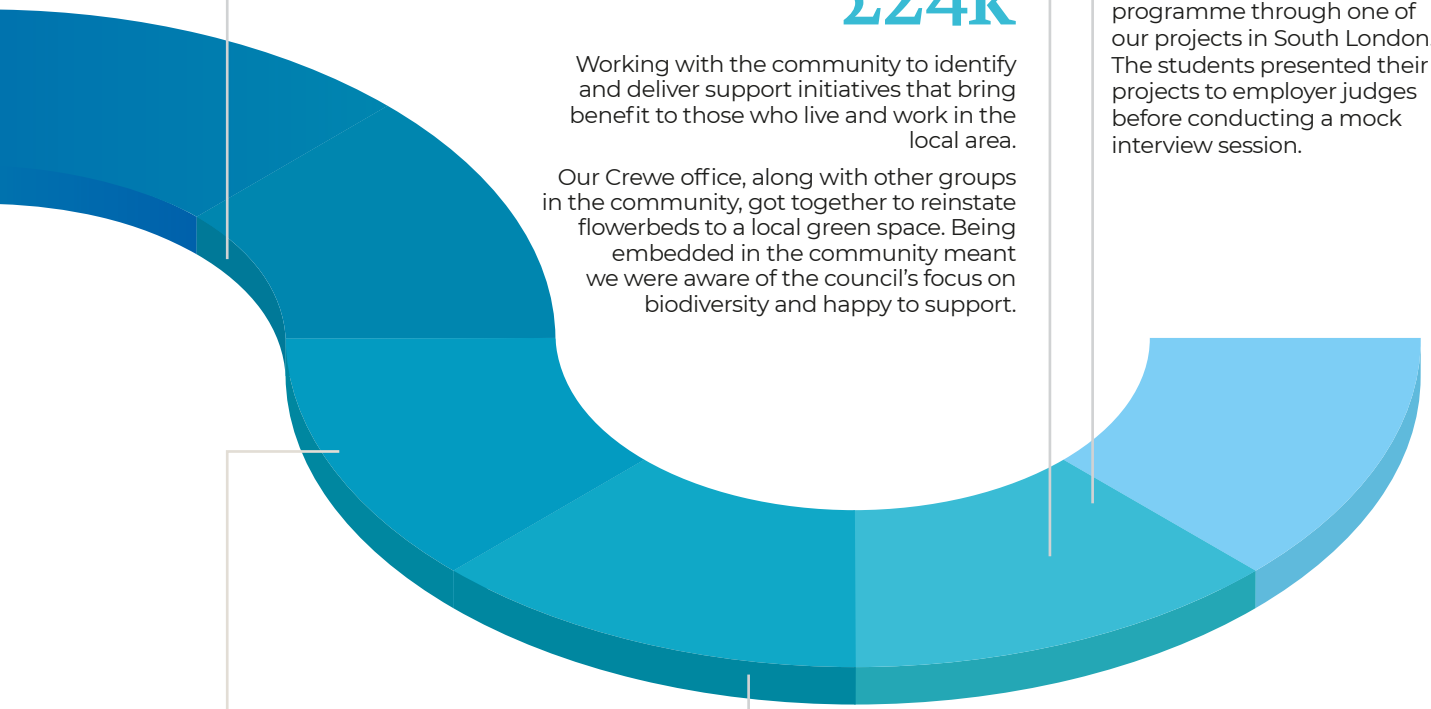
Education engagement

461 Hours

£14k

Interaction and engagement with students at all levels to promote thinking about construction careers and inspire further study in STEM based subjects.

Keltbray took part in the Construction Youth Trust's 'Building Future Skills' programme through one of our projects in South London. The students presented their projects to employer judges before conducting a mock interview session.



Training and work experience placements

196 People

£100k

Our work placements provide an insight into our business and the wider industry to support further studies and career choices.

Keltbray's Highways business welcomed Year 12 students from UTC Leeds as part of the M621 project. The week was packed with talks and tours, including visits to our supply chain's operations, concluding with a career discussion attended by our apprentices and graduates.

Volunteering

1,059 Hours

£34k

All our people are encouraged to use a day of their work hours to support a charity or community organisation.

Our rail projects in the east of England gave their time to support Hamelin Trust, who help families and children with learning disabilities. A team of volunteers from Keltbray painted their garden project canteen and lent a hand to build their access path.

PH² Promote Health Prevent Harm

Health, safety and wellbeing

Keltbray's primary focus, above all others, is to maintain a safe environment and healthy working conditions for all employees and supply chain partners wherever they are working. However, we recognise our obligations extend further than just safety, and include our responsibility for people's health and wellbeing.

To this end, we've strived towards creating and maintaining an inclusive culture where everyone has the ability to thrive and contribute to our sustained growth and success. This focused approach has evolved since the release and implantation of our five-year Group Health, Safety and Wellbeing strategy, launched in January 2022.

Our strategy, referred to as PH² (Promote Health, Prevent Harm) aims to facilitate:

PH² – A linked strategy for health, safety and wellbeing

PH² combines the conventional Health & Safety, and Health & Wellbeing approaches, intrinsically linking them under a shared PH² vision. Our philosophy, culture and processes are mirrored wherever possible, and only when we reach delivery specifics and their supporting narratives do we distinguish between our approaches to achieve maximum operational effectiveness. This approach will enable Keltbray to:

Support our core purpose – to redefine the way sustainable development is delivered, and business strategy – 'Unleashing our potential' to achieve sustained growth.

- Maximise continuous improvement opportunities and minimise risks
- Align both strategies to ensure operational success
- Create an industry standard of parity between Health & Safety and Health & Wellbeing
- Utilise one singular module and common language

Highly-engaged and informed people drive health and safety improvement. As part of our people development activities, Keltbray's health, safety and wellbeing training and educational programmes are both interpersonal and/or technical-based. In 2022, Keltbray fully implemented the Safety, Health and Environment Leadership Team (SHELT) framework to develop our safety performance through the inclusion of our operational teams, focusing on two-way communications and empowering leadership at all levels.

The Strategic SHELT, with the support of the Tactical SHELT, undertakes a continuous review of health and safety performance, identifying trends, innovations and opportunities, setting a clear plan of focused activities. This approach corresponds to the Decent Work element of UN Sustainable Goal 8.

Keltbray self-delivers occupational health and wellbeing for its people through its in-house 'Thrive' health and wellbeing programme and occupational health practice – KML. This not only provides the capability to promote health, but also the ability to respond in an agile and effective manner to prevent harm. This approach has proved invaluable in achieving ISO 45003 'managing psychosocial harm' full accreditation in July 2023. During 2023, through Thrive, new Mental Health First Aiders were trained in house, closing the year with 227 available across the business.

350 proactive health and wellbeing checks were delivered along with a programme of campaigns and training. Additionally, KMLOH performed 3,564 employee assessments across the range of medical priorities it delivers on behalf of the Group. The Thrive team supported delivery of the 'Thinking Clearly Under Pressure' (TCUP) psychological safety course, training 337 Keltbray employees in 2023.

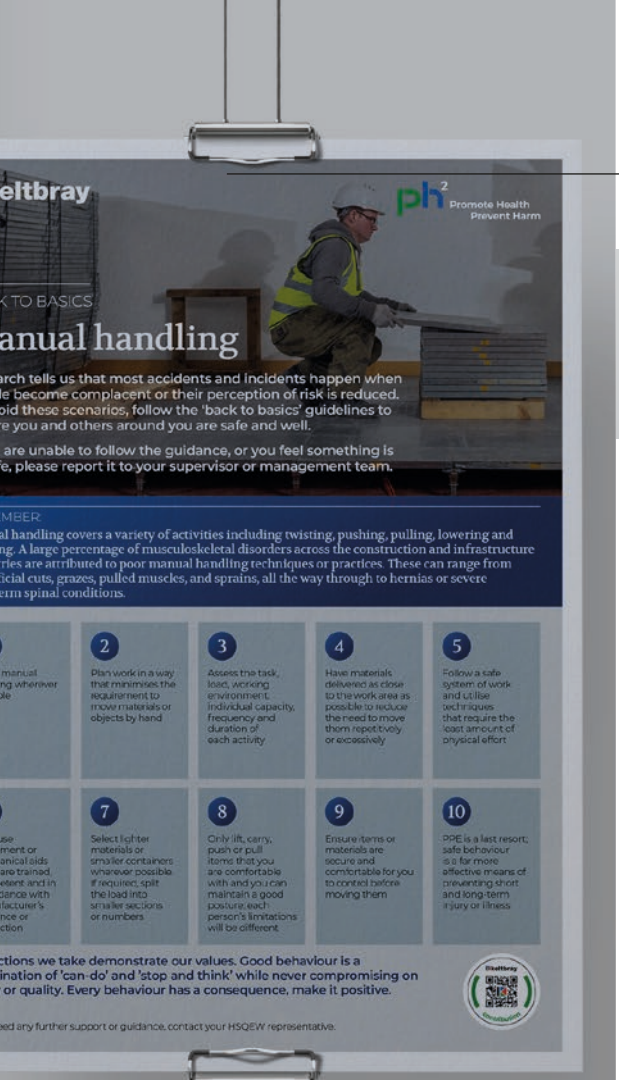
Receiving the ISO 45003 full accreditation reflects Keltbray's ongoing commitment to the health, safety, and wellbeing of its people.

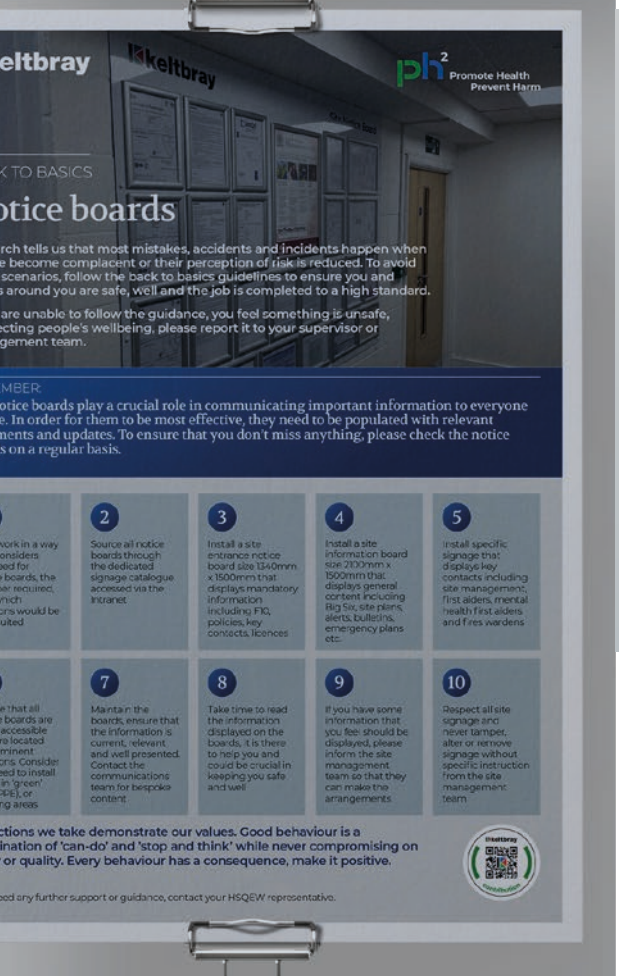
By paying particular attention to our employees' health and wellbeing during the year, we were able to quickly amend and mandate our smart-working practices supported by mental wellbeing resources to ensure our people remained healthy and motivated during the toughest of times. A clear example of our serious commitment in this arena, was the decision in September to award an annual pay review for all employees that took effect on 01 November 2022.

The percentage of this pay rise was scaled to ensure that those who are being hit hardest by the economic uncertainty and inflationary pressures receive the most benefit. The maximum pay rise was 5% and applied to around 75% of our PAYE people. In addition, the Group also made an exceptional cost of living payment of £1,000 to all our colleagues on a basic salary of £50K or less.

Our health, safety and wellbeing performance determines our viability as a business – it is a pre-requisite of our ability to grow and develop the business and constitutes our license to operate. Keltbray measures performance using a series of metrics, including leading and lagging indicators.

One of our leading indicators is the number of leadership safety audits to promote a clear, visible, engaged safety leadership approach under the terms of reference of the Strategic SHELT with 293 HSW-orientated audit engagements being completed, demonstrating the focus placed on safety performance by our executive.





Group

AFR

0.11

Under 'The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)', revised in 2013, Accident Frequency Rate (AFR) is an industry standard 'lagging' defined as the number of injuries reportable under RIDDOR 2013, multiplied by 100,000, divided by employee hours worked. This formula provides a rolling frequency rate over the proceeding 12-month period.

Given the increasingly integrated working practices and processes employed by both our Built Environment and Infrastructure businesses, we aggregate and report AFR at the Group level to provide a holistic safety performance for all our operational delivery activities.

Accident Frequency Rate (AFR) is an industry-standard measurement equivalent to one reportable lost-time incident resulting in more than three working days' absence per 100,000 hours worked.

The Group's health and safety approach is aligned through our Promote Health, Prevent Harm (PH^2) programme.

Performance

We've continued to see an improved and year-on-year decline on our Group AFR, positively down again from FY 2022. Given the significant increase in work volumes delivered during the year, this result represents a continual underlying improvement in our safety management approach, validating the investment in the leadership time and resources given to all our behavioural safety programme.

HS&W strategy overview

Unveiling our vision and redefining sustainable health, safety and wellbeing

Concept

PH^2 demonstrates a new approach, an evolution of our thinking and an alignment of our health, safety and wellbeing aspirations. Conceptually, PH^2 combines two distinct strategies that work in unison to deliver improvements in our overall performance. Both facets are intrinsically linked, sharing the same vision, process, culture and philosophy; in essence, this demonstrates how we will redefine health safety and wellbeing.

Strategy principles

- Creates equivalence between health, safety and wellbeing – as a mutually reinforcing cycle
- Utilises a single delivery model and common language
- Directly complements and supports our business strategy
- Embodies our 'one Keltbray' delivery ethos

Wellbeing education

Attracting, developing and retaining talented people is central to Keltbray's long-term prosperity. We must create a working environment where our people can thrive by having consistently good days at work. Therefore, we continue to prioritise this as a strategic objective and drive positive progress. Recent employee surveys undertaken specifically to track employee engagement through the COVID-19 period have confirmed that they believe the Group takes its 'Duty of Care' with regard to employee welfare incredibly seriously.

Important advantages for Keltbray are that it has a strongly embedded set of values that inculcate everything it does, many professional development opportunities across a range of different businesses, customers and sectors, and a strong purpose – all factors increasingly sought and highly valued by potential and current employees.

Externally-focused learning often involves direct contact with local community agencies, schools and social enterprises, as well as hard-to-reach social groups, to offer routes into formal training, self-improvement and curriculum activities. These include employability workshops, training frameworks, STEM ambassadors, bespoke training for customers and socially disadvantaged groups, including ex-offenders.

110
professionally chartered engineering professionals employed by Keltbray

200
colleagues belonging to professional memberships

104
employees on full-time training internships, apprenticeships and graduate development programmes

65
on apprenticeships

39
graduates

flex

In Spring 2021, we launched a new learning management system known as Flex (Focused learning experiences). Since then, our library of content has grown significantly, the majority of which has been created in collaboration with subject matter experts within the business. Flex is available on all smartphone handsets, PCs and tablets. In 2023, we launched more than 80 new modules brining our total number of modules to 400.

Flex provides us with the ability to effectively plan or efficiently react to identified learning needs and make relevant and engaging content available to access at any time, from any device, anywhere.

Over 8,250 individual modules were completed on our digital learning platform in 2023, bringing the total number of completed modules to date to 23,250.

FLEX HIGHLIGHTS

We track the most popular training content, and the Top 5 courses of 2023 were:

1. OUR CODE OF CONDUCT
2. INTRODUCING PH² – OUR HEALTH AND SAFETY INITIATIVE "PROMOTE HEALTH, PREVENT HARM"
3. OFFICE SAFETY
4. FATIGUE MANAGEMENT
5. DISPLAY SCREEN EQUIPMENT (DSE)

2

DECENT WORK

Our operational culture is driven by a comprehensive behavioural engagement programme of training and development modules entitled: Operational effectiveness strategy – 'smart thinking, delivered'.

This transformation agenda is aligning behaviours and providing clarity on important issues such as safety management, skills competency and role accountability, while providing our people with relevant information to be more effective in their roles, and to seek their views on matters of common concern through their representatives and through line managers. Priority is given to ensuring that employees are aware of significant matters affecting the Group's safety performance, issues of inclusion and diversity, and wider standards of ethical business conduct.

Our policies and practices are aligned with the Group's purpose and values, in particular we are progressing with the development of a single Code of Conduct. The Code is being designed to hold in one place the business ethics we hold, and how we are to behave, and over time will empower employees, customers, suppliers and other stakeholders to raise any issues or concerns, either directly or anonymously. This is a key element as we continue on our strategic growth journey.

The exchange of views with leadership is facilitated through targeted employee surveys like 'Good Days at Work', leadership briefings, the intranet, team away-days, and site stand-downs. Directors also visit project sites on a regular basis. This engagement has assisted in the creation of employee value for the workforce in a number of ways, including the addition of relevant employee benefits, availability of Mental Health Champions, initiatives driven by the Strategic and Tactical SHELTs, and the creation of the Inclusion Committee.

We also publish a Gender Pay Gap report annually. This report outlines the outcome of our gender pay analysis for our UK employees as of April 2021 and our areas of focus in relation to equality, diversity and inclusion within our business to ensure a level playing field for all. Although we acknowledge we still have a great deal of work to do to improve in this area, we have a determination to reduce our gender pay gap and the effect it has on our colleagues over time.

We continued to develop our strategic training and development programmes to help shield the Group from the growing skills shortage in the industry. Our sustainable approach covers entry-level trade apprenticeships through to graduate development, management training, and leadership enhancement, alongside accredited technical and professional development courses to ensure our trade skills remain at the forefront of the industry.

24

dedicated in-house professional training providers

70,000

hours of skills and development training delivered during FY2023





5% CLUB

In 2023 Keltbray were delighted to announce it had been awarded Gold accredited membership via the 5% Club's 2023-24 Employer Audit Scheme. This award recognises our significant contribution to the continued development of all our Employees through 'earn and learn' schemes such as Apprenticeships, Graduate Schemes and Sponsored Students Course placements.

We are proud of our investment in our staff members, which is why we joined the 5% Club. The 5% Club is a dynamic movement of Employers all of whom are inspired to take positive action for increased, inclusive, and accessible workplace training for all. The 5% Club represents over 1.6 million employees from over 900 companies, 101,000 of whom are in 'earn and learn' schemes. The Employer Audit is a unique scheme which validates the employers' activities, explores their future plans and commitments, as well as examining their approaches to quality, social mobility, diversity and inclusion.

DIVERSITY AND INCLUSION

At Keltbray, we are proactively striving towards a more tolerant and inclusive environment. Our people are at the heart of our business with health, safety and wellbeing one of our core values. We know that in order for the workplace to be a safe environment, physically, mentally and emotionally, our employees need to be able to bring their whole self to work. To achieve this the Inclusion Committee was formed to support the Group's sustainability strategy, demonstrating our commitment to The UN's Global Goals for Sustainable Development.

Our goal is to ensure our people thrive because Keltbray is a great place to work where everyone is valued. We will do this by working together to build a diverse business which represents the communities in which we operate and our ever-evolving society. We advocate for difference and champion diversity to foster an inclusive environment that allows our people to bring their true selves to their work every day, and enable our people to thrive by promoting health and preventing harm.

"Receiving Gold membership from the 5% Club is a significant milestone for Keltbray, reflecting our commitment to the continuous development of our colleagues."

James Dawson
Head of Learning and Development

OUR PEOPLE STRATEGY

Keltbray, with its unwavering commitment to its people, recognises that they are the cornerstone of our success. This ethos is deeply ingrained in our organisational DNA and permeates every aspect of our business.

In 2020, following the endorsement of our growth strategy and business plan, Keltbray conducted a comprehensive review of its people infrastructure, processes, and employee value proposition. The goal was to ensure alignment with and support for our ambitious business objectives. As a result, we introduced a new People strategy aimed at enabling and bolstering our sustainable growth trajectory – aptly named 'Unleashing our potential' – while staying true to our core values.

The central purpose of this People strategy is to create an environment where our employees thrive, and the business flourishes as 'one Keltbray'. In 2024 we will continue on this journey and launch a new People strategy with the aim to embrace new technologies and grow the strategic value we can offer the Group whilst building on the past five years and continue the key themes of our current strategy, which are:

Strategic outcomes

- People thrive because Keltbray is a great place to work where everyone is valued
- The best people want to join the 'one Keltbray' team because we develop them to achieve their goals
- Our people are agile, customer-focused and easy for our clients and partners to do business with

Key enablers

- The People function is industry-leading, agile and easy to do business with
- The People function helps the business to be lean and efficient
- The People function contributes to business growth and delivery

These are underpinned by a comprehensive action agenda specifically designed to support the achievement of both the outcomes and the enablers. Given the background context of coming out of the pandemic, we have made strong progress against all these priorities.

During the review period we made great strides forward in the transformation of our people journey.

2023 GENDER PAY GAP PERFORMANCE

Our 2023 Gender Pay Gap results reveal:

Although there was no material improvements in the reported metrics when compared with the previous year, this is not because our focus has dimmed or commitments have not been actioned.

HIGHLIGHTS INCLUDE:

- Our Grow, Perform, Succeed (GPS) performance review process has been fully embedded, we now use this as the basis to identify and nurture top talent to ensure that individuals have the platform to progress their career at Keltbray and ensure the retention of key talent
- Development and launch of Keltbray's inaugural Graduate Scheme, enhancing talent pipeline with 12 graduates joining the company
- Flex, our digital learning management system which has revolutionised the way we approach training in the business is now fully implanted enabling us to provide a comprehensive library of online training and development allowing for a blended approach to learning whilst still recognising the value of face-to-face delivery
- We continued to recruit, retain and develop over 70 apprentices in numerous roles
- While acknowledging the industry's historical difficulties in attracting female talent, particularly in operational roles, Keltbray were thrilled that our female workforce grew by 3% in 2023 as we celebrate the robust representation of women in our early careers segment. Our aim now is to support and encourage these talented women to advance their careers within Keltbray, nurturing their progression to senior roles
- Our job levels framework is embedded that allows us to provide a better structure for how we group, manage, develop and reward our people
- As part of the ongoing review of our benefits package, we introduced a cycle-to-work scheme across the Group
- We provided a 3% pay review to all staff in 2023 recognising that the cost of living in the UK remains high
- In 2023, we launched a people ticketing system for the management of people queries allowing us to monitor the volume and response time to ensure that our employees receive advice in line with our service level agreement
- We continued to hold Leadership events throughout 2023 to enable increased communication, collaboration, and input into the company's strategy
- We continue to provide 'We Care' which is a comprehensive health and wellbeing support service, giving all our people to 24/7 support, counselling sessions, financial advice, legal advice and a virtual GP service

CASE STUDY

Bathgate OHL Training Facility

Our Overhead Line (OHL) Training Centre in Bathgate, Scotland, offers essential training in OHL installation, refurbishment, and maintenance for existing staff and new recruits.

Ensuring we expand and retain key talent in the industry; our facility includes isolated transmission towers and distribution wood poles for safe training on new systems relating to an overhead electricity network.

With significant training space and versatile yard configurations, we provide effective theoretical and practical training under EUSR and NUCO approval, ensuring safety and scalability.

Further supporting our staffs learning, our e-learning platform Flex, offers a host of self-directed educational resources; we also use SkillKo, an online tool that streamlines skill management and training administration, enhancing workforce competency.

Our relationship with Distribution Network Operators such as UK Power Networks, bolsters training for external personnel, alleviating workloads for these third parties in their training requirements. As part of our relationship, our staff receive fast-tracked authorisations to help get them onto sites with ease, following training completion and successful interviews.

A PLACE WHERE OUR PEOPLE THRIVE AND THE BUSINESS SUCCEEDS

- We have embedded the Inclusion Council within our Corporate Governance Framework which is made up of representatives from across the business to set and drive the Inclusion strategy for Keltbray
- We deployed inclusion and diversity training as a mandatory module for all new starters as part of their induction
- In 2023 we carried out STEM and career events in local schools and colleges, including schools where social mobility is historically low and to promote careers in construction
- We implemented various types of agile working arrangements across our business, wherever possible, particularly in support of people with parental and care responsibilities
- We continue to streamline our people systems to make us more efficient and easier to do business with culminating in the implementation of a new people system in 2024 which will drive better reporting data to aid the business.
- We continue to develop a structured manpower planning process to enable us to more accurately forecast our labour needs in the short, medium and long term
- We continue to extend our talent database even further so our resourcing team have access to the best talent in the industry as we grow and expand
- Continue to take significant steps to achieve best in class people compliance processes and procedures





3

SUPPORTING LOCAL COMMUNITIES

Community engagement helps Keltbray to get to know, and ultimately bring benefit to, its project neighbours and local businesses. This comes in the form of 'meet the buyer' events, school engagements for safety and careers, employer forums including job fairs, Curriculum Vitae (CV) workshops and local mentoring. This can also include neighbourhood and stakeholder engagement to reduce environmental impact.

Support is offered locally to ensure the impact of our works on the neighbours and local businesses is positive and goes beyond compliance with contractual terms to leave a sustainable legacy, based on the principle that we take every opportunity to leave a community in better shape – socially, environmentally and economically – than when we arrived in it. We drive this approach through dedicated community liaison teams who possess the relevant local and project knowledge to formulate and implement a bespoke programme of social value initiatives. This approach is underpinned by formal tracking and reporting systems to manage our relationships.

Our projects are designed and engineered with people in mind, both at Keltbray and in the community. This comes in many forms and requires a bespoke approach to traffic management, localised economic interfaces and community partnerships. Ultimately, we aim to improve communities through the quality and effectiveness of the engineering solutions we deliver in the physical environment.

There are five key goals generally covered in any Keltbray Social Value project liaison plan:

Jobs

Promote local skills and employment

To promote growth and development opportunities for all within a community and ensure that they have access to opportunities to develop new skills and gain meaningful employment

Growth

Supporting growth of responsible regional business

To provide local businesses with the skills to compete and the opportunity to work as part of public sector and big business supply chain

Social

Healthier, safer and more resilient communities

To build stronger and deeper relationships with the voluntary and social enterprise sectors whilst continuing to engage and empower citizens

Environment

Decarbonising and safeguarding our world

To ensure the places where people live and work are cleaner and greener, to promote sustainable procurement and secure the long-term future of our planet

Innovation

Promoting social innovation

To promote new ideas and find innovative solutions to existing community issues and problems

During the year in review, our social sustainability programmes helped achieve the following:

56 Community Bodies we support linked to a specific localised community

399 hours of curriculum support activities organised to promote STEM learning and construction as a career option

54 separate investment initiatives completed throughout the year

684 young people engaged through our outreach work, including educational and community stakeholders

34 new apprentices recruited in FY2022, with four new apprenticeship schemes added to Keltbray curriculum including two Level 7 Master Degree apprenticeships

£544,000 donated to worthy charitable causes and sponsorships, including the Teenage Cancer Trust – our selected corporate charity partner, through the Keltbray Foundation

55 graduates employed on development schemes, plus 10 people on internships and work placements from other organisations

CASE STUDY 1

Creating apprenticeship opportunities for under-represented Londoners

Keltbray pledged a proportion of its unspent levy funds to create new apprenticeship opportunities for Londoners. Partnering with the Workwhile to help small businesses progress in construction and the built environment.

The levy gifting will create new apprenticeships that allow individuals to secure better quality, higher paying, more stable employment and give London's businesses the capacity and skills they need to thrive.

Collaborating with the Workwhile in promoting a diversity and inclusion agenda aligned to our corporate social responsibilities' metrics. Targeting under-represented individuals furthest away from the job markets and affording the progression pathway routes aids the apprentice's social mobility and financial resilience.

Engaging with underserved communities, highlighting the opportunities in the construction industry. Promoting the London Living Wage scheme for individuals creates high-quality apprenticeships that benefit the capital's residents and businesses.



CASE STUDY 2

M621 project

In 2022, Keltbray embarked on the M621 Junctions 1-7 Improvements project on behalf of National Highways.

M621, valued at £49.8 million, focuses on enhancing carriageway infrastructure and implementing advanced technologies to alleviate traffic congestion in Leeds City Centre.

From the project's inception, Keltbray set out to prioritise inclusivity by creating a project inclusion action plan, to realise tangible outcomes that recognise the importance of engaging with diverse communities.



CASE STUDY 3

Open Doors 2023

Keltbray regularly take part in Build UK's annual Open Doors event which takes visitors behind the scenes of construction projects offering an insight to the build environment developments in their community. This year we were delighted to showcase two of our sites, Museum of London and 2 Aldermanbury Square. We welcomed a group of budding engineers from the Institute of Structural Engineers Young Members Group, students from Wandsworth Virtual School, a group of young people from Youthbuild UK and residents from the local community.

Visitors were taken on a site tour, led by our project managers, to see how our works are progressing and the engineering solutions we have implemented. Following the tour we took some time to speak about careers in construction to each group and answered their insightful questions.

Keltbray deliver a wide range of community and curriculum support activities but experiencing a live site is the best way to have an impact.



BUILDING RELATIONSHIPS WITH THE DEAF COMMUNITY

Our work with people in the deaf community has been shaped by early discussions with local stakeholders including Leeds City Council and Leeds Society for Deaf and Blind People.

These discussions helped shape our interaction with some of the communities in South Leeds. As part of our discussions, we were able to learn more about the extent of hearing impairment and challenges in this area.

Recognising that communication is key and ensuring we fostered accessibility and inclusivity with all our stakeholders, we leveraged insights from accessibility officers and local diversity data to tailor our interactions.

Central to our plan was the hosting of a focus group, providing a platform for the deaf community to voice their experiences and concerns directly; through presentations and open discussions, helping us gain invaluable insights into the community's needs and preferences. To bridge communication gaps, we employed various means, including simplifying written materials and incorporating British Sign Language (BSL) interpretation.

The success of our engagement efforts was evident in the positive feedback received from both Leeds City Council and the deaf community.

Moreover, the insights gained paved the way for concrete actions, such as ongoing resource sharing and collaboration with stakeholders to enhance BSL translation of project updates.



INTERNATIONAL WOMEN'S DAY

Promoting gender equality and inclusivity, our project teams prioritised equal representation in leadership roles with 47% of our delivery team comprising female members.

Celebrating this milestone and promoting awareness for International Women's Day (IWD), the project initiated a safety stand-down day coupled with activities dedicated to IWD, forming part of our 'M621 Levelling Up' campaign.

During the day of the stand-down, all team members suspended regular activities to participate in safety, customer, and delivery-focused briefings.

This event served to recognise the contributions of women within our team and reinforce our commitment to creating an inclusive working culture where everyone feels valued, respected, and empowered to excel.

The celebration yielded tangible outcomes, including a renewed emphasis on equality, diversity, and inclusion throughout the project, becoming an integral part of ongoing progress meetings.



WORK EXPERIENCE AT KELTBRAY

At Keltbray we aim to create exciting and inspiring work experience programmes that showcase the dynamic industry we work in. Being part of some of the largest infrastructure projects in the country allows us to give young minds an insight into the demolition and construction process.

Working with schools, colleges and organisations such as Construction Youth Trust, we develop programmes based on the interests of the participants and link them to their studies and career ambitions.

PROGRAMMES INCLUDE:

Guided site tours by our site management teams including talks about the work activities, engineering challenges and the overall project design.

Workshops with Keltbray departments from across the business such as Communications, HSQE and Engineering, highlighting the range of careers and career paths available.

A sustainability project to design a multi-use building within budget with consideration for sustainability throughout the construction phase to end use. The projects are presented to one of our senior directors at the end of the programme.

Interactive construction plant sessions at our yard to see demonstrations of our most impressive machines, as well as experiencing operating plant on our own simulator.

Working with Construction Youth Trust, an all-female group of secondary students visited our demolition sites to learn about how we reuse arisings and divert waste from landfill. They also got to become plant operators for the morning taking part in a time trial competition to separate waste into the correct skip.

Budding engineering students were able to experience one our most challenging underground projects as they were shown around the basement structure. Followed by a presentation on what the site will eventually become and an intense Q&A session where our site team were blown away by the level of their questions.



keltbray

Economic review

Keltbray contributes to the economy and society both directly and indirectly, through the taxes it contributes, the jobs it creates, the local people it upskills, the resources it procures, the local business opportunities it generates and the education and community health initiatives it supports.

The people we employ, taxes they and we pay, and money that we spend with suppliers represent our most significant positive contribution to the UK economy and the local communities that host us. The majority of this expenditure is in urban areas, and the multiplier effect means that our total economic contribution extends far beyond the value that we add directly. In the FY2023, by way of example, we contributed the following economic value:

£414.0m spent through the construction supply chain

£135.0m paid to our PAYE employees through wages, pensions and related expenditure

£903K paid in UK Tax contributions

+2,000 directly employed PAYE employees



1

ECONOMIC GROWTH

Keltbray's strategy is predicated on creating sustained growth that benefits our customers, the company, our supply chain partners and the communities where we go to work. Primarily, by being successful, we deliver economic growth through:

- Procurement of products and services
- Provision of valuable employment, in highly-skilled and technical professions and trades through our self-delivery model, generating income tax, contributions to the public purse and increased consumer spending
- Improved industry skills and employability allowing a greater societal contribution by our people
- Corporation taxes and levies we pay as a large, private enterprise
- The built environment and infrastructure we build, which drives economic growth and development across all sectors of the economy

Our customers and wider society face increasingly complex challenges, which are driving greater demand for Keltbray's expertise in delivering functional, cost-effective solutions through its integrated self-delivery model. Customers are seeking sustainable solutions that go beyond our contractual commitments, and help improve society for the long term. We see this as a powerful opportunity to deliver new, more resilient and low carbon solutions that help customers achieve their own sustainability goals. Reciprocally, this also reduces Keltbray's carbon footprint and makes us a more attractive business partner, enhancing our growth prospects.

Underpinning this approach is the Group's commitment to continuous improvement through consistent project level feedback across the project portfolio. Routine, formal and informal engagement with customers facilitates process improvements across all areas of the company from the contract win through all phases to project handover.

Strategic supplier partnerships are supported through carefully planned and coordinated communications. These highlight how partnerships bring benefits to the delivery of projects and drive innovation throughout the industry.

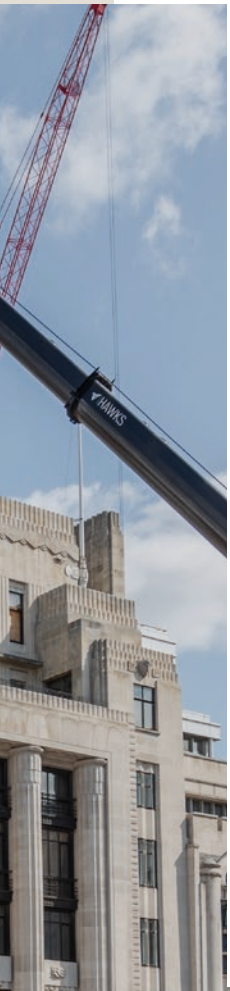
2

BUSINESS INTEGRITY

Keltbray's Code of Conduct is based on the Group's purpose and values, and sets the minimum standard of behaviour expected of our people, and how Keltbray conducts its business. Approved by the Main Board and reviewed on an annual basis, , it seeks to define, in one source, Keltbray's commitments in the workplace, the marketplace and to wider society. It covers important topics like health and safety, anti-bribery and corruption, data security, conflicts of interest, and drugs and alcohol usage.

All employees, as well as subcontractors and agencies working on Keltbray's behalf, are required to uphold the ethical principles and responsibilities outlined in the Code at all times – nobody is exempt.

"Our Code of Conduct and associated Flex training actively encourages all employees to do the right thing by upholding our business ethics, and actively speaking up if they have a concern or need further guidance."







3

INDUSTRY, INNOVATIONS and INFRASTRUCTURE

Innovative methods, materials and technologies are becoming increasingly important tools for meeting the social, environmental and economic challenges faced by the construction sector. The industry is pushed by public and private sector customers to transform outdated models of delivery using greater systems integration and process efficiency to drive up productivity and reduce waste of all forms. At Keltbray, we are pushing the boundaries in all three areas of project delivery, product development, and process optimisation. A wide range of initiatives has led to large qualifying expenditure for the purposes of HMRC Research and Development Tax Credit with FY2023 Qualifying Expenditures (QE) exceeding £20m*, a gross return of £2.7m and a resulting net benefit of £2.2m.

Increasingly key to cost, quality and programme certainty is the use of leading-edge digital engineering technologies. By building virtually in a digital environment we can offer smarter engineering solutions that generate greater value outcomes for our clients.

We are increasing the use of Building Information Modelling (BIM) technologies that are supported through augmented and mixed reality applications, implemented by Keltbray Extended Reality (KXR), drones and other forms of automation to improve critical construction process efficiencies.

Key to our approach is the Innovation Steering Group, a group-wide forum of individuals with diversified skills who are tasked with capitalising on the expertise, cross-sector innovations, research and development, and best practices that are being developed and implemented across the company.

We acknowledge that complex development challenges can only be tackled in close collaboration with key suppliers and leading technology, academic, and industry partners. This forum directly supports the achievement of our core purpose – to redefine the way sustainable development is delivered. The initiatives over the following pages exemplify the market leading outcomes of our innovation workstreams.

It is our firm belief that our commitment to meaningful investment in research and development is also starting to reap benefits in terms of improving and advancing the products and services, we are able to offer our customers, as evidenced by the following innovation case studies:





Modern Methods of Construction (MMC)

CASE STUDY

Keltbray and Network Rail – Delivering productivity improvements in the delivery phase

A change in procurement model helped a Keltbray-led team to slash 45 weeks and £18m from a project to refurbish 50km of overhead railway wiring between Central London and Essex.

Network Rail introduced a more agile model to allow the contractor to challenge design on the scheme and introduce opportunities for standardisation. The project to replace 99 structures and renew 143 stretches of wiring between Fenchurch Street and Pitsea stations, was chosen as a pilot for the SPEED (Swift, Pragmatic, and Efficient Enhancement Delivery) initiative run by Network Rail and the Department for Transport.

Keltbray's relationship with Network Rail was changed from arms-length contractor and client to a more collaborative model that created transparency and aligned cultures and behaviours. Procurement of materials was rationalised and a production-line approach to offsite manufacturing was introduced, including the development of a logistics hub.

Keltbray developed an approach that allowed multiple teams to work in parallel, boosting delivery in a single access window by almost two thirds.

The ICE Driving Productivity community heralded the project as an example of how refreshing procurement and contracting models can enable designers and contractors to re-imagine delivery techniques using smart methods of construction to boost productivity.

99 structures replaced

143 stretches of wiring renewed

45 weeks cut from programme

£18m project savings achieved

hiperpile™

Hollow, monitored piles are reusable and are capable of incorporating essential additional services. This ground-breaking development work, funded through the Innovate UK – Transforming Construction Challenge programme with project values of £1.1m, delivers new, world-leading integrated foundation systems by meeting a range of significant short, mid and long-term sustainability objectives.

A consortium led by Keltbray's piling business has re-imagined the way we look at deep foundations. In collaboration with Converge, DB Group, and City, University of London, with Arup as peer reviewer, we are turning passive, static piles that only load bear, into hollow and impression piles that offer greater value to a building throughout its life-cycle.

Hiperpile uses a hollow and impression enhanced pile design and lightweight cement-free concrete to provide the same shaft-bearing capacity with fewer piles or narrower piles. Hiper energy piles significantly outperform existing comparable solutions while balancing on-off peak demands. The pile incorporates smart technology to monitor performance and the void can be used to integrate renewable energy technologies. With up to 80% reduction in materials and emissions possible, and greater onsite productivity, Hiperpile helps achieve embedded carbon reduction and circular economy aims/Construction 2025 objectives.

The product suite delivers unprecedented efficiencies with up to 40% increase in shaft friction reducing the overall pile length, an increase of over 60% in thermal conductivity resulting in highly-efficient heat transfer, 50-70% material savings from hollow and impression enhanced construction modes, and over 80% in carbon reduction using ultra-low carbon concrete.

It offers a range of functions at building and district levels coupled with an extended use as water collector, thermal heat sink, and inter-seasonal storage. The pile reuse at the end of the building life-cycle is optional, or to install new deep bores. It fully considers 'whole life-cycle' assessment performance and cost targets compared to the typical construction only valuation.



Following the year-end, Keltbray was granted two patents for its Hiperpile developments:

1

For the creation of impressions via a 'Groundwork apparatus for use with differently sized foundation excavations'

2

For our modular tool set as a 'multi-functional apparatus for groundwork



INDUSTRY PARTNERSHIPS

Collaboration and strategic partnerships are fundamental to improving business outcomes.

Strategic partnerships benefit everyone: businesses, employees and customers. Businesses can broaden their relevance and increase their addressable market; customers benefit from the strengths and offerings each organization brings to the table; and employees can expand their development opportunities by being exposed to new perspectives and expertise. Plus, deepening ties between complementary businesses fosters collaboration and longevity, and allows companies to offer services and solutions that help their customers and other businesses become more successful.

Keltbray is a recognised collaborative innovator within the construction industry ecosystem and takes its role in supporting the transformation of the wider construction industry very seriously.

With a long established, multi-award-winning innovation culture, we are constantly rethinking our service offerings, to create smarter ways for the industry to operate. As part of our five-year strategy for sustainable growth – 'Unleashing our potential' – we are leveraging a range of distinct, proprietary approaches in key areas of project deliver, product development and process optimisation that will allow us to meet ambitious market and client expectations. To achieve this, we will continue to establish strategic collaborations across the industry and outside, including supply chain, technology and academic partners.

As an industry change agent, we are also active members on a number of governmental and industry bodies that are challenging and changing the reputation of the construction industry, as a sector known for operational excellence and innovation.

Some examples of our industry participation include:

MAJOR PROJECTS ASSOCIATION

Major Projects Association

SUPPLY CHAIN SUSTAINABILITY SCHOOL

Supply Chain Sustainability School

ceca

The Civil Engineering Contractors Association

britishaviationgroup

British Aviation Group

IET The Institution of Engineering and Technology

IET – Institution of Engineering and Technology

BUILDUK Leading the Construction Industry

Build UK – Industry Leadership

CLC Construction Leadership Council

Construction Leadership Council

HIGH SPEED RAIL GROUP

High Speed Rail Group

Railway Industry Association
The voice of the UK rail supply community

Railway Industry Association

How the Main and Executive Boards fulfil their Section 172 Duties

BOARD DEVELOPMENT AND ASSESSMENT

01

Every director is aware of their statutory duties, and they are assessed. Identified gaps in understanding are addressed through specific training.

BOARD INFORMATION

02

All board submission papers take account of stakeholder interests in line with their main duties under S172.

Our board engages directly with all our stakeholders through planned programmes of engagement and specific interventions.

BOARD STRATEGIC DISCUSSIONS

03

S172 factors are considered in board strategy discussions to ensure all strategic actions balance stakeholder interests to underpin long-term success.

The Keltbray culture, values and Code of Conduct help ensure proper consideration of stakeholder interests in Board decisions.

Using the board intelligence platform, the board applies continuous improvement principles to assure the quality of information.

BOARD DECISIONS

04

The outcomes from board decisions are assessed and further engagement takes place with stakeholders if required.

As a result of the board's engagement, the necessary S172 actions are fulfilled.

Duty to promote the success of the Group, with regard to:

The likely consequences of any decision in the long term

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

OVERVIEW	3
STRATEGIC REPORT	15
GOVERNANCE REPORT	95
FINANCE REPORT AND ACCOUNTS	123

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

STRATEGIC REPORT	15
GOVERNANCE REPORT	95
FINANCE REPORT AND ACCOUNTS	123

The interests of the Company's employees

OVERVIEW	3
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The impact of the Company's operations on the community and the environment

OVERVIEW	3
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The need to act fairly as between members of the Company

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Governance report



Governance report

The Keltbray Group is committed to achieving corporate governance standards and sustainable business practices that meet the highest levels of integrity and scrutiny for a privately-owned enterprise.

We have adopted and fully embedded. The Wates Corporate Governance Principles for Large, Private Companies. We believe this is the best way of providing a strong framework within which to benchmark our corporate governance activities in our pursuit of resilient long-term growth and success.

Doing the right thing is integral to the Main Board's objective to sustain a corporate culture aligned with our Group values, drive a level of organisational effectiveness commensurate with the achievement of the Group's purpose and vision – To redefine the way sustainable development is delivered – while at all times upholding the highest standards of business ethics and conduct across all the Group's stakeholder groups.

This approach is encompassed in the Group's Code of Conduct, which provides more granular guidance on a range of standards, including the UK Bribery Act and Modern Slavery Act. The Code of Conduct is available on the Group's website: **keltbray.com**

ACHIEVING BEST PRACTICE IN PRIVATE COMPANY GOVERNANCE

The framework is reviewed annually to ensure that the committee structure and delegations of authority continue to meet the needs of the business and provide the Main Board and Group senior management with the necessary oversight of Keltbray's business affairs. During the year, the Governance structure was further embedded and operated in line with The Wates Corporate Governance Principles for Large Private Companies, in order to align more closely with the Group's customer-centric strategy and five-year business plan, and to ensure Keltbray was an early adopter of best practice in private enterprise governance and reporting.

This framework includes the Main Board and Executive Board operating as two separate, but highly interconnected governance forums, whose members meet at least twelve times a year. The principle behind the creation of this two-tier senior governance structure is to facilitate improved cooperation and coordination between executive management members and to create more informed challenge and effective decision-making, facilitated by high-quality management information, with the aim of ensuring an approach that is much more 'fleet of foot' in implementing strategy.

The current terms of reference of the Board and its various committees and subcommittees are set out on pages 102-109.



Governance principles

The Company's governance framework applies the Wates Corporate Governance Principles for Large Private Companies, published in December 2018.

The core activities of the Main Board and its subcommittees are planned and documented on an annual basis, and this constitutes the framework within which the Main Board and its subcommittees operate, spanning the entire Group.

The Main Board has clear terms of reference that follow the Wates principles and cover the following:

1

Purpose and leadership

Develop and promote the purpose of a company, and ensure that its values, strategy and culture align with that purpose

2

Board composition

The right balance of skills, backgrounds, experience and knowledge to make a valuable contribution

3

Director responsibilities

Clear understanding of directors' accountabilities and responsibilities in ensuring effective decision making and independent challenge

4

Opportunity and risk

Promote the long-term sustainable success of the company by identifying opportunities to create value, and establish oversight for the identification and mitigation of risk

5

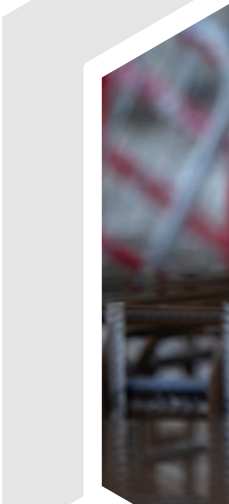
Remuneration

Promote executive remuneration structures aligned to the long-term sustainable success of the Group

6

Stakeholder relationships and engagement

Foster effective stakeholder relationships aligned to the Company's purpose to inform effective decision making



A key function of Keltbray's corporate governance framework is the identification, management and mitigation of operational and financial risks.

At every governance level, we ensure the necessary decision-making processes are functioning correctly, in line with developments in company laws, industry requirements, corporate governance and best practice.

MAIN BOARD ATTENDANCE

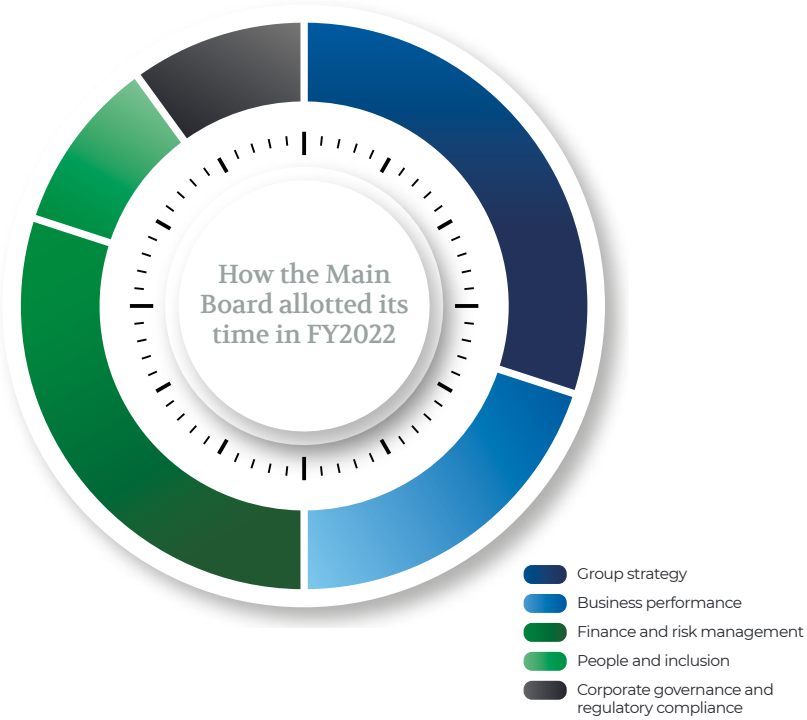
Details of individual director's attendance at Main Board sessions in the 2022 reporting period are shown in the following table:

Name of Director	Main Board		Executive Board		Risk and Audit Committee		Remuneration and Nominations		Percentage
	Meetings per year	Attended	Meetings per year	Attended	Meetings per year	Attended	Meetings per year	Attended	
Executive Chairman									
Brendan Kerr	12	12	N/A	–	N/A	–	6	6	100%
Executive Directors									
Darren James	12	12	12	12	6	6	6	6	100%
Vince Corrigan	12	12	12	12	6		N/A	–	100%
Peter Burnside	12	12	12	12	6	6	6	6	100%
Non-executive Directors – independent									
Tony Douglas	12	12	N/A	–	N/A	–	6	6	100%
John Keehan*	12	9	N/A	–	6	6	N/A	–	100%
Ashley Muldoon	12	12	N/A	–	N/A	–	N/A	–	100%
Phil Wilbraham	12	12	N/A	–	6	6	N/A	–	100%

* Resigned and retired from the Board in July 2023



MAIN BOARD TIME ALLOCATION

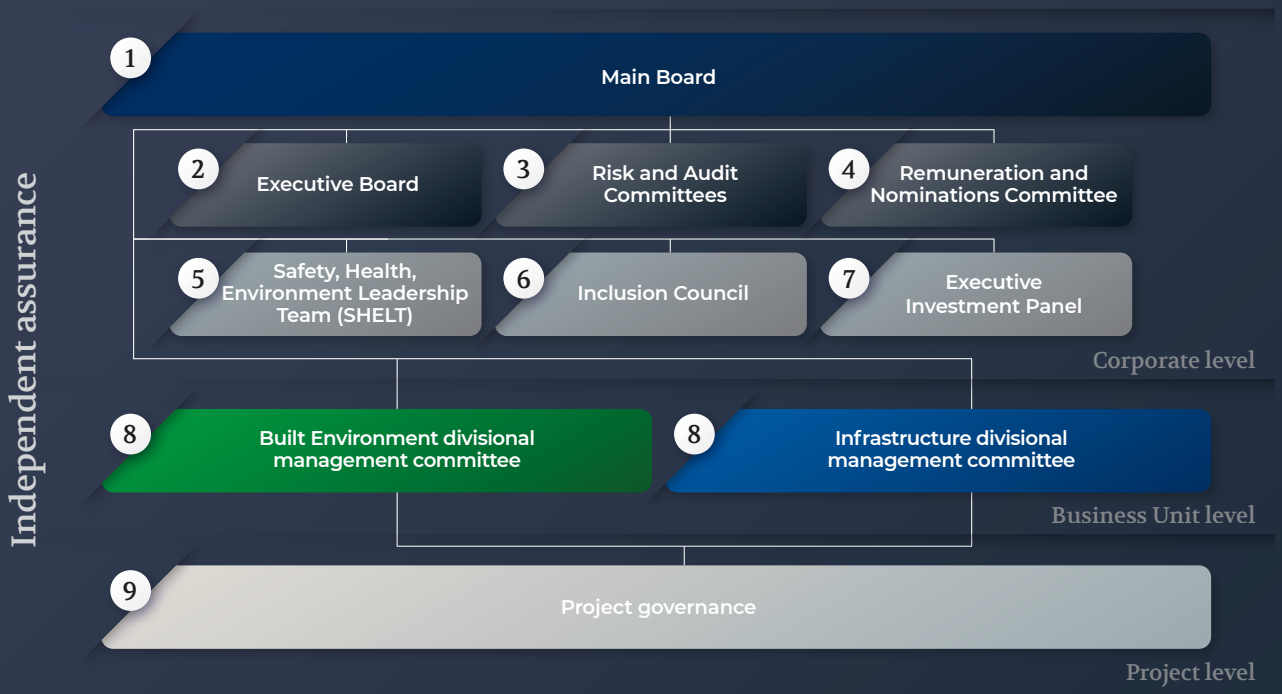


Governance framework

1

MAIN BOARD

The Main Board determines the strategic direction of the Group and allocation of necessary resources to ensure the implementation of the Group's strategy. It retains oversight of operations through regular reports by the Group Chief Executive Officer and his direct reports. It has overall responsibility for the management of risk and reviews the effectiveness of internal controls and risk management procedures at Group level through reports by the Risk Committee Chairman.



Certain key decisions are the preserve of the Main Board, and are identified in a schedule of reserved matters for its prior approval. These include changes to the Group's capital structure; approval of material mergers, acquisitions and disposals; significant investments, capital expenditure, and debt facilities. Authority for the day-to-day running of the Group is delegated to the Executive Board.

The Main Board is responsible for ensuring that the Group's accounts give a true and fair view of the business using suitable accounting standards and judgements and determining whether the Group is a going concern. It also has responsibility for approving the Annual Strategic report and ensuring compliance with UK company law (where the company is registered) and other applicable legislation.

The Board is composed of directors providing an appropriate balance of skills, experience, independence and diverse backgrounds. In addition to Brendan Kerr, the current members of the Board are Tony Douglas, Phil Wilbraham, Ashley Muldoon, John Keehan, Darren James, Vince Corrigan and Peter Burnside. Their biographies can be found on pages 110-111.

The Board acknowledges a relative lack of diversity in its membership, which is a common challenge across the engineering and construction industry, and one it has a determination about tackling.

Main duties

- Strategy stress-testing and ratification
- Approving Group strategy and business plan, including EBIT targets
- Operational performance oversight
- Overseeing the Group's succession planning
- Overseeing the Group's corporate governance and compliance arrangements
- Reviewing Executive Board performance and effectiveness
- Drive and promote diversity and inclusion

2

EXECUTIVE BOARD

The Executive Board is responsible to the Main Board for the day-to-day management of the Group's operations and creating sustainable stakeholder value through the management of the customer service divisions – Built Environment and Infrastructure.

Its role includes recommending to the Main Board the Group's overall business strategy and driving its implementation, driving the Group's people strategy, driving safety and sustainability performance across the Group, reviewing and monitoring the performance of management, and setting, and ensuring compliance with, the Group's internal controls and risk management procedures. The members of the Executive Board are set out on page 114.

The Executive Board has further delegated authority to a series of subcommittees, which focus on particular Group-wide matters.

Main duties

- Implementing Group strategy
- Driving operational performance in line with business plan targets
- Recommending to the Main Board for approval, material acquisitions and disposals, material contracts and bids, major capital expenditure projects and budgets
- Recommending the Group's Code of Conduct and corporate policies to the Main Board for approval
- Providing overall health, safety and wellbeing leadership
- Sustainability strategy execution

3

RISK COMMITTEE

The Group operates a Risk Committee, as a subcommittee of the Main Board, to ensure that inherent and emerging risks are identified and managed in a timely manner and at an appropriate level. The Committee reviews the organisation's response to specific areas of risk and approves standards and processes where control weaknesses are considered to exist.

To support the Committee's work and to enhance the cohesion of the Group's risk management approach, including the cascade of Group-wide messages and lessons learnt, business unit commercial leads and function heads attend meetings on a rotational basis to discuss their respective risk management and mitigation plans.

Main duties

- Review and advise regarding the strategic risk management at the Group level and ensure there is a framework for risk management in the business units
- Identify, assess and advise the management of and monitor risks to the Keltbray Group of companies. Pay specific attention to:
  - Strategic level risks – focus on those risks which have the potential to deliver a strategic impact on the efficacy of the Group
- Review controls, management responsibilities and resources to manage the risks arising from the strategic plans and objectives
- Oversee and advise the Main Board on the current risk exposures of the Group and make recommendations for the future risk strategy
- Develop and refine appropriate reporting mechanisms for the Group Executive Board in order to:
  - Raise awareness of risk management
  - Enable the Main Board to focus on the key potential threats and opportunities at the strategic level
  - Communicate those risks which sit across the divisions and business units within the Group
  - Develop a risk management culture and vision which is communicated across the business

AUDIT COMMITTEE

The Audit Committee is a subcommittee of the Main Board and provides independent assurance to the Main and Executive Boards regarding the management of the Group's affairs and oversees the Group's financial reporting, capital management and internal controls. It also provides a formal reporting link with the external auditors.

Main duties

- Monitoring the integrity of the financial statements and formal communications relating to the Group's financial performance
- Reviewing significant financial reporting issues and accounting policies and disclosures in financial reports
- Reviewing the effectiveness of the Group's internal control procedures and financial management systems
- Considering how the Group's internal audit requirements shall be satisfied and making recommendations to the Main Board
- Making recommendations to the Main Board on the appointment or reappointment of the Group's external auditors





4

REMUNERATION AND NOMINATIONS COMMITTEE

A subcommittee of the Main Board, this forum's primary objective is to set remuneration at a level that will enhance the Group's resources by attracting, retaining and motivating quality senior management who can deliver the Group's strategic ambitions within a framework that is aligned with the majority shareholder's interests. The Committee firmly believes that the best people on the right remuneration, with an emphasis on a balanced performance-related pay structure, strengthens the Group's ability to face challenges emanating from economic and market change, and to deliver sustained growth for all stakeholders.

The secondary objective is to ensure that the Main Board remains balanced and effective, that succession plans are in place, and that its structure, composition and skills remain aligned to the Group's strategic objectives. The Committee's primary objective, when necessary, is to identify and evaluate candidates for future appointments and, in doing so, it takes advice from independent external recruitment consultants.

Main duties

- To endorse for approval by the Main Board, Executive Board and Senior Leadership Team (SLT) appointments and associated remuneration packages
- To endorse all profit share payments for approval by the Main Board
- To assist the Main Board in ensuring that the Main Board and Executive Board retain an appropriate structure, size and balance of skills to support the strategic objectives and values of the Group
- To make recommendations to the Main Board on Group-wide reward and benefit frameworks
- To oversee the succession planning process for all Main Board, Executive Board and Senior Leadership Team positions



5

SAFETY, HEALTH, ENVIRONMENT LEADERSHIP TEAM (SHELT)

A subcommittee of the Executive Board, this forum ensures risks and opportunities associated with health, safety, wellbeing and sustainability are given the highest priority within the Group. It also directly supports the delivery of business strategy through the management of sustainable development issues covering social, economic and environmental matters.

Main duties

- Reviewing the development of policies and guidelines for managing safety and sustainable development issues
- Reviewing the implementation of these policies and guidelines and measuring the performance of the Group across these areas
- Monitoring and acting on reports covering matters relating to significant safety and sustainable development risks and liabilities
- Monitoring incidents, including key impacts and mitigation actions and, where appropriate, ensuring these are communicated Group-wide
- Oversight of the work of its Health and Wellbeing subcommittee
- Considering domestic and international regulatory and technical developments affecting safety and sustainable development management

Governance framework cont.

6

INCLUSION COMMITTEE

A subcommittee of the Executive Board, the Inclusion Committee is chaired by the Group Chief Executive, with members drawn from the extended leadership team and relevant functional disciplines. The main purpose of the committee is to lead the formulation and endorsement of the Group's people and organisation inclusion agenda, and ensure total alignment with Group business strategy.

Main duties

- Setting guidelines for the types of skills, capability and diversity of human capital necessary to achieve the Group's strategic goals
- Ensuring the human resources function works with management to carry out regular reviews of talent diversity and integrity of recruitment, reward and succession plans
- Managing the necessary investment in development and education activities, including development programmes and education networks, to meet current and future inclusive talent requirements
- Overseeing the Group's recruitment and resource mobilisation plans to meet operational inclusion and diversity demands at all levels in the Group
- Establishing and developing the Group's general policy on employee equality and diversity
- Considering legal and regulatory developments in equality and diversity affecting people management
- Developing and maintaining effective people management systems and processes

7

EXECUTIVE INVESTMENT PANEL

A subcommittee of the Executive Board, it is chaired by the Group Chief Executive officer and Environmental Services, and is responsible for investment policy decisions. It oversees the commercial prioritisation and capital allocation for strategic work-winning opportunities, development of public sector framework opportunities, and the Group's broader capital allocation programme for sanction by the Executive Board and Main Board. Investment funding for acquisition, disposal, partnering and joint venturing transactions, and related commercial decisions are also overseen by this committee.

Main duties

- Managing 'permission to bid' gateway for Group strategic bids
- Proposing the Group's investment strategy to the Executive Board and monitoring the implementation of the investment policy and procedures
- Monitoring compliance with legislation, rules and regulations affecting the Group's investment activities
- Considering and recommending to the Executive Board for approval the appointment of external investment advisers, including agreeing remuneration, approving engagement terms, and monitoring performance
- Considering all investment and divestment proposals





8

BUILT ENVIRONMENT/ INFRASTRUCTURE DIVISIONAL MANAGEMENT COMMITTEES

These division-level management committees have primary accountability for the day-to-day management of business and project operations across the key customer sectors within agreed limits set by the Executive Board. Members are drawn from senior management in our Built Environment and Infrastructure businesses and key supporting functions. The committees are also responsible for driving the implementation of health, safety, wellbeing and sustainable development policies and monitoring the performance of related activities.

Main duties

- Coordinating the implementation of the relevant sector strategies and customer plans, and monitoring performance
- Driving operational performance to ensure the right people are in the right place, doing the rights things at the right time to meet pre-determined performance targets
- Coordinating the division's budget and business plan process
- Allocating capital across the division within Main Board and Executive Board approved limits
- Coordinating the development and implementation of divisional policies, processes and standards
- Maximising divisional alignment, including practices, resources and procurement
- Driving cross pollination of operational efficiencies and learnings as appropriate across the two divisions
- Driving senior talent management and development (in liaison with the Main and Executive Boards, the Inclusion Committee and the Group People strategy)

9

PROJECT GOVERNANCE

Project delivery reviews are governed by the standardised processes and practices of Keltbray's Business Management System (BMS) – a systematic approach to risk management and quality assurance in the setup and delivery stages of all projects, whatever their scale and complexity. Through Keltbray's approved business quality management system, the project leadership teams ensure project activities are performed in line with commercial targets, legislation, regulations, codes of practice and the requirements of specific quality management assurance accreditations relative to the project. Continual improvement is achieved through the implementation of business objectives, audits, data analysis, corrective and preventive actions and management.

Board effectiveness

All directors are advised regularly of likely time commitments and are asked to seek approval from the Board if they wish to take on additional external appointments. The ability of individual directors to allocate sufficient time to the discharge of their responsibilities is considered as part of the directors' annual performance review process overseen by the Executive Chairman. Any issues concerning the Chairman's time commitments are dealt with by the Main Board.

An induction programme is agreed with all new directors aimed at ensuring that they are quickly able to develop an understanding and awareness of the Company's governance structure and core processes, its people and businesses. In addition to the above, as part of the induction process, new directors will typically visit the Group's principal operations in order to meet employees and gain an understanding of the Group's projects and services.

Ongoing training and development is provided for individual directors as required. Directors are supplied with mobile tablet-based information in a timely manner that is in a form and of a quality appropriate to enable them to discharge their duties. In the normal course of business, such information is provided in a regular report to the Main Board that includes information on operational matters, strategic developments, reports on the performance of Group operations, financial performance relative to the business plan, business development, corporate responsibility and customer/ stakeholder relations.

Independent assurance and accreditation

Keltbray is independently audited to ensure governance and compliance against internal, ISO and industry standards through alignment with the Considerate Constructors and Local Authority Considerate Contractor schemes.

This governance structure ensures that in addition to a sound financial performance, Keltbray operates safely, ethically, sustainably and responsibly, with qualified professionals in all areas of the business.

The Group acknowledges responsibility to the Modern Slavery Act 2015 within its business and supply chain. Our Company Directors and senior management take responsibility for implementing this policy, as well as providing adequate resources and investment to ensure that slavery and human trafficking are not taking place within the organisation or our supply chain.

A copy of our Modern Slavery and Human Trafficking policy can be viewed on our website: **keltbray.com**

Board leadership

Main Board

The Main Board comprises the Executive Chairman; Chief Executive Officer; Group Finance Director; Chief Operating Officer and four independent Non-executive Directors. Its primary responsibility is to promote the long-term success of Keltbray by creating and delivering sustainable value.

The Main Board seeks to achieve this in part by being clear about the company's vision and purpose, and ensuring that its values, strategy and culture align with, and fully support that purpose.

The Keltbray Main and Executive Boards are comprised of 15 members, all of whom possess the necessary experience and expertise to deliver our strategic priorities, while upholding the highest standards of business conduct.



Brendan Kerr

EXECUTIVE CHAIRMAN

Committee membership
1, 4

Brendan contributes to Keltbray significant leadership, customer relationship building and private company governance experience across the specialist engineering and construction sectors.

Brendan joined Keltbray in 1989 and became sole equity owner and Chief Executive in 2003, expanding the service portfolio through business development and acquisition. Keltbray's success has been built on Brendan's focus on business development, innovation and technical leadership, commitment to health and safety, and consideration for quality and the environment. His focus on customer service and bespoke solutions has established long-term repeat business customer relationships.

Current external appointments

- Honorary Fellow of RICS
- Honorary Doctorate of Ulster University, Belfast



Tony Douglas

NON-EXECUTIVE CHAIRMAN

Committee membership
1, 4

Tony joined the Keltbray Group Board as a Non-executive Director in 2010, and was appointed Non-executive Chairman in 2015.

Tony is currently Chief Executive Officer of Riyadh International Airlines (RIA). He has over 20 years of international leadership experience in transportation, infrastructure, and government sectors. Prior to joining RIA he was Chief Executive Officer of Etihad Aviation Group from 2018. Previous roles include working for the UK's Ministry of Defence, where he served as CEO of the Defence Equipment and Support department, responsible for procuring and supporting all the equipment and services for the British Armed Forces, managing a budget of US$20 billion a year. Tony has also held senior leadership positions in the UAE, most notably as CEO of Abu Dhabi Airports Company and Abu Dhabi Ports Company, where he was responsible for the successful delivery of Khalifa Port.

In the UK, he held senior positions with airport operator British Airports Authority (BAA), and Chief Operating Officer and Group Chief Executive designate of Laing O'Rourke. His roles under BAA included Managing Director of Heathrow Terminal 5 project, Group Supply Chain Director, Group Technical Director, and CEO of Heathrow Airport.

Current external appointments

- Chief Executive Officer, Riyadh International Airlines (RIA)



Darren James

CHIEF EXECUTIVE OFFICER
BEng, CEng, FICE, FCIHT, FIoD

Committee membership
1, 2, 3, 4, 5, 6, 7

Darren joined Keltbray as Chief Executive Officer in March 2020. Previously he worked for Costain Group PLC for over 30 years, most recently as Group Chief Operating Officer. He has a wealth of experience in leading high-profile programmes for both public and private sector customers, often in highly regulated infrastructure sectors, both in the UK and internationally.

A civil engineering graduate of the University of Surrey, Darren joined Costain as an industrial placement student progressing through the organisation to the Executive Board. He has held a number of senior positions with significant profit and loss responsibility, including Managing Director of the £1 billion turnover Infrastructure division, and an executive director for 12 years.

External appointments

- Board member of The Port of London Authority
- Director of the Rail Industry Association



Vince Corrigan

CHIEF OPERATING OFFICER

Committee membership
1, 2, 3, 4, 6, 7

Vince joined Keltbray as a Group Board Director in 2015 with executive responsibility for commercial management and strategic development of Keltbray. He had previously spent over 30 years at Sir Robert McAlpine Ltd as a Main Board Director for the latter nine years, combined with operational responsibility for its London and South East delivery business from 2008. He was promoted to the role of Keltbray's Chief Operating Officer in November 2019.

Vince has extensive experience in the development and delivery of a number of the UK's largest schemes in both the public and private sectors. Highlights include The Jubilee Line Extension, New Colchester Garrison, Arsenal's Emirates Stadium, London 2012 Olympic Stadium, ExCel Docklands, The London O2 Arena and the new Bullring in central Birmingham.



Peter Burnside

CHIEF FINANCIAL OFFICER
FCAI

Committee membership
1, 2, 3, 5, 6

Peter began his accounting career at KPMG, before moving to BDO (then Stoy Hayward) where he spent the next 28 years. During that time, he held the positions of Head of Tax and later Managing Partner of the Northern Ireland firm, where he worked on a number of large corporate finance transactions and tax assignments for both local and international groups.

While at the company, Peter was introduced to Keltbray, and worked as an external advisor to the Group and its shareholder for 12 years, prior to joining full-time as Chief Financial Officer in February 2018.

GOVERNANCE COMMITTEE

1. Main Board
2. Executive Board
3. Risk and Audit Committee
4. Remuneration and Nominations Committee
5. Safety, Health, Environment Leadership Team (SHELT)
6. Inclusion Council
7. Executive Investment Panel
8. Divisional Management Committee

Board leadership cont.



Phil Wilbraham

NON-EXECUTIVE DIRECTOR
BSc, CEng, MICE, MIHT

Committee membership
1, 3

Phil Wilbraham has spent his career in major programme and project leadership, design management and civil engineering design, latterly specialising in airport development. He has delivered complex private and public sector programmes from strategy stage, through design, to construction and operation. Over the last ten years, he has demonstrated strong leadership delivering mega projects at Heathrow Airport: he led the Expansion (third runway) Programme; the Terminal 2 Programme; and was integral to the success of the Terminal 5 Programme.

External appointments

- Trustee of the Building Research Establishment
- Non-executive Director of Epsom and St Helier NHS Trust



Ashley Muldoon

NON-EXECUTIVE DIRECTOR

Committee membership
1, 7

Ashley is the Chief Operating Officer of Global Switch, the leading owner, operator and developer of large-scale network dense, carrier and cloud neutral multi-tenanted data centres in Europe and Asia-Pacific.

Prior to joining Global Switch, Ashley was CEO of Multiplex, a global construction business, where he was responsible for overseeing Multiplex's UK, Middle East and Canadian portfolios. He has over 27 years of experience delivering outstanding high quality projects within the construction industry.

External appointments

- Chief Operating Officer, Global Switch
- Trustee for The Chickenshed Theatre Foundation
- Development Board member of the Willow Foundation



Neil Thompson

EXECUTIVE DIRECTOR, TRANSITION
BSc, FRICS

Committee membership
1, 2, 5, 7, 8

Neil has 38 years' experience in delivering major infrastructure and building programmes in both the UK and North America having commenced his career with Balfour Beatty in the nuclear sector following graduation. He is well recognised in the UK Rail and Infrastructure markets having worked as both client and contractor on some of the most iconic schemes undertaken since the privatisation of British Rail in 1994. Within Balfour Beatty, Neil worked on a variety of civil engineering and building schemes leaving to join the Birse Group in 1994 where he established a rail business and became the inaugural Managing Director following the privatisation of the UK Rail industry. In 2021, Neil joined the Keltbray Executive Board originally as Managing Director of the Rail business, and has since been appointed to the Main Board as executive director responsible to business transition.

Neil holds a number of Project Management and Leadership qualifications including being an early cohort of the Major Project Leadership Academy led by the Infrastructure and Projects Authority in conjunction with the Cabinet Office, and delivered by Said Oxford Business School.

GOVERNANCE COMMITTEE

1. Main Board
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8. Divisional Management Committee



Phill Price

MANAGING DIRECTOR

Committee membership
1, 2, 5, 7, 8

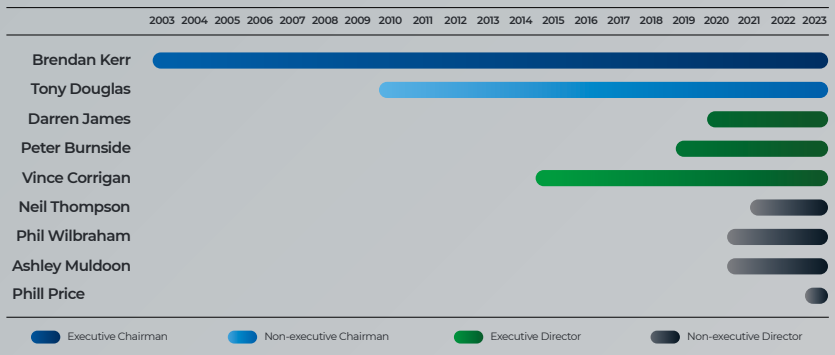
Phill Price is Managing Director of Keltbray's Infrastructure division. Before joining Keltbray in 2010 he was Managing Director of Laing O'Rourke's Infrastructure business which undertook major projects across Utilities, Transport and Energy sectors in the UK, and was also a member of Laing O'Rourke's European Board.

Prior to this he was a plc Board member of Alfred McAlpine and Managing Director of the Infrastructure business operating across Utility and Transport sectors. Phill was also the Commercial Director and Board Member at Yorkshire Electricity's Distribution Company, the electricity utility business serving customers across Yorkshire and Humberside.

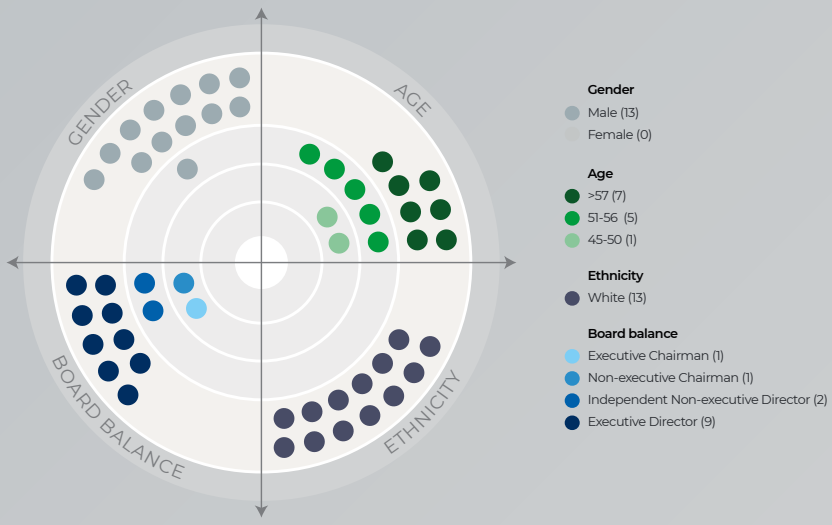
Phill has extensive experience at project and executive levels on major collaborative and partnering projects across Energy, Transport and Utility sectors. With key roles on collaborative steering groups on major projects such as St Pancras Railway Station, Heathrow Terminal 5, Eon Partnering Frameworks and Transpennine Route Upgrade. He brings a wealth of experience of successfully ensuring business and projects deliver against their key objectives with a strong focus on Health & Safety, customer service and driving innovation.

Main and Executive Board statistics

MAIN BOARD DIRECTORS TENURE



BOARD COMPOSITION AND DIVERSITY



Executive Board

The Executive Board is comprised of nine senior leaders, all of whom are experts in their professional field. Collectively they are responsible for the management of the Group under the leadership of the Chief Executive Officer. This includes formulating strategy proposals for Main Board approval and ensuring that the agreed business plans are implemented in a timely, safe and effective manner.



Darren James

CHIEF EXECUTIVE OFFICER

Committee membership
1, 2, 3, 4, 5, 6, 7



Vince Corrigan

CHIEF OPERATING OFFICER

Committee membership
1, 2, 3, 4, 5, 7, 8



Peter Burnside

CHIEF FINANCIAL OFFICER
FCAI

Committee membership
1, 2, 3, 5, 6, 7



Neil Thompson

MANAGING DIRECTOR, TRANSITION
BSc, FRICS

Committee membership
2, 5, 7, 8



Phill Price

MANAGING DIRECTOR, INFRASTRUCTURE
BEng (Hons), MBA, FIoD, MIET

Committee membership
2, 3, 6, 7, 8



Craig Moorfield

GROUP TECHNICAL DIRECTOR
BEng (Hons), MIE (Aust)

Committee membership
2, 5, 7, 8



Michael O'Hagan

MANAGING DIRECTOR, CONSTRUCTION

Committee membership
2, 5, 7, 8



Paul Deacy

MANAGING DIRECTOR, PLANT

Committee membership
2, 5, 7, 8



Mike Snee

MANAGING DIRECTOR, ENERGY AND RENEWABLES

Committee membership
2, 5, 7, 8



keltbray

Governance review

The Main Board manages a forward agenda of standing items appropriate to the Group's operating and reporting cycles. Items requiring Main Board approval or endorsement are defined clearly.

Other items are for monitoring or reviewing progress against strategic priorities, risk management or the adequacy of internal controls.



GOVERNANCE PRINCIPLES

1 Board leadership and company purpose

As a specialist construction engineering and infrastructure services group, Keltbray has a clear purpose – To redefine the way sustainable development is delivered. The Group is actively developing a culture based on fulfilling this purpose through compliance with our core values and code of conduct.

This purpose is clear, powerful, and relevant to the business challenges of today and tomorrow and forms a compelling guide to the overall strategic goals of the Group and how they will be achieved.

The Group's strategy for sustained growth – 'Unleashing our potential' is driven by leadership focus on innovation and self-delivery excellence. Engineering expertise, coupled with adoption of new technologies and processes, and a progressive people strategy develops talent, attracts the very best people available externally and improves the safety and overall wellbeing of all those who are affected by our business activities. This focus allows the Group to create a clear and sustainable competitive advantage in the demanding markets in which the business operates.

Delivering social value is also intrinsic to our core purpose and to our goal of being a progressive and responsible employer. By considering social value in its business decisions, including the way it employs staff, engages with communities and buys products and services, Keltbray can cultivate a more sustainable and inclusive society, and demonstrate that business done well can be a force for good. This social value strategy underpins the Group's belief that how it does business is as important as what it does – constituting its licence to operate.

The Board acknowledges the importance of engagement and dialogue with its employees and key stakeholders. If the purpose and strategy are to be achieved, they must be communicated to employees, and this is achieved through periodic senior leadership conversations with employee groups, supported by regular updates on the Group's Intranet. Where safe and practical during COVID, members of the Main and Executive Boards have visited projects in order to explain the strategic agenda to all concerned.

The Board sets and leads behaviours and culture to support the delivery of the strategy. The Group's Code of Conduct, which sets out behaviours acceptable to Keltbray, defines Keltbray's commitment to operating at all times in accordance with ethical standards and the behaviours that are expected of employees, supply chain partners and other stakeholders.

ACTIONS TAKEN

- The Executive Board held a dedicated strategy day in 2023 to explore long-term trends and forecasts affecting the Group's strategic priorities. This session also reviewed progress against the business development and operational efficiency objectives
- The Main and Executive Board considered a number of key investment decisions, including the acquisition of IDEC, a specialist HV connectivity provider, which the Board completed the acquisition of during FY23
- The Board and the Audit and Risk Committee discuss the Group's principal and emerging risks in detail. They also oversee any risks relating to climate change and have been involved in developing our approach to reporting against the UN Development Goals and Carbon Trust Science Based Targets. The responsible Business Unit Management Committees also oversee any risks relating to climate change and have been involved in developing our approach to reporting against our Scope 1 and Scope 2 emissions targets
- As Keltbray's core organisational priority, safety and wellbeing remain a key priority at Board level. The importance of fostering a strong health and safety culture has been heightened even further following the pandemic to ensure that sites and depots remain operational and our people stay safe. Health and Safety reports are received at every Board meeting with updates, performance against KPIs and scrutiny over incidents and near misses
- The Board has participated in various sessions over the year including Equality, Diversity and Inclusion leadership training, as well as various briefings from internal champions on upcoming legislative changes and best practice
- The Board and the wider Executive Committee debated the key strategic objectives relating to our people for 2024 and beyond reflecting on the pressures that the business has felt in 2023, particularly in relation to recruitment and retention
- Approved launch of the Group's refreshed ESG strategy including KPI's linked to the achievement of climate and social value goals
- A number of standing duties were also fulfilled during the year, including, but not limited to:
  - Approved the Group Strategic report and Financial Statements reports 2022
  - Reviewed and approved the Group's 2024 budget and revised business plan
  - Reviewed and approved the refreshed Delegations of Authority matrix to bring greater clarity to company-wide financially material decision making processes
  - Reviewed and approved the annual statements and Group policies on anti-slavery and human trafficking, anti-bribery and corruption, the Group's tax strategy and the company's supply chain payment terms, which can all be found on the Group's website: **keltbray.com**
  - Approved the annual pay review proposal, with particular focus on those employees hardest hit by the current cost of living crisis
  - The executive leadership continued its engagement with key stakeholders, including our financial investors, insurers and bond providers, during the period, to keep them fully informed of Keltbray's continuing progress against publicly stated targets and its forward plans to ensure appropriate funding is in place to meet our obligations with customers and the supply chain

2 Board composition

Keltbray has appointed a number of independent Non-executive Directors to the Main Board. They bring experience from different perspectives and challenge from outside the sectors in which the business operates.

The Main Board is chaired by Tony Douglas, independent Non-executive Director, as Non-executive Chairman of the Group. The Main Board further comprises the Executive Chairman, Chief Executive Officer, Chief Operating Officer, Group Finance Director and three further Independent Non-executive Directors.

The size and composition of the Board is considered to be appropriate for a business of this scale and complexity, as well as bringing the necessary skills and experience to fulfil the Board's responsibilities.

The Board operates through a number of executive committees the structure of which can be found on pages 100-105. The Risk, Audit and Remuneration and Nominations Committees are all chaired by Non-executive Directors in order to ensure independent challenge and influence across the broad range of issues for which these Committees are responsible.

Board members have equal voting rights when making decisions. The specific modus operandi of the Board is set out in the Company's Articles of Association, a copy of which can be requested from the Group General Counsel or UK Companies House.

The Group continues to be confident that the Board has the right skills and experience to discharge its duties effectively. This will be continuously reviewed going forward with the introduction of the Keltbray Main Board Statutory Directors Competency Assessment Framework, based on the Wates Principles to ensure all members are able to discharge their duties effectively. The expectation is that our Main Board Directors role model these competencies the majority of the time. However, it is accepted that the varying roles of the directors (and whether they are executive or non-executive) will impact their ability to demonstrate all of the competencies all of the time. The annual assessment is designed to recognise their strengths and experience, but also to highlight any development areas. Development actions will then be agreed accordingly.

The process is owned by the Remuneration and Nominations Committee (REMNOM) and interviews will be conducted by the Group People Director on an annual basis. These will then be presented to the CEO and Chairman for assessment and the outcomes shared with REMNOM. Individual assessment feedback will also be shared with the directors concerned.

Formal training for Main and Executive Board directors is under development as part of the Group's clear commitment to professional development at every level of the organisation.

The Executive Chairman and Chief Executive Officer undertake a programme of discussion and evaluation with each member of the Main and Executive Boards respectively outside the forum of formal meetings.

This evaluation includes a focus upon succession, which is under regular review both at Board and operational level and is of particular relevance to the strategy implementation over the next three-year budget period. The Group will also be implementing an Executive Development Programme, with specialist coaching designed to identify and address development goals.

The Board calendar also includes regular visits to major projects to build understanding of our operational delivery capabilities to inform Board level discussions and considerations. Directors are free to request such information as they may wish on any aspect of the Group's operations.

ACTIONS TAKEN

- Continued membership of a non-executive director to the Executive Investment Panel to add experience from different perspectives, strengthen decision-making and introduce more independent challenge to the process of reviewing and approving work-winning investment proposals
- Progressed the statutory review of the Keltbray company structure, to streamline the organisation and better support Group strategy, following the completion of the IDEC transaction as a wholly-owned subsidiary of Keltbray Infrastructure Limited during FY23
- Reviewed and refreshed the Risk and Audit Committee Terms of Reference to bring greater definition to the limits within which investment business cases must be submitted for review
- Received regular reports from the Chairs of the Audit, Risk, Safety and Sustainability Committees on activities and recommendations of the Committees
- The Board arranges scheduled regular visits to major projects during FY23 and are free to request such information as they deem necessary on any aspect of the Group's operations
- The Board dedicated time during FY23 to focus upon succession, which is under regular review both at Board and operational level and is of particular relevance to the drive for transformation over the course of the Group's business plan
- The Group commenced planning for implementation of an 'executive development programme' across both operating divisions, which will include with specialist coaching and mentoring using both internal mentors and external coaches to identify and address development goals
- Keltbray continued in its aspiration during FY23 to increase diversity both at leadership level and across the operating businesses, and this remains a rolling agenda item on both the Main and Executive Board agendas



3 Director responsibilities

During the financial year, the Main Board actively operated the new Group governance framework as part of its early adoption of the Wates Corporate Governance Principles for Large, Private Companies. This sets out the responsibilities, accountability and obligations of Board members, the collective Main and Executive Boards and their subcommittees. The aim is to provide a clear understanding of roles and responsibilities, linking to purpose, values, Code of Conduct, policies and procedures as well as delegations of authority, supporting effective decision-making and independent challenge, in turn delivering long-term value to the Group and to stakeholders.

The Main Board delegates day-to-day management of the Group to the Executive Board and the Built Environment and Infrastructure Management Committees report directly into this forum. The Main Board further delegates detailed and specific matters to the other committees (see pages 100-105) whose role it is to consider specific issues of relevance to Group governance and to recommend a course of action to the Main or Executive Board depending on relevance.

Directors are aware of their statutory and ethical duties in relation to potential conflicts of interest which may compromise objective decision making. If a perceived conflict of interest arises, the Main Board (or one of its subcommittees if appropriate) will manage the matter as appropriate.

At a subsidiary level, appointments to the boards of operating subsidiary companies are reviewed and aligned with membership of the Group's Executive Committees and our business unit and functional leadership structure. Business Unit leaders are at the heart of operations, enabling direct engagement with the relevant business unit employees and other stakeholders, most important of whom are our customers.

The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement.

Main and Executive Board and Subcommittee papers and supporting information are provided through a secure digital portal and must be timely, accurate, clear, comprehensive and up to date, with a clear accountabilities for any resulting action.

ACTIONS TAKEN

- Considered and approved the capital allocation strategy and business plans to support the rolling strategic plan
- Analysed detailed reports on the Group's operating and financial performance to ensure compliance with regulatory and strategic requirements
- Regularly reviewed external industry analysis and forecasts, including economic, political, social and supply chain trends to ensure early risk identification against major growth priorities
- Received updates on progress against strategic programmes and tested the overall strategy against the delivery of the shareholder's long-term objectives
- Agreed acceptable levels of balance sheet resilience and liquidity required to support growth plans
- Reviewed the Group's forecast funding requirements, debt capacity and potential financing options that would enable achievement of the desired resilience targets
- Reviewed cash forecasts, cash management and status reports on the Group's investments
- Regularly reviewed key risks, together with the adequacy of mitigation controls, including a prioritisation exercise of the most material financial, operational and environmental risks faced by the Group and the remediation plans to address them
- Reviewed senior appointments, promotions and salary changes
- Delegation of Authority Framework was also refreshed during FY23 to ensure an entirely risk-based approach to decision making. This not only streamlines authorisations but also clarifies accountabilities

4 Opportunity and risk

The Main and Executive Boards, and the Risk and Audit Committee undertake a continuous assessment of risks affecting the Group's operations and have the necessary oversight for the identification and mitigation of risk, or promotion of opportunity. Further details of the management of key financial and operational risk set out on pages 140-141.

Regular reporting to the Main and Executive Boards across a range of compliance requirements and risks has been formalised through a refreshed Risk and Audit Committee Terms of Reference, chaired by a non-executive director. The aim is to build on that momentum over the next year to review and identify where there may be further opportunities to strengthen the Group's management of risk.

Risk reporting at the operational business unit and project levels is guided by the Group's quality-assured business management system – the 'one Keltbray' way. It is structured so that key risks can be escalated rapidly through the management team, and ultimately to the Board where necessary.

The individual businesses and projects are able to tailor and adapt standard risk management processes to suit the specific circumstances of their respective operating environments. The operational risk framework is outlined in greater detail on pages 138-139.



ACTIONS TAKEN

- The adoption of the Wates Corporate Governance Principles for Large Private Companies has highlighted a need for the Executive Board to balance the focus between risks and opportunities. Examples of opportunities that have been considered, and where appropriate actions taken during FY23 include leveraging the value of the Group's extensive portfolio of frameworks, opening work packages up to the broader business, maximising the inherent value of greater integration of the Group's delivery capabilities to generate stronger, blended income streams, and the potential impact/value of the Group's diversity and inclusion, social value and carbon reduction plans
- During the period Keltbray maintained its position as one of the 'pathfinder' organisations to be certified against BSI's new standard ISO 45003 – the first global standard giving practical guidance on managing psychological health in the workplace. It provides guidance on the management of psychosocial risk, as part of an occupational health and safety management system
- Our 'one Keltbray' BMS (integrated Business Management System) is our enterprise-wide management system, hosting knowledge and information that constitutes Keltbray's intellectual property. This is the repository for all processes, procedures, technical information, general information, guidance, templates, checklists and learning, which enables people to be set-up for success and provides guidance on how they should go to work. Key policies and procedures are approved or endorsed by the Main Board and/or its relevant committees prior to publication in the BMS. A 'root and branch' review of the BMS commenced in FY22 to ensure it is future-proofed and remains fit for purpose and is aligned to our strategic goals and the consequential changes in the way we go to work. This review concluded during FY23 and is now well into the implementation phase
- Governance committees/forums at Group and business unit levels continued to regularly review and work on improvements to the business development, work-winning and project delivery gateways, ensuring that they are streamlined, standardised and integrated in day-to-day activities so that governance becomes an integral part of how each person goes to work
- Reviewed and implemented improvements to the Group's behavioural safety programme, Promote Health, Prevent Harm (PH^2), to ensure a robust control framework is maintained across all the Group's safety-critical operational activities
- During the financial year the deployment and uptake of digital technologies and ways of working has continued to strengthen across all our projects, including:
  - Greater efficiencies for our project delivery teams through greater digitisation of core processes such as contract reviews
  - Mitigation of construction risks and cost impacts through greater deployment of digital engineering tools to drive value engineering options in the build phase
  - Greater transparency for customers through timely operational insights and data-enabled commercial management
  - Improvement in the digital maturity and efficiencies of our supply chain partners through coaching, digital integration, and sharing collaborative ways of working
- Continuous review and upgrading of operational 'smart working' practices to ensure business continuity across the Group's project delivery activities
- Cost/Value Reconciliation (CVR) reporting process applied on all contracts to continually track and monitor commercial performance against agreed fee and margins targets. This approach provides early stage notification of any variances to forecast, and allows preventative/mitigation actions to be taken at the earliest opportunity
- A key focus area for our Technical function is using digital technologies to deliver the right information, to the right people in the right place, at the right time. This is being delivered through our Integrated Information Systems Programme, led by the Group Technical Director. This reported first phase plans in FY23, with full implementation achieved by the end of FY26
- During FY23 we continued with systematisation of how we engage with the supply chain to drive greater levels of collaborative innovation, over time making this a contractual prerequisite of engagement by standardising our terms of engagement, introducing incentivisation into areas like design performance and measuring success across a number of parameters including key quality metrics such as completeness of design



Governance review cont.

5 Remuneration

The Remuneration and Nominations Committee, chaired by an independent Non-executive Director has clearly defined terms of reference and its main function is to make recommendations to the Main Board considering the Group's remuneration structure and to align senior leadership remuneration to the long-term sustainable success of the Group. The Directors' remuneration is disclosed in note 11 to the financial statements.

The ability to attract and retain people in the business is of critical importance and is therefore included in the strategic objectives led by the Group Inclusion Council. The Group is confident that the recruitment programmes, pay bandings and salary review processes that are in place ensure equal pay for the same role.

The Group seeks to set fair and reasonable policies for remuneration both at senior level and at the project operational level. A primary responsibility of the Remuneration and Nominations Committee is attracting, developing and retaining executive management of the quality required to run the business successfully.



ACTIONS TAKEN

- Board approved implementation of an annual pay review for all employees that took effect on 01 November 2023. The percentage of this pay rise was set at 5% to ensure that those who are the most vulnerable receive a meaningful increase. The pay rise was applied to around 95% of PAYE people
- Considered the continued personal development of the Executive Board, including senior management succession planning
- Reviewed the Group's remuneration of senior management incentive arrangements to ensure alignment with shareholder returns
- Considered the data and narrative relevant to the Group's gender pay reporting and payment practices and performance reporting in preparation for external publication, including proposed improvement plans to enhance performance
- Continuing review of the Group's employee job levels hierarchy to create a proposal for a simpler, more holistic role and salary level structure to drive greater equality, diversity and progression across all our business and functional activities. Once implemented this will increase confidence that our people are paid in the same salary bands for the same roles in line with market estimates, and performance will differentiate reward through a meritocratic reward scheme

6 Stakeholder relationships and engagement

The Board is clear that good governance and effective communication are essential to deliver our purpose and to protect the Group's brand, reputation and relationships with all our stakeholders, including customers, employees, suppliers and the local communities in which we work.

The Group communicates to its employees through presentations, internal group-wide emails and online newsletters, social media channels and blogs on our Intranet. An annual employee 'strategy update roadshow', delivered in a number of locations around the country, provides a briefing on the Group's performance, gives an update on strategy and allows individuals to raise questions and concerns.

Due to the extraordinary circumstances created by the pandemic once again, this year's roadshow was postponed, although engagement was achieved through the extensive use of Microsoft Teams conferencing facilities.

Social media channels and the blogs on our Intranet, give our employees the opportunity to interact with members of the Main Board and senior management.

An annual employee engagement survey was introduced in 2022 in order to highlight areas of improvement in communication of the Group's purpose. The result of an all employee engagement survey is a good barometer of the workforces confidence in the Group's strategic direction, optimism in the future and career opportunities.

The Group performs customer relationship interviews, and the findings are used to improve customer engagement with knowledge being shared across all of our business. In 2022, we introduced a Net Promoter Score customer satisfaction programme to gauge the value of our service offering and the loyalty it engenders in securing future pipelines of work. The outputs of this exercise establish a Key Performance Indicator for the Group going forward, and we will report on progress in future annual reports.

On all large contracts, the Group hosts local community events including 'Meet the Buyer' to engage with local stakeholders.

The Group has also developed environmental and social value targets, as part of its sustainability strategy with respect to waste, energy and community engagement that. The Group's website (**keltbray.com**), Intranet and social media channels provide up-to-date news and features on our activities.

Additional activities oriented towards ensuring strong relationships with stakeholders are detailed in the Section 172 report.



ACTIONS TAKEN

6.1 Our customers

- The administration of customers relationships is managed using our new customer relation management (CRM) system, which went fully live in FY22, following an extensive pilot phase. This platform allows us to maintain insights into sectors, coordinate our level of engagement, strengthen relationships and embed commercial terms and conditions
- Keltbray continued its principle of engaging early with customers to better understand their challenges, expectations, and priorities. As a result, Keltbray is better placed to demonstrate its experience and capability as a trusted delivery partner
- A key component of client engagement is engaging with key client influencers such as design and cost consultants and industry bodies so that we are better able to showcase Keltbray's integrated self-delivery model and technical expertise
- Customer feedback is sought across all levels of the customer organisation, this is obtained from a diversity of relationships at all levels of influence in the buying decision from director and onward. Feedback ranges from informal to more formal client surveys, participation in client-initiated industry engagement workshops and feedback loops post tender. Feedback is considered by the Main and Executive Board when evaluating sector strategies and the fundamentals of business plans, including sales and revenue forecasts. Ensuring the existence of a robust and transparent feedback loop through the tendering process also positively influences tender conversion rates
- The Main and Executive Boards maintain oversight of opportunity selection through annual sector strategy and business plan review days. They also retain oversight of the application of opportunity development through gateway decision points which form part of our overall Executive Investment Panel project governance processes
- In FY23 we also undertook an annual sector strategy review assessing the attractiveness of end markets. The analysis is comprehensive and considers sector growth, competitive dynamics, clients' approach to procurement and industry sustainability. Continued government investment in infrastructure to stimulate the economy has increased Keltbray's strategic focus on economic infrastructure sectors like energy, rail and highways. The sector strategies are considered and ultimately endorsed by the Main Board

6.2 Our people

- The Group continued to prioritise engagement and support with the employee base through increasing the quality and volume of internal communications within the organisation. Programmes of activity included:
- Bi-annual mid and senior leadership roadshows held across the businesses. This brought the extended management cohort together in person to drive the businesses, teams and individuals to reach high performance levels was the main theme of the day, and post-event feedback highlighted high levels of engagement with our strategic plans and the belief in our ability to successfully meet our stated goals
- The Bi-annual wellbeing 'Good Days at Work' survey to capture our people's views and better understand how they feel about working at Keltbray was carried out during FY22

'Good days at work' survey results

Overall, we achieved a 49% response rate, however, when we consider PAYE employees only, this increases to an impressive 67%

There are several areas of significant strength across core categories such as resilience, control and autonomy, job security and change, physical and mental health, and organisational commitment

Employees at Keltbray are experiencing 4.35 Good Days at Work per week, which is higher than the 4.05 cross-industry norm

On the eight PH² safety questions asked, we scored a positivity score of over 93% on each, indicating that our people believe Keltbray are taking/have taken a strong approach to ensuring personal safety and wellbeing in the workplace

At a group level, we scored highly against all survey measures when compared to the cross-industry norms

We have also taken our learnings around smart working from the height of the pandemic and embedded these into our working model as we returned to the office after 'working from home' restrictions were lifted

Governance review cont.

- Reviewed and endorsed the Group's charitable partners through The Keltbray Foundation
- The Executive Board endorsed investment in the development of a technical engineering programme at apprenticeship, graduate and experienced professional levels, entitled 'Engineering Futures' to build our engineering capability and build succession into our technical cohort. The programme commenced roll-out in FY23
- Continued use of Microsoft Teams as an interactive channel, face-to-face leadership briefings and local Q&A sessions, the Group's intranet, and executive-level project visits. This suite of channels all contribute to informing, involving and engaging our people in the growth and success of Keltbray
- Continuation of the use of 'toolbox talks' at project delivery level to ensure the cascade of consistent operational information to achieve project team compliance with core processes and procedures

6.3 Our suppliers

- The Executive Board is fully involved in engagement with our supply chain partners. It recognises our supply chain is a key component and partner in enabling Keltbray to drive our key growth objectives, including cost-to-serve, safety and sustainability
- Analysed competitor buying behaviours, commodity price movements, including the impact of potential supply chain 'ruptures' caused by economic and political events, weather events and other possible force majeure risks, company closures, and the resulting impact on the industry
- An important aspect of our engagement with suppliers is enhancing our governance and controls around the Code of Conduct principles and then ensuring that our supply chain partners both read and acknowledge they have read the terms and signed up to the Code, and actively following and complying with it
- Continued membership of the Supply Chain Sustainability School to achieve a sustainability accreditation. This is particularly important to the reduction of embedded carbon in the infrastructure and buildings we deliver, where we need our supply chain to understand and engage with us in calculating the carbon embedded into the materials we use
- Regular updates on issues and developments within our supply chain are provided to the Main and Executive Boards and are considered when setting and approving annual budgets, strategic and financial targets and making long term strategic decisions

6.4 Our financial partners

- Led by the Group Financial Officer, Keltbray maintains a regular and transparent programme with its financial backers, including regular update presentations and ongoing dialogue, strategy briefings, general business updates and reporting against agreed financial performance metrics
- The Chief Financial Officer is a member of the Main and Executive Boards, ensuring that executive and non-executive leadership colleagues are kept regularly updated with developments and issues with our financial backers, and their views are given full consideration in the operational and strategic decision-making processes

6.5 Community and environmental stakeholders

- Engagement with our community, environmental and other interested party stakeholders is comprehensively set out in the Sustainable Development report on pages 53-98

6.6 Government, local authority and regulatory bodies

- Keltbray is a strategic provider of specialist construction engineering and infrastructure services to the UK Government, and therefore maintains a close working relationship with a number of state departments, including the Department for Transport, Department of Energy and Climate Change and the Nuclear Decommissioning Authority
- As members of a number of government-connected trade industry bodies, including the Cabinet Office, The Construction Leadership Council, Build UK, The Major Projects Association, The British Railways Association and The British Aviation Group, we also have indirect correspondence on matters of government policy and spending, alongside procurement routes, and laws and regulations
- Our regular dialogue with the UK Government and the regulatory authorities ensures that the Main and Executive Boards are fully appraised of, and where appropriate, can influence the potential outcomes of significant governmental developments including Government policy, procurement routes, investment plans and changes to laws and regulations

Finance report and accounts



Chief Financial Officer's review

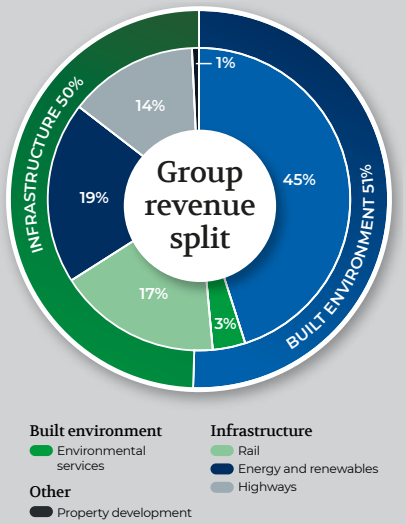
"These results are testament to the strength and adaptability of our diverse business portfolio and disciplined operating approach, and the expertise and experience of our talented people."

Peter Burnside
Chief Financial Officer

	2023 £	2022 £
Turnover	688,975,498	527,861,480
Cost of sales	(617,221,014)	(469,879,894)
Gross profit	**71,754,484**	**57,981,586**
Administrative expenses	(69,650,468)	(57,999,514)
Other operating income	4,817,096	6,273,592
Exceptional costs	(2,170,973)	–
Regulatory costs	(543,853)	(950,000)
Operating profit/(loss)	**4,206,286**	**5,305,664**
Interest payable and similar expenses	(5,321,033)	(1,829,553)
Loss on financial assets at fair value through profit or loss	(74,369)	(115,446)
(Loss)/profit before taxation	**(1,189,116)**	**3,360,665**
Tax on (loss)/profit	(594,832)	(132,814)
(Loss)/profit for the financial year	**(1,783,948)**	**3,227,851**
(Loss)/profit for the year attributable to:		
Owners of the parent Company	(2,037,597)	2,870,087
Non-controlling interests	253,649	357,764
	(1,783,948)	**3,227,851**

A disciplined performance

Against the continued backdrop of macroeconomic challenges, Keltbray delivered another year of growth in line with our strategy and Board expectations. The ongoing improvement in our operating performance, alongside our strong revenue position and high-quality order book, provide increasing confidence in our ability to meet our sustainable growth targets.



FINANCIAL PERFORMANCE

The Group delivered an increase in revenues, gross profit and order book in the FY2023 reporting period. Our gross margin was maintained at the previous year's level, demonstrating strong underlying operating performance as we delivered a significant uplift in work-in-hand volumes and associated revenues.

Our revenue for the year was up 31% at £689.0m (2022: £531.0m), reflecting disciplined growth in key infrastructure sectors and a continued return to pre-pandemic activity levels in our core building markets. Infrastructure revenues increased as expected with Government investment in the energy and transport sectors, buoyed by the urgent drive to decarbonise the UK's infrastructure. This momentum in energy markets was supplemented in the year by the completion of our acquisition of the IDEC High Voltage substation connectivity business, adding another element to our integrated delivery capability in this growing market.

Of the total, our Built Environment division contributed revenue of £312.2m, in line with expectations and despite continued investment hesitancy impacting project starts, as customers reviewed their spending plans in light of higher inflation and the corresponding increases in interest rates to counter it. Infrastructure recorded revenue of £378.4m, as predicted framework packages came to market in energy and nuclear decommissioning in particular.

The gross profit of £72.5m, represented a 25% increase compared to £57.9m in 2022, with operating profit decreasing marginally from £5.2m last financial year to £4.9m in FY2023 as cost of sales remained high and operating costs rose to support the planned revenue growth.

The focus on cash management and disciplined cost control was rewarded by an improved cash performance, with closing cash and cash equivalents of holding up at £33.6m for the full year, with quarter end cash balances of £11.2m at January 23, £9.0m at April 23 and £21.6m at July 23.

In the context of the current market volatility, the strong cash and reserves balance and stable operating profit can be considered a very creditable performance when taken together. A major contributor to this performance was the Infrastructure Energy business, supporting the maintenance and development of the UK's energy network operators.

The resilience of the Infrastructure services division is an endorsement of the Group's diversification strategy to create a range of income drivers that are not impacted by the same economic cycles. This is further proof of the Group's risk-assured growth appetite. The differential performance of these business units during the year is testament to the long-term validity of our strategic direction.



"The Board is committed to maintaining a strong balance sheet, which provides the Group with competitive advantage in its market and supports our growth strategy."

GROSS MARGIN

The gross margin on cost decreased slightly to 11.8% from 12.3% last financial year. This underlying margin performance was satisfactory in the context of the anticipated increase in work volumes delivered during the year, reflected in the significant uplift of 31% in total revenues, in a climate of rising construction cost inflation. This performance was achieved despite some expected delays to new project starts towards the end of the financial year given the increased length of client procurement in response to rising inflation, as they placed investment plans on hold or under review to protect balance sheets.

Further margin growth was, to an extent, restricted by the continuing high cost of raw materials and labour in a highly competitive marketplace for construction engineering services.

The increase in work volumes and associated revenue, has resulted in an actual gross profit outturn in 2023 of £72.4m, an increase of £14.6m on the previous year (FY22: £57.9m). This can be considered a satisfactory performance when the full impact of construction inflation is considered, particularly in commodity areas like labour and fuel, which are much harder to hedge against. It is also a great reflection of the enormous amount of work that was delivered in all areas of the business to maintain our resilience.

BALANCE SHEET

At the year-end 31 October 2023, the Group's balance sheet total stood at £28.2million, representing a solid capital base, positioning Keltbray firmly in terms of balance sheet strength and resilience, and well within the tolerance levels required by the Group's banking covenants.

The Group's top 20 customers by revenue continue to be ranked amongst the most prestigious blue-chip public and private sector organisations. As a consequence, our Debtor Days ratio remains low and our credit risk exposure is very low. These provide the liquidity levels allowing us to act responsibly in our payment terms with our supply chain, which we have improved/maintained during the financial year.

Having once been a small business enterprise, Keltbray supports prompt payments to suppliers and continually monitors its standard payments terms with its' circa 1,400 vendors to support supply chain liquidity. As such we continue to support the UK Government's Construction Supply Chain Payment Charter which has been agreed by the Construction Leadership Council (CLC), the body set up to deliver the government's industrial strategy for construction.

While the outlook for the UK economy is still uncertain as we enter a general election year in 2024 and activity levels have been subdued in UK building markets during the first quarter of the FY24 trading period, with competition intensifying and pricing levels at their highest since 2008, we will maintain a highly selective and rigorous approvals process to our pipeline of work in bid. Although this does put greater pressure on order book growth, we believe that this disciplined approach to opportunity tracking and work-winning will protect the Group in future years – we will not follow the market in chasing, low-margin, price sensitive work. This is an unsustainable approach and we are seeing the evidence of this in the industry with the increasing number of operators entering administration.

Alongside our core markets, we are also targeting growth in profitable adjacent sectors including renewables, local government and telecommunications to drive more predictable returns over the medium term.

This will continue to benefit the business by strategically rebalancing the project portfolio away from an over-reliance on the more cyclical, private building sectors, and towards longer term funding projects and frameworks in economic and social infrastructure. Our focus on generating diversified sources of revenue both from a sector and customer perspective further reinforces the diversification strategy and will help us further increase revenue and most critically, profit in 2023 and beyond, notwithstanding the pressures currently imposed on global capital markets by the ongoing conflict in Ukraine.

NET FUNDS

The Group ended the financial year with a cash headroom position comprised net funds of £38.6million, which included a closing cash position of £33.6 million and £5.0million in unused, secured banking facilities. We believe this constitutes a resilient performance and indicates the underlying strength of our business activities and management processes.

Cash will continue to come under pressure over the next few years, however, through our customer and sector diversification strategy, disposal of non-core assets, strategic infill acquisitions of assets and expertise, and a more aggressive right-sizing of our Group overhead, taken together these measures will help mitigate any negative impact on cash.

Our cash collection processes have improved during the period and are robust with strong average month-end cash balances.

ORDER BOOK

The Group order book increased significantly to £1.1billion at the year-end, representing a £519m improvement on the previous year end, due to significant returns on investments we have made in our core technical capabilities, and work-winning governance. In volume of activity terms, we remain confident that the UK economy will emerge stronger in the second half of the trading period as inflation eases towards the UK Government's two per cent per annum target . We will maintain our discipline and continue to be extremely selective in our opportunity targeting and tendering processes.

Chief Financial Officer's review cont.

TAXATION

The Group takes its social and economic citizenship responsibilities very seriously and pays the appropriate amount of tax due on its business activities. The Group's effective tax rate is materially offset by Keltbray's continuing investments in innovation.

We have a constructive and open relationship with HMRC, and look to comply with both the letter and spirit of relevant regulations and to pay our fair share of tax. Our tax strategy is available from our website at **keltbray.com**

PENSIONS

The Group operates a number of pension schemes with leading industry providers in the UK. These are defined contribution schemes and, as such, there are no outstanding pension liabilities.

INSURANCE

Insurance broking globally is consolidated with Marsh JLT Speciality and Clear Insurance Management, given their respective technical expertise in underwriting Directors' and Senior Officers' corporate liabilities, professional indemnity, property, fleet, heavy plant and commercial engineering-based projects, combined with their international market coverage.

During FY2023, the Group continued to experience low levels of claims. Our insurance profile closely tracks and correlates with our safety performance.

EXCEPTIONAL ITEMS

There were two exceptional items in the 2023 financial year totalling £2.7m, made up of legal costs relating to our ongoing dialogue with the CMA regarding the size of the penalty incurred on a wound down subsidiary and a one-off refinancing cost as part of the Group's funding facilities with its banking partners.

DIVIDEND

The directors do not recommend the payment of a dividend (FY22: £nil) and any decision to reinstate a dividend payment for the current financial review remains under review.

FINANCE AND TREASURY

The Group maintains sufficient financial capacity to support its long-term contracting commitments and accommodate future economic and operational challenges. The quantum of the cash and committed credit lines to which the Group has access to satisfy the current and future funding requirements of the Group's business plan at the year-end.

This strong year-end position has been bolstered by agreement of an additional Credit Facility for a three-year term. This new arrangement directly supports our strategic plans to grow the quality and diversity of our order book. It is also further evidence of the strength of our relationship with the investment community, and continues to demonstrate the attractiveness of Keltbray's credit profile with our clients and supply chain partners.

The Group will continue to review its credit support requirement and base of key financial stakeholders, including key surety bonding providers who support our long-term strategic growth agenda.

We will ensure our treasury policy is appropriate for the scale, complexity and operating environment of our business. We will further develop our credit support capacity in line with the requirements of our Group strategy and the core sectors we are targeting, to ensure we are optimising the Group's cash position.





RISK AND ACCOUNTING POLICIES

The Group's risk and opportunity management framework and processes have been further enhanced during the review period. The Board continuously assesses and monitors risks affecting the Group and the Chief Executive's statement, Directors' report and 'risks and uncertainties' section of this report including consideration of the relevant opportunities affecting the business. Further details of how the Group has managed key strategic, financial, operational, reputational, people, regulatory and governance risks are set out on pages 136 to 149.

SUMMARY AND OUTLOOK

The Group has once more faced up to the prevailing market volatility caused by the political and economic shockwaves rumbling across Europe and globally, while continuing to focus on its core business. Extensive senior management focus has once again been given to strategy development during the year. Steps have been taken to strengthen the business through organisational streamlining, adoption of robust corporate governance principles across key areas of decision-making and embedding a simpler, more effective internal control framework in project selection, safety and risk management and operational delivery.

By building internal capability in our highly-specialised engineering businesses whilst continuing to invest in our proven integrated service offering to clients, we remain confident that our growth plans are realistic and achievable.

Our 2024 forecast and the longer-term delivery of our business strategy is predicated on continuing to win sufficient opportunities within our addressable pipeline, the continued implementation of our successful business model and project delivery excellence underpinned by real world innovations in product and process. Whilst the Board remains confident that its forecast and strategic plan can be delivered, it is still possible that they could be impacted by the ongoing macroeconomic uncertainties that exist.

Our Executive Board continues to review our capital structure and we will always consider more efficient options that are aligned to our operating model. At present we are satisfied that we have an appropriate structure, well balanced cash flows, acceptable risk exposure to the supply chain, and a good order book which we believe we can grow further over the next two-year business plan period. Taken together we are generating sufficient financial resources to meet today's requirements and fund future growth.

The Main Board remains confident in the resilience of the business and its leadership due to its proven track record against a challenging market backdrop. As a result, the Main Board has considered the Group's financial requirements, based on current commitments and its secured order book as well as the latest projections of future opportunities, against its banking covenants and surety bonding arrangements and has concluded that Keltbray is well placed to manage its business risks and meet its revised financial targets, despite the continuing uncertainty.



Peter Burnside
Chief Financial Officer

Group risk management framework

The effective management of risks and opportunities is fundamental to the delivery of the Group's strategic objectives, achievement of sustainable growth, protection and enhancement of its reputation, and upholding the required standards of corporate governance.

How Keltbray manages risk

The Group's structured approach to risk management is based on the principle of prevention through early identification. Detailed analysis and decisive action planning are carried out to remove or mitigate the potential for and impact of key risks before they actually occur. As risks and uncertainties do materialise, this structured approach also ensures actual issues are effectively dealt with.

The Main and Executive Board members, and business division senior leadership teams, are committed to the proactive protection and optimisation of Keltbray's assets, which include human, financial and strategic resources, through the consistent application of an effective risk management process, augmented where necessary by insurance. The Group is equally committed to the effective management of material operational risks, covering important non-financial and reputational risks arising in connection with health, safety and wellbeing, environmental impact and business conduct.

The Main Board has overall responsibility for ensuring that risk is managed effectively across the Group to guarantee full compliance with the legislative and regulatory requirements in the markets where it operates, and to ensure the Group's long-term sustainable business platform is not threatened or compromised.

The Main Board delegates certain risk management activities to designated subcommittees, including the Risk Committee chaired by our Non-executive Director, Phil Wilbraham.

The Main Board considers Keltbray's internal control system to be effective and robust; and all identified risk elements are placed under continuous review and improvement.

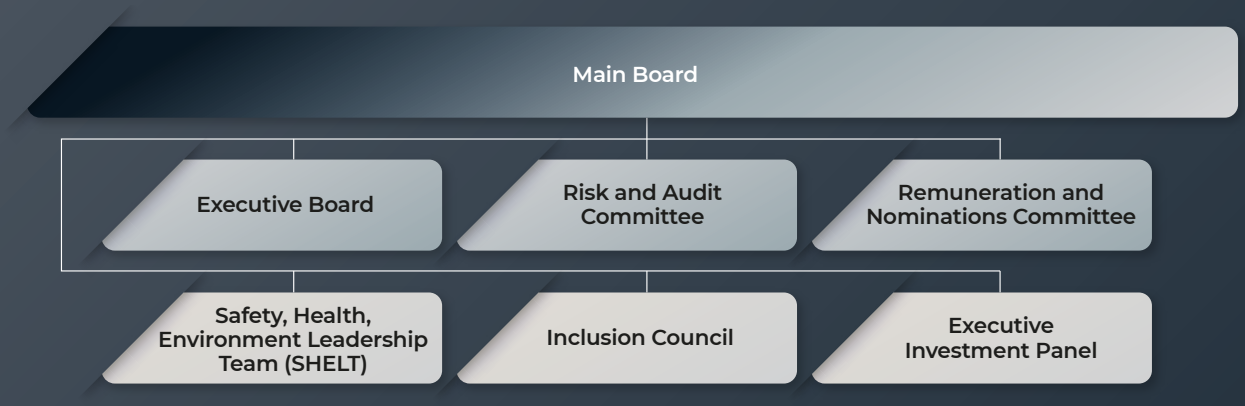
The Risk Committee reviews the effectiveness of the Group's risk management systems and reports regularly to the Board on the key sources of risk, the monitoring of their status and the corresponding mitigation plans.

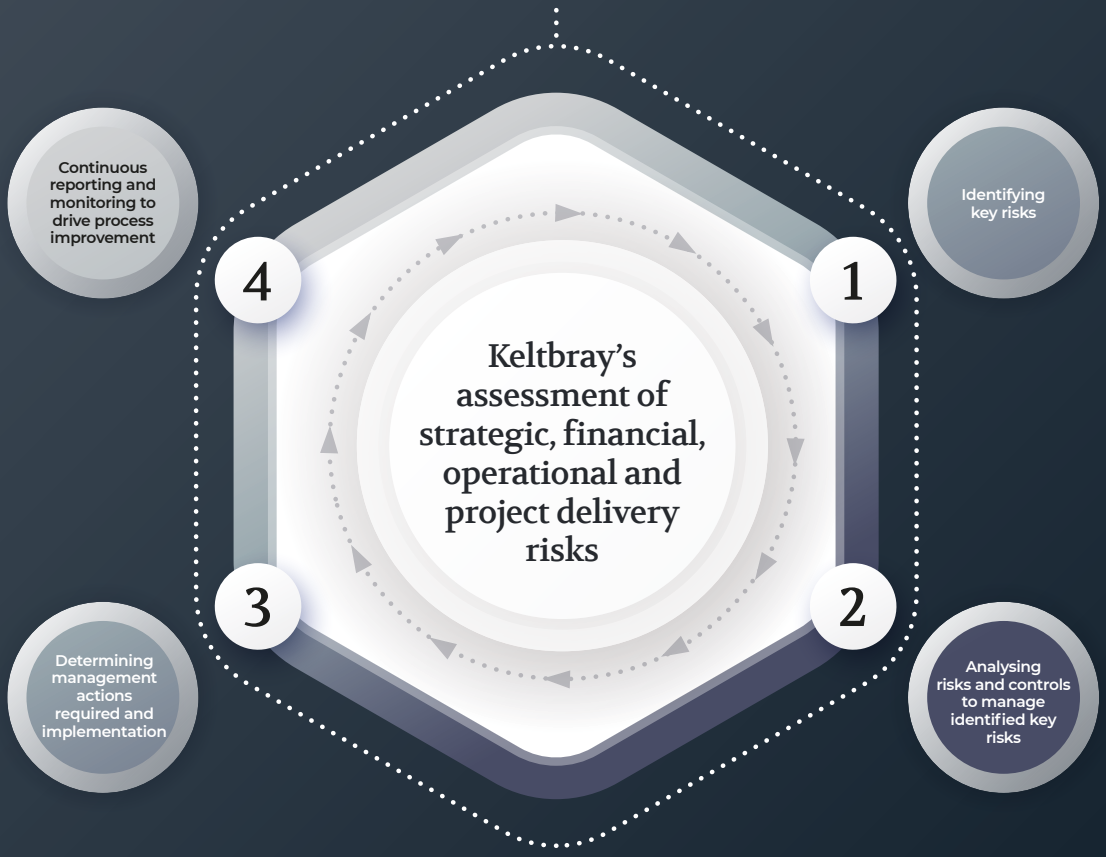
Risk reporting at the operational business unit level is structured so that key risks can be escalated rapidly through the management team, and ultimately to the Board where necessary. The individual businesses are able to tailor and adapt standard risk management processes to suit the specific circumstances of their respective operating environments.

Project risks are monitored and reported by our project leadership teams, which are reviewed by business unit operational management at scheduled contract review meetings. This process covers the health, safety, wellbeing, financial and schedule performance of projects and is overseen by the chief operating officer and commercial function.






Main Board
Executive Board
Risk and Audit Committee
Remuneration and Nominations Committee
Safety, Health, Environment Leadership Team (SHELT)
Inclusion Council
Executive Investment Panel


Keltbray's assessment of strategic, financial, operational and project delivery risks
1
Identifying key risks
2
Analysing risks and controls to manage identified key risks
3
Determining management actions required and implementation
4
Continuous reporting and monitoring to drive process improvement


MULTIPLEX
Designated Smoking Area



Group risk management framework cont.

Operational risk management

Business Code of Conduct

Keltbray believes laws and regulations act as our minimum integrity standards, and we constantly seek to go beyond this level. Our Code of Conduct articulates our approved set of ethical principles covering key business issues that we expect every employee and contracted supply chain partner to uphold in every activity, every day, wherever we operate. All relevant stakeholders undertake mandatory training to ensure we maintain acceptable business standards and ethics.

By setting the expected minimum standards of business conduct in different areas of our work, the Code is integral to the way we do business at Keltbray and is underpinned by our Group purpose and values (see page 23). Compliance with the Code provides heightened assurance of our business affairs, which in turn supports the long-term sustainability of the Group by encouraging more ethical and effective relationships and stimulating deeper economic, social and environmental contributions where we work.

The Code applies across the entire Group and its development and application are the responsibility of the Main Board.

Group policies

Our Group policies underpin the Code of Conduct and are based on Government laws and regulations as they impact upon Keltbray's business activities. The policies establish and define the internal rules that everyone must comply with to conduct business effectively.

Business Management System – The 'one Keltbray' way

Keltbray's Business Management System (BMS) is a set of standards and procedures that guide and direct Keltbray in identifying, securing and delivering projects. This proven quality assurance framework enables us to achieve maximum performance and control across the entire life-cycle of a project. The BMS is subject to continuous improvement to reflect the evolving organisation.

A frequent and formal feedback process is in place to await and capture key information to enable us continually to assimilate the best and most current ways of working.

Divisional/functional guidelines and procedures

Division – and function-specific guidelines ensure that the different operating hubs and their constituent parts can effectively adapt their business practices and processes to suit the markets and sectors in which they operate. They are designed to align with, and complement, Group policies and stem directly from Keltbray's BMS – **the 'one Keltbray' way**. In addition, they remain true to both the spirit and the letter of the Code of Conduct, and comply with applicable laws and regulations.









Business development process

01

A standard approach to the key business decisions and activities, delivering effective governance, organisational diligence and consistency for finding, bidding and securing projects

Business Development
CRM system

- Opportunity pipeline tracking
- Sector strategies
- Key customer contact management
- Process gateway governance – permission to bid
- Customer satisfaction – Net Promoter Score

Project delivery process

02

Fit-for-purpose project delivery to assure greater predictability in operational and financial performance

Project delivery
The BMS 'one Keltbray' way

- Required minimum standards and skill-sets
- Best practice procedures and functional toolkits
- Project controls, including quality assurance
- Continuous improvement
- Formal customer feedback process



Principal risks and uncertainties

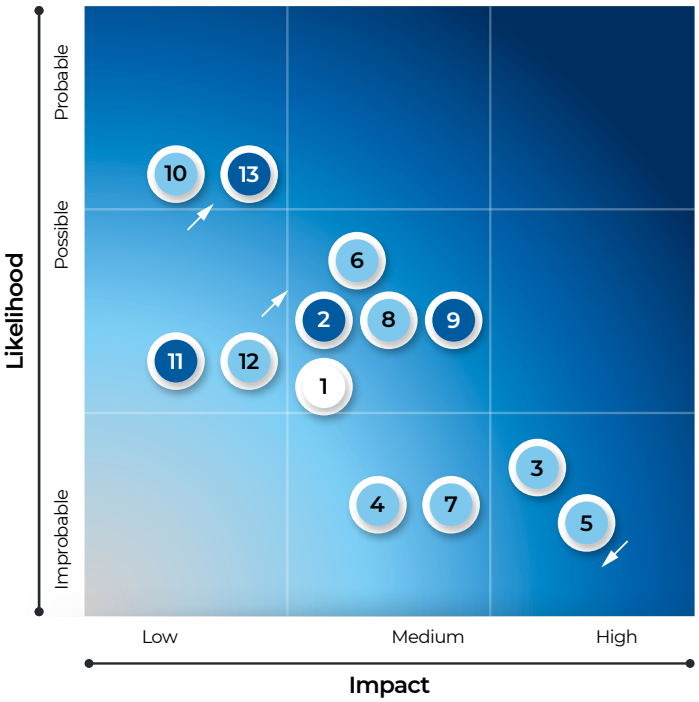
The Keltbray Group's principal risks and uncertainties are identified over the following pages, together with a description of how we manage and mitigate them.

This list is not intended to be exhaustive, and some risks and uncertainties have not been included in this list on the basis that they are not considered to be material, to affect or be likely to affect businesses in general, or are not presently known by the Board and various subcommittees. However, we have established controls and systems in place to manage these risks.

RISK AND AUDIT COMMITTEE

Overall oversight of risk management and internal control framework

- Full annual review of effectiveness of risk management and internal control systems, principal risk register, and risk appetite undertaken by the Risk and Audit Committee with assessment delivered to Main Board for approval
- Update on changes to risk and internal control environment presented by internal audit to the Risk Committee at each meeting
- Oversight of financial reporting and related internal controls, review of earnings releases, and management of internal audit activities and the independent auditor

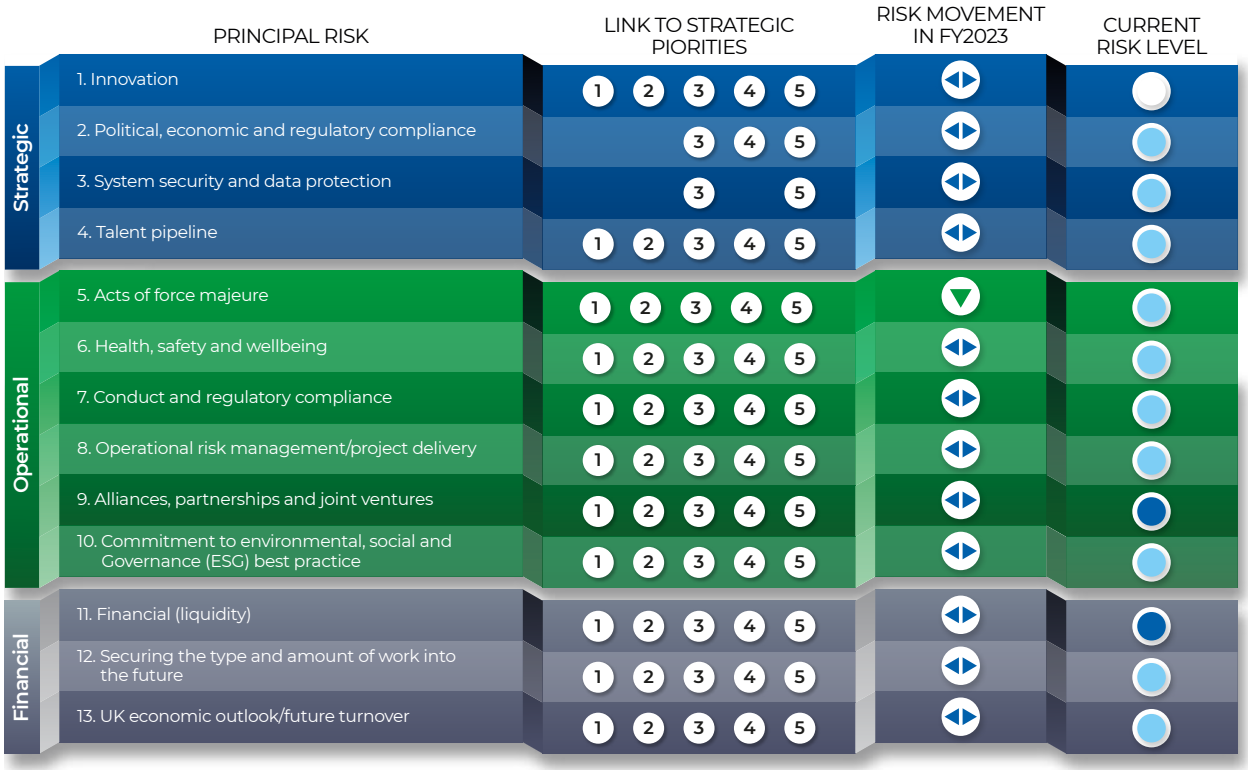


Principal risk

1. Innovation
2. Political, economic influence and compliance
3. System security and data protection
4. Talent pipeline
5. Acts of Force Majeure
6. Health, safety and wellbeing
7. Conduct and regulatory compliance
8. Operational risk management / project delivery
9. Alliances, partnerships and joint ventures
10. Commitment to environmental, social and Governance (ESG) best practice
11. Financial (liquidity)
12. Securing the type and amount of work into the future
13. UK economic outlook / future turnover

Risk probability

- Low
- Medium
- High



Strategic priorities

1. Enhance organisational capabilities and strengthen the business core
2. Target integrated solutions with building customers
3. Grow presence in infrastructure markets
4. Target synergistic opportunities in adjacent markets
5. Build business resilience and generate sustainable profits

Risk movement

- Increasing
- Stable
- Decreasing

Risk probability

- Low
- Medium
- High

1

Innovation

Risk/impact

The Group's failure to innovate could reduce our growth potential, render existing products and approaches obsolete, and cause a reduction in market share. The launch of new products and services, or new variants of existing products is an inherently time and cost consuming process, and the outcomes of such research and development can be extremely uncertain.

Customer insight being overlooked in deciding where we invest in R&D.

Management/Mitigation

Keltbray has an industry reputation for innovation within the engineering and construction disciplines where it works. The Executive team is highly-focused on new ways to develop existing methods and products, and be innovative with new ones.

We invest continuously in research and development through our in-house design and engineering business, along with our delivery and procurement teams. This activity is coordinated at the Group level through the Group Technical Director with an appointed Innovation Director, who is accountable for identifying, tracking and reporting on innovation initiatives to the Executive Board and the Risk Committee, and ensuring we receive the legal and regulatory clearances necessary for an innovation to be appropriately copyrighted/trademarked, and compliant with all necessary industry standards before being launched into the market for sale.

Recent successes in this area have included the development of the Hiperpile product which transforms a traditional pile into a sustainable client asset that has future usability in preserving environmental integrity, unlocking asset value and advancing the shift towards renewable energy, under the umbrella of the new Hiperenergy business unit which was set up in 2023 to create true value from decarbonising the built environment.

The Executive Investment Panel is used as the 'decider' on where to invest.

2

Political, Economic Influence and Compliance

Risk/impact

Keltbray operates in markets that can be influenced by cyclical factors, changes in the economic environment, Government policy, regulatory developments as well as impacts on these and the UK economy due to the impact of global influences such as, but not limited to, climate pledges, military conflicts like those currently ongoing in Ukraine and Gaza or regional economic 'fractures'. These can have a significant impact on the timing of new contracts, certainty of the workflow pipeline together with client buying behaviour. This ultimately affects the potential profitability and growth of the business.

Recent examples of such impacts include Brexit, COVID-19 Pandemic, UN Sustainable Development Goals, Russia invasion of Ukraine, Energy crisis, changes in taxation on fuel and inflationary pressures.

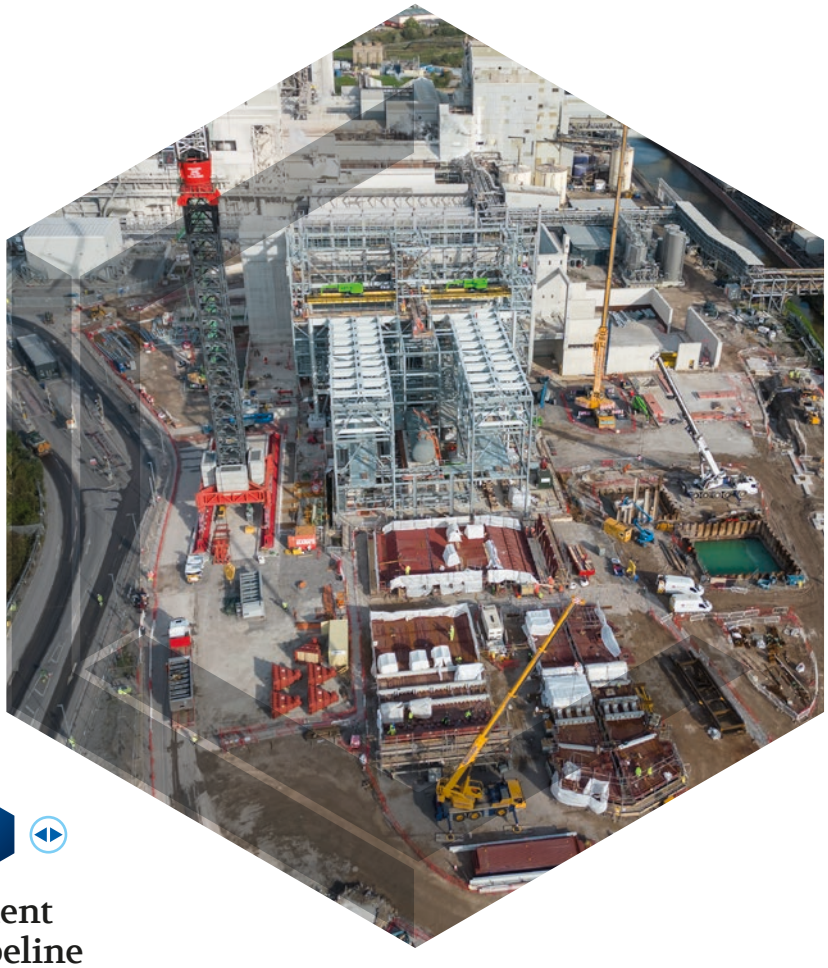
Management/Mitigation

The Group, whilst focused on two primary markets, Built Environment and Infrastructure, has a strategy to pursue a range of customers that provide it a platform to mitigate potential cyclical impacts. The mix of private and public customers and a targeted exposure to a relatively broad number of customer-led sectors spread across the UK regions underpins this resilience. Through focused key account management Keltbray maintains a focus on sustainable relationships with key customers, government departments and related regulatory authorities.

The Group continues to actively balance its portfolio of secured work by developing a more significant proportion of longer-term contracting frameworks, as part of its forward order book; as well as focusing on customers and contracting mechanisms where alliances and collaboration and proportionate risk sharing are valued as opposed to traditional, transactional arrangements.

Keltbray takes a forward-looking view of the skills, plant and materials required to meet the needs of the targeted customers in a world where global impacts remain prevalent.

This risk is managed via the annual strategic reviews, business plan quarterly re-forecast and monthly executive board meeting and investment panels.



3

Systems Security and Data Protection

Risk/impact

A loss of our key systems through a lack of resilience or an information security breach or attack, could impact the successful delivery of our projects and lead to a loss of confidential data, damaging our reputation and brand.

Management/Mitigation

Robust controls and procedures are in place to monitor the performance of our systems and to identify and mitigate external threats. The Group is continually developing and upgrading its IT infrastructure, software and assessment capabilities. We continue to develop and enhance our data protection procedures in line with market regulations. The controls and procedures are subject to regular independent internal and external review.

The company has extensive cyber defence protocols and procedures in place and regularly rehearses for this risk. Our cyber defences rapidly identify a security breach, and our immediate response and back-up procedures prevent effective encryption of data. As a result, there is no risk of impact on our business operations as a consequence.

Keltbray takes its data protection obligations very seriously and will continue to uphold the highest standards of integrity and security relating to all information it holds.

During the FY2023 there were no attempts by cyber criminals to gain unauthorised access to our IT network.

The Executive Investment Panel is used as the 'decider' on where to invest.

4

Talent pipeline

Risk/impact

Having the requisite skills and resources is key to our success and therefore a key risk if we don't. An inability to recruit, develop and retain the above could impact the Group's ability to meet current commitments as well as grow the business as planned.

Management/Mitigation

People development and talent management is a primary component of the Keltbray strategy and is overseen by The Main and Executive Boards. The Group aims to be a progressive employer of choice and offers attractive reward packages, training and development, and a broad range of career opportunities. Succession planning is undertaken for all key roles. Innovative partnerships with universities and industry training bodies also helps position Keltbray as a destination employer, attracting leading talent from entry-level graduates and apprenticeships right through to seasoned industry professionals.

The Group has appointed a team to further develop a detailed plan for the recruitment and retention of key new professionals such as Engineers and QS's to avoid a 'brain drain' gap in five years. A focused graduate development programme, apprenticeship plan and a mechanism to allow more senior employees to feedback their expertise into the business are key parts of this plan.

The recent employee engagement survey provided significant confidence that we are doing many of the 'right things' as well as pointers to new initiatives and measures we should be taking around diversity and inclusion.

The Group continues to deploy its performance and development management framework called GPS (Grow, Perform, and Succeed) to ensure training and career opportunities are available to all employees.

5

Acts of Force Majeure

Risk/impact

Further to the risk on 'political, economic influence and compliance', the potential for an act of force majeure could impact the profitability and sustainability of the business.

Management/Mitigation

The Group continually monitors and evolves its processes and practices in all areas of operation. The health, safety and wellbeing of all our people and stakeholders is and will always be our primary focus. We continue to follow Government guidance and operate only where it is safe to do so, in consultation with customers and relevant stakeholders.

The Group's crisis management process to consider and mitigate the impacts of unforeseen events and the agility of our decision-making has a major effect on our ability to maintain safe operational performance.

Through the Executive Investment Panel process and Delegated Authority matrix conditions of contract entered into should ensure that the risk of force majeure is excluded as a Keltbray liability in all contracts.

We continue to monitor developments in relation to global events and the potential impact on our business activities, and will take the necessary actions in line with UK Government guidance to protect our stakeholders and our business.

We have also captured all of the lessons learned from recent events and embedded them into our business continuity planning regimes to ensure we are equipped to deal effectively with any future force majeure events and protect our business and stakeholder interest arised access to our IT network.

6

Health, Safety and Wellbeing

Risk/impact

The nature of our activities present threats that could cause harm to employees, suppliers, customers, members of the public or the environment, which could lead to injuries, health implications, financial loss/penalties or damage to the Group's reputation.

Management/Mitigation

Health and safety is Keltbray's primary area of focus and mitigation occurs at every level of the Group's governance framework and Health, Safety and Environment remain the first agenda items for all Executive and Main Board meetings.

Our industry-leading 'Promote Health, Prevent Harm' strategy has been deployed and is an integrated programme designed to eradicate serious accidents by driving continuous improvement through our culture and leadership. Every project is subject to regular reviews and audits and changes implemented where necessary.

The Strategic Safety, Health and Environment Leadership Team (SHELT) meets bi-monthly to review policy against any legislative industry changes, identify best practice and continue to develop a consistent approach to health, safety and environmental best practice.

The operational leadership group form the Tactical SHELT and meet on a monthly basis to ensure consistency of deployment of group policies and procedures, and share best practice and review lessons learnt from recent incidents or near misses.

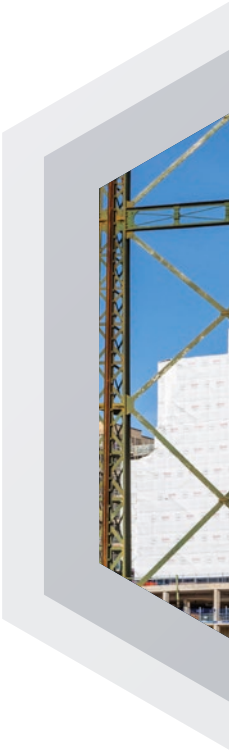
The Tactical SHELT also owns, monitors progress and provides support to The Big 6 working groups developing best practice safety management of our key business risk areas.

Tactical SHELT reports progress to all strategic SHELT meetings, where direction and assistance is provided as appropriate.

The two operational business divisions, Built Environment and Infrastructure, review health, safety and wellbeing on a monthly basis, including all aspects of tactical development, accidents, incidents and close calls / near misses (both positive aspects and areas of concern) to ensure the appropriate levels of focus and lessons learnt are deployed across the business.

Our documented HSQE Management System, clearly details compulsory procedural behavioural and training requirements are implemented on every project and are continually reviewed and updated.

PH² will continue to develop as an evolution of our thinking and an alignment of our health, safety and wellbeing aspirations. By intrinsically linking two previously separate strategies under one shared vision, our philosophy, culture and processes are mirrored wherever practical to do so..



7

Conduct and Regulatory Compliance

Risk/impact

Damage to the Group's reputation through poor conduct or acts of fraud, bribery, corruption or anticompetitive behaviour can all adversely impact corporate reputation and result in financial loss.

The CMA has now concluded and published its civil investigation into historic anti-competitive practices in the UK Demolition and Asbestos Removal sector. Keltbray Limited was found to have participated in eight infringements during the almost 10-year period covered by the inquiry. Whilst Keltbray Limited nor its employees benefitted financially from these infringements, it was the largest player in that market at the time and thus the proposed penalty is based upon that turnover. The fine of £16.0 million imposed by the CMA is being appealed by that company to the Competition Appeals Tribunal.

Management/Mitigation

The Group has very clear principles governing the way in which it conducts its business and expects all employees and partners to act in accordance with its established systems, policies and processes. Continuous awareness and training programmes ensure high levels of understanding of the Group's expectations and each individual's obligations.

In recent years, the Group has adapted and continued to implement the Wates Principles of Corporate Governance for Large Private Companies and instigated a programme of changes to streamline and simplify the statutory company structure, senior decision-making forums, and embed the Group purpose, Code of Business Conduct and Delegations of Authority matrix to bring greater control and oversight to the Group's activities from a financial, legal, regulatory and behavioural perspective.

8

Operational Risk Management / Project Delivery

Risk/impact

The Group continues to deliver innovative, yet complex, construction and engineering projects across a range of sectors. Any inability to deliver on time, to budget and to the required quality could result in financial loss or reputational damage.

Management/Mitigation

Once a project has gone through our rigorous work-winning and project selection, Keltbray's approach is guided by our Business Management System to ensure a standardised approach to tendering and delivery-based on robust project controls and a continuous improvement process.

Keltbray's integrated capabilities result in greater surety of delivery. Building Information Modelling (BIM) and digital engineering technologies are increasingly being deployed to achieve time and cost certainty through a full visualisation of the build sequence on strategic, multidisciplinary projects.

The Group has embedded its improved project reporting process and early warnings on variances to target performance are mitigated and management action is taken to ensure targets are hit. Project delivery processes and protocols have been reviewed and they are fit for the current operational environment.



9

Alliances, Partnerships and Joint Ventures

Risk/impact

To maintain competitive advantage and respond to increasingly complex client needs Keltbray will from time to time need to enter into some form of Alliance or Partnership or form some form of Joint Venture (JV) to pursue and deliver a contract or service.

Non-delivery by this combined entity and/or delivery of our supply chain through sub-standard performance, financial failure, behaviour or reduced capacity/ capability – could impact the Group's ability to deliver projects on time, on budget and to the right quality, and result in financial loss or reputational damage. The choice of, and arrangement between, these parties is critical.

Management/Mitigation

Our integrated self-delivery capability allows the Group to actively work independently wherever possible, reducing our reliance on third parties. All Joint Venture arrangements are ultimately approved by the Main Board.

From time to time however, a client will create an opportunity that necessitates us joining an Alliance. It is also possible that to deliver the entirety of the scope for our client, a JV or partnership will be required to complement our in-house skills. It may also be required to appoint a strategic supply chain partner early in a procurement process to gain competitive advantage.

In all the above cases, the Executive Investment Panel (EIP) will approve the partner and the arrangement between the parties prior to entering into the binding phases of the procurement process. The EIP will approve or otherwise the entering into such arrangements after due consideration, but not limited to, of the following:

- Compatible cultures of the parties measured by their 'values' fit, attitude to partnering, commercial behaviours and HSQE
- Compatible ESG policies
- Integrity, Ethics and Values of the parties
- Financial and legal covenants
- Client approval of the entity in the case of JV's where possible
- Improved return to Keltbray over and above going alone
- Proposed governance and project delivery structure with clearly defined influence points
- Preferable track record with the party
- Equitable contractual arrangement between the parties
- Legal health check
- Cyber security
- Operational compatibility
- Central vetting by the Keltbray procurement department in the case of supply chain partners

Once established, implementation of robust governance procedures at JV level ensures compliance with all contractual terms and practices within the joint venture, including direction, control and reporting with appropriate director representation, nominated and approved by the Executive Board;

- Appointment of an appropriately constituted JV Board to act as the main governance vehicle for the Group
- Experienced project directors are appointed to manage the JV and provide an ongoing assessment of operational delivery risk
- Best practice JV governance includes the use of joint reporting systems where appropriate, shared between all partners to embed the Group's expectations and culture throughout JV delivery teams
- All joint ventures will be reviewed on an annual basis by the risk and audit committee

Ongoing performance of any entity will be internally controlled using the existing commercial review processes on a monthly basis and routine audits on compliance with arrangements and above criteria.

10

Commitment to Environmental, Social and Governance (ESG) Best Practice

Risk/impact

The stakeholder ecosystem and its own core values necessitates Keltbray adopting the best of ESG policies, standards and actions.

Prequalification to tender lists and therefore future work as well as attracting/retaining critical resources such as finance and talent is hard wired to good ESG standards.

Growth will come from being best in class, whilst failure to live by the ESG standards we set could harm our ability to trade and grow.

Management/Mitigation

Our success is judged not only by commercial performance, but also by our contribution to society and how we act responsibly for the common good and the long term.

We believe we have an obligation to make a positive difference for society and our planet, both globally and locally. We do that through the choices we make about how we run our business, and through the commitments we make to support our communities. We cannot be successful in the long term without recognising that we are at our very best when our clients, suppliers, communities, and colleagues all progress.

The Keltbray strategy and values are aligned with the applicable UN Sustainable Development Goals ensuring they are best in class and at least compliant with the standards recognised to tackle issues such as sustainability and climate change.

Environmental best practice, embedment of Social Value in our culture and rigour around our whole approach to Governance underpins our overall strategy.

Regular reviews at Main Board via Risk Committee and Executive Board meetings coupled with internal audit and external benchmarking will ensure ongoing compliance and improvement.

Further information on our management approach to sustainability and climate change risk can be found in our Sustainable Development report (pp 53-97).

11

Financial (Liquidity)

Risk/impact

Inability to secure funding – in the form of cash and/or bonding facilities – could impact the Group's ability to bid work, make investments or meet its ongoing liquidity needs, which could adversely impact profitability, cash flow and future growth.

Management/Mitigation

Our experienced in-house financial management team takes a prudent approach to liquidity and constantly monitors and stress-tests cash reserves and available bank facilities to meet liabilities and financing needs as they fall due.

Procedures are in place to monitor and forecast cash usage, on a 17-week basis and quarterly re-forecasted annually and three-yearly basis.

This, together with committed three-year main credit facilities, ensures that we have adequate availability of cash when required.

During 2022, the Group conducted a re-financing round to replace the existing five-year facility (which expired in November 2022) with a new facility which expires in November 2026. This facility was placed with Santander, the group's incumbent bankers, on similar terms and conditions to the expiring facility.

Principal risks and uncertainties cont.

12

Securing The Right Type and Amount of Work into The Future

Risk/impact

Market uncertainties, exacerbated by global socio-political and economic events, could put pressure on the business to secure projects with inappropriate price/risk profiles or with onerous contractual arrangements, which could impact the Group's future profitability and potentially its reputation.

Management/Mitigation

Keltbray focusses on market sectors where competitive advantage is maintained and have the most potential to generate profitable returns. The Group has diversified its product and service offering across different market sectors. Members of our senior leadership team participate in governmental, economic and regulatory forums to maintain effective working relationships with the government and regulatory authorities.

Our targeted approach to project selection is guided by a detailed set of protocols overseen by the Group's Executive Investment Panel (EIP), a subcommittee of the Executive Board, which determines capital allocation against a strict set of financial and operational risk criteria. There are defined delegated authority levels for approving all tenders depending on the size and complexity of the project under consideration.

Our integrated self-delivery capability results in greater certainty of the construction programme, cost and risk profile pre-contract. Regular review meetings are held to check progress, understand the win strategy and test the contract risk profile providing recommendations where necessary with committed finance and credit facilities





13

UK Economic Outlook / Future Turnover

Risk/impact

The Group's engineering and construction operations depend on the supply of significant volumes of concrete, steel, timber, energy, fuel and agency workers. The price of these construction staples therefore can be subject to fluctuations based on demand and supply pressures across global markets.

There are only a limited number of raw material suppliers, and we operate with limited material storage capacity. Failure to receive raw materials on a timely basis could impact on our ability to deliver projects to time, cost and specification and meet our customers' demands.

Management/Mitigation

Where appropriate, we pass through raw material price increases transparently to our customers, with their full knowledge. During the recent period of material price inflation, we have mitigated the pressure of these price increases by agreeing price certainty during the course of a contract with our supply chain or on longer-term contracts to agree specific inflationary provisions with our clients.

We are also increasingly seeking ways to increase the use of recycled materials in our construction activities, through our drive to create a circular project delivery economy.

Our central procurement team also use a number of strategic suppliers to provide competitive pricing. Also, raw material supply contracts contain mechanisms, as outlined above, to help mitigate some variations in price, and we exercise these wherever it is right and prudent to do so.

Auditor's report and consolidated financial statements

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Officers and Professional Advisors

THE BOARD OF DIRECTORS

Mr P Burnside (appointed 19 May 2023)
Mr V Corrigan (appointed 19 May 2023)
Mr D James (appointed 19 May 2023)

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Rhona Sittlington

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BT1 6JH

BANKERS

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Directors' report

The directors present their report and the audited non-statutory financial statements for the year ended 31 October 2023. The parent company was incorporated on 19 May 2024.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the consolidated audited non-statutory financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited non-statutory financial statements for each financial year. Under that law the directors have elected to prepare the audited non-statutory financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited non-statutory financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these audited non-statutory financial statements, the directors are required to:

- Select suitable accounting policies for the Group's financial statements and then apply them consistently
- Make judgments and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the audited non-statutory financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of audited non-statutory financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Directors

The directors who served the company during the year were as follows:

P Burnside

V Corrigan

D James

PRINCIPAL ACTIVITY

The Company was incorporated on 19 May 2023 and commenced operations on that date. On 23rd June 2023 the Company acquired 100% of the share capital of Keltbray Holdings Limited and its direct and indirect subsidiaries via a share for share exchange through the issue of 100 ordinary A&B shares of £1 each. Merger relief under section 612 and 615 of the Companies Act 2006 were applied to this transaction. The principal activity of the Company is that of a holding company.

RESULTS AND DIVIDENDS

The loss for the year, after taxation and minority interests, amounted to £3,810,973 (2022 – profit £2,870,087). No dividends were paid during the year.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the Board.

The policies set by the board of Directors are implemented by the Group's finance department.

Price risk

The Group is exposed to some commodity price risk as a result of its operations. However, costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Foreign exchange risk

While the greater part of the Group's revenues and expenses are denominated in sterling, the Group is exposed to some foreign exchange risk in the normal course of business. While the Group has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to individual customers is monitored by the board.

Interest rate cash flow risk

The Group has both interest-bearing assets and interest-bearing liabilities, both of which bear interest at variable rates. The future cashflows of the Group's operations are not sufficiently at risk due to interest rate changes to require funding at fixed rate. The appropriateness of this policy will be revisited should the Group's operations change in size or nature.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

EMPLOYMENT OF DISABLED PERSONS

As per the Group's equal opportunity policy, all job applicants, employees and others who work for the Group will not be discriminated against in any of the equality grounds, to include disability.

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where an existing employee becomes disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

DISCLOSURE OF INFORMATION IN THE GROUP STRATEGIC REPORT

Please refer to the strategic report regarding financial overview, business review, key performance indicators, principal risks and uncertainties and corporate social responsibilities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year-end.

AUDITOR

The auditor, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.



This report was approved by the Board of Directors on 24.06.2024 and signed on behalf of the Board by:

Peter Burnside, FCAI
Chief Financial Officer

Registered office:

St Andrew's House, Portsmouth Road, Esher, Surrey KT10 9TA

Independent auditor's report to the members of Keltbray (BE) Holdings Limited

OPINION ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Keltbray (BE) Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group'), which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity for the financial year ended 31 October 2023, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Keltbray (BE) Holdings Limited's financial statements:

- Give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the assets, liabilities and financial position of the Group's and the Company as at 31 October 2023 and of the Group financial performance and cash f lows for the financial year then ended
- Have been prepared in accordance with the requirements of the Companies Act 2006

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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.

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 or the parent Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

OTHER INFORMATION

Other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon, including the Directors' report. The directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies in the financial statements, we are required to determine whether there is a material misstatement in 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 in this regard.

OTHER COMPANIES ACT 2006 REPORTING

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The directors' report has been prepared in accordance with applicable legal requirements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us
- The parent Company financial statements are not in agreement with the accounting records and returns
- Certain disclosures of directors' remuneration specified by law are not made
- We have not received all the information and explanations we require for our audit

RESPONSIBILITIES OF DIRECTORS

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 and for such internal control as the directors 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, management is responsible for assessing the Group and 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 management either intend to liquidate the Group and Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

The objectives of an auditor 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 auditor's report that includes their 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.

A further description of an auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of Keltbray Holdings Limited cont.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the Group and Company and industry, we identified that the principal risks of non-compliance with laws and regulations to compliance with Data Privacy laws, 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 preparation of the financial statements such as Companies Act 2006 and compliance with UK tax legislation. The Audit engagement partner considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulation.

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 journals entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to significant one-off unusual transactions. We apply professional scepticism throughout the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- Inquiries of management on the polices and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud
- Gaining an understanding of the internal controls established to mitigate risk related to fraud
- Discussion amongst the engagement team in relation to the identified laws and regulations and regarding the manipulation of financial statements throughout the audit
- Identifying and testing journal entries to address the risk of inappropriate journals and management override of controls
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing
- Challenging assumptions and judgements made by management in their significant accounting estimates, including estimating an allowance for the recoverability of debtors, useful economic lives of tangible assets, carrying value of investments and long term contract revenue; and
- Review the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ms. Louise Kelly, FCA
Senior Statutory Auditor



For and on behalf of:

Grant Thornton (NI) LLP
Chartered Accountants and Statutory Auditors
12-15 Donegall Square West
Belfast
BT1 6JH

Consolidated statement of comprehensive income

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	Note	2023 £	2022 £
Turnover	4	688,975,498	527,861,480
Cost of sales		(617,221,014)	(469,879,894)
Gross profit		**71,754,484**	**57,981,586**
Administrative expenses		(69,650,468)	(57,999,514)
Other operating income	5	4,817,096	6,273,592
Exceptional items	6	(2,170,973)	–
Regulatory costs	7	(543,853)	(950,000)
Operating profit/(loss)	8	**4,206,286**	**5,305,664**
Interest payable and similar expenses	12	(5,321,033)	(1,829,553)
Loss on financial assets at fair value through profit or loss		(74,369)	(115,446)
(Loss)/profit before taxation		**(1,189,116)**	**3,360,665**
Tax on (loss)/profit	13	(594,832)	(132,814)
(Loss)/profit for the financial year		**(1,783,948)**	**3,227,851**
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(2,037,597)	2,870,087
Non-controlling interests		253,649	357,764
		(1,783,948)	**3,227,851**

All amounts relate to continuing operations.

There was no other comprehensive income for 2023 (2022: £Nil).

Consolidated statement of financial position

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	Note		2023 £		2022 £
Fixed assets					
Intangible assets	14		9,732,527		2,379,492
Tangible assets	15		36,266,006		33,251,088
Investments	16		709,670		1,598,343
			46,708,203		**37,228,923**
Current assets					
Stocks	17	4,166,264		6,045,366	
Debtors	18	226,336,006		160,931,546	
Cash at bank and in hand	19	33,594,291		33,072,190	
		264,096,561		**200,049,102**	
Current liabilities	20	**(227,203,961)**		**(178,752,285)**	
Net current assets			**36,892,600**		**21,296,817**
Total assets less current liabilities			**83,600,803**		**58,525,740**
Creditors: amounts falling due after more than one year	21		**(49,424,682)**		**(22,015,779)**
Provisions for liabilities					
Other provisions	26	**(6,250,000)**		**(6,402,493)**	
			(6,250,000)		**(6,402,493)**
Net assets excluding pension assets			**27,926,121**		**30,107,468**
Net assets			**27,926,121**		**30,107,468**
Capital and reserves					
Called up share capital	27		100		100
Other reserves	28		99,900		99,900
Profit and loss account	28		27,812,455		29,850,052
Equity attributable to the owners of the parent company			**27,912,455**		**29,950,052**
Non-controlling interests			**13,666**		**157,416**
			27,926,121		**30,107,468**

The loss for the five-month period ended of the parent company was £3,810,973.

The financial statements were approved by the board of directors and authorised for issue on 24 06 2024 and are signed on behalf of the board by:



P J Burnside, FCAI
Director

Company registration number: 14882549

Company statement of financial position

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	Note		2023 £		2022 £
Fixed assets					
Investments	16		101		–
			101		–
Current assets					
Debtors	18	25,291,600		–	
		25,291,600		–	
Current liabilities					
Creditors: amounts falling due within one year	20	(4,102,574)		–	
Net current assets			**21,189,026**		–
Total assets less current liabilities			**21,189,127**		–
Creditors: amounts falling due after more than one year	21		(25,000,000)		–
Net liabilities			**(3,810,873)**		–
Capital and reserves					
Called up share capital	27		100		–
Profit and loss account	28		(3,810,973)		–
			(3,810,873)		–

The financial statements were approved by the board of directors and authorised for issue on 24 06 2024 and are signed on behalf of the board by:



P J Burnside, FCAI
Director

Company registration number: 14882549

Consolidated statement of changes in equity

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	Called up share capital £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £	Non-controlling interests £	Total £
At 01 November 2022	**100**	**99,900**	**29,850,052**	**29,950,052**	**157,416**	**30,107,468**
Loss for the year	–	–	(2,037,597)	(2,037,597)	253,649	(1,783,948)
Total comprehensive loss for the year	–	–	**(2,037,597)**	**(2,037,597)**	**253,649**	**(1,783,948)**
Acquisition of subsidiary	–	–	–	–	(397,399)	(397,399)
Total transactions with owners	–	–	–	–	**(397,399)**	**327,292**
At 31 October 2023	**100**	**99,900**	**27,812,455**	**27,912,455**	**13,666**	**27,926,121**

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2022

The notes on pages 163 to 185 form part of these financial statements

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Equity attributable to owners of the parent company £	Non-controlling interests £	Total £
At 01 November 2021	**100**	**99,900**	–	**27,664,968**	**27,764,968**	**536,869**	**28,301,837**
Profit for the year	–	–	–	2,870,087	2,870,087	357,764	3,227,851
Total comprehensive income for the year	–	–	–	**2,870,087**	**2,870,087**	**357,764**	**3,227,851**
Dividends: Equity capital	–	–	–	–	–	(108,458)	(108,458)
Acquisition of subsidiary	–	–	–	(685,003)	(685,003)	–	(685,003)
Transfer arising from restructure of group	–	(99,900)	99,900	–	–	(628,759)	(628,759)
Total transactions with owners	–	**(99,900)**	**99,900**	**(685,003)**	**(685,003)**	**(737,217)**	**(1,422,220)**
At 31 October 2022	**100**	–	**99,900**	**29,850,052**	**29,950,052**	**157,416**	**30,107,468**

Company statement of changes in equity

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	Called up share capital £	Profit and loss account £	Total £
At 01 November 2022	–	–	–
Loss for the five-month period	–	(3,810,973)	(3,810,973)
Total comprehensive income for the year	–	**(3,810,973)**	**(3,810,973)**
Contributions by and distributions to owners			
Shares issued during the year	100	–	100
At 31 October 2023	**100**	**3,813,738**	**(3,810,873)**

Consolidated analysis of net debt

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	At 01 November 2022 £	Cash flows £	New finance leases £	At 31 October 2023 £
Cash at bank and in hand	33,072,190	522,101	–	33,594,291
Debt due after 1 year	(11,000,000)	–	–	(11,000,000)
Debt due within 1 year	(11,000,000)	–	–	(11,000,000)
Finance leases	(18,857,013)	(2,005,129)	1,418,760	(19,443,382)
	(7,784,823)	**(1,483,028)**	**1,418,760**	**(7,849,091)**

Consolidated statement of cash flows

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

The notes on pages 163 to 185 form part of these financial statements

	2023 £	2022 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,783,948)	3,227,851
Adjustments for:		
Depreciation of tangible assets	13,018,256	10,917,671
Amortisation of intangible assets	849,597	320,281
Gain on financial assets at fair value	74,369	115,446
Gain on disposal of tangible assets	(1,883,433)	(245,219)
Tax on (loss)/profit	594,832	132,814
Regulatory provision	(152,493)	(97,507)
Changes in accruals and deferred income	22,829,254	13,282,807
Research & Development tax credit	(2,243,473)	(2,604,519)
(Gain) / Loss on disposal of investments	512,378	25,115
Release of deferred profit on sale & leaseback of fixed assets	(579,081)	(1,556,923)
Changes in stocks	5,324,000	(2,998,633)
Changes in trade and other debtors	(70,117,276)	(21,290,739)
Changes in trade and other creditors	45,332,783	38,468,204
Tax paid	1,830,025	(459,191)
Net cash generated from operating activities	**13,605,790**	**37,237,458**
Cash flows from investing activities		
Purchase of tangible fixed assets	(17,304,353)	(6,891,830)
Purchase of intangible fixed assets	(3,064,285)	
Purchase of other investments	(188,463)	(710,090)
Net outflow on acquisition of subsidiary	(5,310,608)	(864,197)
Proceeds from sale of tangible fixed assets	3,632,954	4,496,983
Proceeds from sale of other investments	490,389	140,485
Net cash from investing activities	(21,744,366)	**(3,828,649)**
Cash flows from financing activities		
Proceeds from borrowings	–	(500,000)
Repayment of/new finance leases	(586,369)	(9,079,011)
Payments to related parties	1,925,280	(578,951)
Payments from / (to) directors	7,321,766	(21,482,042)
Repayments from directors	–	18,714,367
Net cash used in financing activities	–	**(12,925,637)**
Net increase in cash and cash equivalents	**522,101**	**20,483,171**
Cash and cash equivalents at beginning of year	33,072,190	12,589,019
Cash and cash equivalents at the end of year	**33,594,291**	**33,072,190**
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	33,594,291	33,072,190
	33,594,291	**33,072,190**

Notes to the financial statements

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

1. GENERAL INFORMATION

The Company is a private company limited by shares, registered and incorporated in England and Wales. The address of the registered office is St. Andrew's House, Portsmouth Road, Esher, Surrey, KT10 9TA.

The Group and its subsidiaries principal activities during the year were demolition, structural and geotechnical engineering, design of permanent and temporary works, reinforced concrete structures, piling, rail overhead line electrification and design, engineering and civils works on the railway infrastructure, asbestos removal, remediation and waste treatment and supply of plant and haulage services.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company was incorporated on 19th May 2023. On 23rd June 2023 the Company acquired 100% of the share capital of Keltbray Holdings Limited and its direct and indirect subsidiaries via a share for share exchange through the issue of 100 ordinary A&B shares of £1 each. Merger relief under section 612 and 615 of the Companies Act 2006 were applied to this transaction.

The financial statements are presented in Sterling (£).

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- Disclosures in respect of financial instruments have not been presented
- No cash flow statement or net debt reconciliation has been presented for the Company
- No disclosure has been given for the aggregate remuneration of key management personnel

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are

deconsolidated from the date control ceases.

[Therefore, the Group continues to recognise a merger reserve which arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

2.3 Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest's share of changes in equity since the date of the combination.

The proportions of profit or loss and changes in equity allocated to the owners of the parent and to the non-controlling interests are determined on the basis of existing ownership interests and do not reflect the possible exercise or conversion of options or convertible instruments.

2.4 Going concern

The Company's ultimate parent company is Keltbray Group Limited. In assessing the ability of the Company to continue as a going concern, the directors have also taken account of factors of impacting the Group as a whole and the continued support of the intergroup relationships.

The activities of the Keltbray Group, along with the factors that may affect its future performance and position are set out in the Keltbray Group Limited directors' report. The Group recognises the economic and trading uncertainties resulting from macroeconomic and geopolitical issues within the UK and further afield, which lead to both cost price inflation and aggressive pricing practices are still being felt by a number of Main Contractors. The Specialist Engineering sector is now emerging from these issues.

This is driven by our contract durations which are typically of shorter duration and by our balance of contracts which include cost reimbursable and annually adjusted framework rates. The Keltbray Group are now seeing

Notes to the financial statements cont.

KELTBRAY (BE) HOLDINGS LIMITED
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buying gains driven by material price deflation, which in turn is being driven by falls in activity within the House Building sector.

Keltbrays robust governance over work winning activities have led to the group continuing to step away from a number of bids which were deemed to be below the minimum margin required for that business. This, combined with the Group's significant awarded workload, provides a more resilient base for the business and allows the directors to take a longer term view of the markets in which the Group chooses to operate.

The directors regularly review the working capital requirements of the Group in terms of monthly cash flow forecasting, quarterly re-forecasting and annual budget scenarios. Forecasts have been prepared up to 31 October 2026. These forecasts, whilst subject to inherent uncertainties, note continued increasing turnover, increased margins associated with profitable trading and stabilising levels of working capital investment.

As a response to the demand side uncertainty in some of the Group's traditional markets, the group has focused its work winning activities on those major projects, in both infrastructure and counter recessionary markets which provide a hedge against the more cyclical sectors.

Margins are forecast to modestly increase year-on-year during the forecast period, which reflects the business impact of increased governance over tendering and the Group's increased focus on Infrastructure over both divisions. This is reflected in record levels of awarded work.

The group has prepared a cash flow forecast for the period from 31 October 2023, until 31 October 2026 and the directors consider that Group has sufficient cash reserves and banking & finance facilities to meet its financial obligations as they fall due and maintain compliance with the financial covenants set within its revolving credit facility, CLBILS, mezzanine finance and Recovery Loan Facility.

The Group's core financing facilities were renewed with Santander in December 2022 for a further three-year period, on similar terms to the expiring facility. These core facilities were augmented by a further mezzanine finance facility agreed with Barings and Santander in June 2023 to fund the Group's significant expansion into the Renewable Energy and Energy Transition sector.

This finance process included a relaxation of the leverage covenant over all of the facilities to bring it into line with the forecasts for the period to 31st October 2026, which continue to forecast compliance with the covenants for the remainder of the forecast period.

The Group is addressing a civil matter and having received advice, the directors have made a provision of £6.5 million in respect of the regulatory penalty and associated legal fees. This is based on the directors best estimate of the potential liability however, the timing of outcome of the matter remains uncertain. This advice is reviewed with the group's external legal advisors each year and no change to the quantum of the provision has been advised.

The range of potential liability is between £3.9 million and £16 million, the directors have assessed the impact of this matter in making their going concern assessment and whilst it

is expecting to take a number of months to conclude this matter, they have incorporated the best estimate of timing of payments into the cash flow forecast. This estimate has been reviewed regularly and the directors have determined that they are not aware of any grounds to change their provision.

After making enquiries, and considering the factors and sensitivities outlined above for a range of scenarios and considering the diversified customer base and extensive body of awarded work, the directors are confident that the Group has adequate resources to continue its operational existence for the foreseeable future. therefore, they continue to adopt a going concern basis of accounting in preparing the annual financial statements.

2.5 Revenue

Turnover represents net invoiced sales of services, excluding value added tax. The majority of turnover is on long-term contracts. These contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs by reference to the stage of completion at the reporting date. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss accounts as the difference between the reported turnover and related costs for that contract. Provision is made for all known or expected losses.

For the waste remediation and recycling businesses, turnover is recognised on receipt of waste and for sites that involve restoration and landscaping, turnover is recognised on importation of soils.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

2.6 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight-line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.7 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above

fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.12 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2.14 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the revaluation model, intangible assets shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated amortisation and subsequent impairment losses – provided that the fair value can be determined by reference to an active market.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

- **Goodwill**
  5-10 years
- **Negative goodwill**
  Over the period that the benefit is expected to be realised

2.15 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

- **Land**
  Not depreciated
- **Buildings**
  In accordance with the lease
- **Plant and machinery**
  3-7 years
- **Fixtures and fittings**
  7 years
- **Motor vehicles**
  4 years
- **Computer equipment**
  3 years

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Consolidated Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.18 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.19 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.20 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.21 Provisions for liabilities

Provisions are recognised when

an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.22 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right shortterm loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.23 Loans and borrowings

All borrowings by the Group are initially recorded at the amount of cash received less separately incurred transaction costs, unless the arrangement constitutes, in effect, a financing transaction, in which case it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. Subsequently, borrowings are stated at amortised cost using the effective interest rate method.

The computation of amortised cost includes any issue costs, transaction costs and fees, and any discount or premium on settlement, and the effect of this is to amortise these amounts over the expected borrowing period.

Loans with no stated interest rate and repayable within one year or on demand are not amortised.

2.24 Hire purchase and finance leases

Assets held under finance leases are recognised in the balance sheet as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

2.25 Ordinary share capital

The ordinary share capital of the Group is presented as equity.

2.26 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are required when applying accounting policies. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future, which can involve a high degree of judgement or complexity. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a. Allowances for impairment of debtors

The Company estimates the allowance for doubtful receivables based on assessment of specific accounts where the Company has objective evidence comprising default in payment terms or significant financial difficulty that certain companies are unable to meet their financial obligations. In these cases, judgement used was based on the best available facts and circumstances including but not limited to, the length of relationship.

b. Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the pysical condition of the assets.

c. Carrying value of investments

Investment in subsidiary undertakings is measured at cost less accumulated impairment. Where there is an indication of impairment the recoverable amount is estimated and compared with the carrying amount. The estimate of recoverable amount is considered in light of the trading and balance sheet strength of the subsidiary together with the director's best estimate of future performance of the subsidiary.

d. Long-term contract revenue

Recognised amounts of long term revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of ongoing contracts and the order backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

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4. TURNOVER

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Construction contracts	658,616,576	510,937,520
Sale of goods and services	30,358,922	16,923,960
	688,975,498	**527,861,480**

The whole of the turnover is derived from the United Kingdom. An analysis of turnover by business operation is given below:

	2023 £	2022 £
Built Environment services	347,787,443	344,820,282
Infrastructure services	341,188,055	183,041,198
	688,975,498	**527,861,480**

5. OTHER OPERATING INCOME

	2023 £	2022 £
Research & Development tax credit	2,243,473	2,604,519
Release of deferred profit on sale & leaseback of fixed assets	579,081	813,235
Other operating income	1,994,542	2,855,838
	4,817,096	**6,273,592**

6. EXCEPTIONAL COSTS

Exceptional costs in the year relate to professional services totalling £2,714,826

7. REGULATORY COSTS

Regulatory costs in the year relate to legal costs incurred of £0.54m.

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8. OPERATING PROFIT

The operating profit is stated after charging:

	2023 £	2022 £
Amortisation of intangible assets	849,597	320,281
Depreciation of tangible assets	10,251,306	10,917,671
Gains on disposal of tangible assets	(1,883,433)	(245,219)
Lease payments	5,232,054	4,093,999
Loss on disposal of investment	74,369	25,115
Loss on disposal of sale & leaseback	–	507,948

Operating profit includes exceptional costs and regulatory costs as outlined in notes 6 and 7.

9. AUDITOR'S REMUNERATION

During the year, the Group obtained the following services from the Company's auditor and its associates:

	2023 £	2022 £
Fees payable for the audit of the financial statements	297,000	290,000
Fees payable to the Company's auditor and its associates for other services in respect of:		
Taxation compliance services	–	23,500
Taxation advisory services	1,500	13,000
Corporate finance services	–	25,000
Other non-audit services	59,000	–

The prior year audit fee disclosure relates to amounts paid to the previous external auditor.

	2023 £	2022 £
Wages and salaries	118,501,628	98,005,014
Social security costs	14,092,131	11,744,817
Other pension costs	2,763,748	2,208,788
	135,357,507	**111,958,619**

10. STAFF COSTS

The aggregate payroll costs incurred during the year were:

The average monthly number of persons employed by the Group during the year , including the directors, amounted to:

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	2023	2022
Production staff	834	794
Administrative staff	1,133	866
	1,967	**1,660**

The Company has no employees other than the directors, who did not receive any remuneration (2022 – £NIL).

11. DIRECTORS' REMUNERATION

	2023 £	2022 £
Directors' emoluments	3,173,488	2,905,072
Group contributions to defined contribution pension schemes	2,298	2,298
	3,175,786	**2,907,370**

The number of directors who accrued benefits under the companies pension plans was 7 (2022 – 7).

The highest paid director received remuneration of £1,071,810 (2022: £1,665,990).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. All key management are Directors and their remuneration for the year has been disclosed above.

12. INTEREST PAYABLE AND SIMILAR EXPENSES

	2023 £	2022 £
Bank interest payable	4,260,107	1,069,435
Finance leases and hire purchase contracts	929,758	611,356
Other interest payable	131,168	148,762
	5,321,033	**1,829,553**

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13. TAXATION

	2023 £	2022 £
Corporation tax		
Current tax on profits for the year	245,084	304,407
Adjustments in respect of previous periods	511,283	219,435
Total current tax	**756,367**	**523,842**
Deferred tax		
Origination and reversal of timing differences	(333,669)	54,529
Adjustments in respect to prior periods	69,372	(462,778)
Impact of changes in rates	102,762	17,221
Total deferred tax	**(161,535)**	**(391,028)**
Tax on (loss)/profit	**594,832**	**132,814**

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 – lower than) the standard rate of corporation tax in the UK of 25% (2022 – 19%). The differences are explained below:

	2023 £	2022 £
Loss/(profit) on ordinary activities before tax	(1,189,116)	3,360,665
Loss/(profit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2022 – 19%)	(267,789)	638,526
Effects of:		
Expenses not deductible for tax purposes	347,567	490,284
Capital allowances and depreciation	189,351	(54,150)
Adjustment to tax charge in respect of prior periods	675,529	(243,343)
Revenue exempt from tax	–	(669,245)
Chargeable gains/(losses)	42,946	–
Marginal relief	(1,363)	–
Other reconciling items	–	(94,045)
Deferred tax adjustments	–	64,787
Movement in deferred tax not recognised	(411,278)	–
Remeasurement of tax rates	33,050	–
Foreign tax relief	(13,181)	–
Total tax charge for the year	**594,832**	**132,814**

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Factors that may affect future tax charges
The standard rate of UK Corporation Tax from 1 April 2023 has increased to 25% for companies generating taxable profits of more than £250,000. The previous 19% tax rate will continue to apply to 'small' companies with profits less than £50,000, with a 'taper relief rate' for those companies with profits between the new thresholds. Deferred tax assets and liabilities have been recognised using the tax rates applicable for the date the assets and liabilities are expected to reverse.

14. INTANGIBLE ASSETS

Other than goodwill, the groups' intangible assets relate to capitalisation of internal and external costs associated with the development of patents and trademarks. These items are assessed annually for impairment and are amortised when brought into use.

The Company has no intangible assets.

Group and Company	Goodwill £	Negative goodwill £	Patents £	Total £
Cost				
At 01 November 2022	12,597,026	(9,881,259)	–	2,715,767
Additions	6,707,468	-	1,495,164	8,202,632
At 31 October 2023	**19,304,494**	**(9,881,259)**	**1,495,164**	**10,918,399**
Amortisation				
At 01 November 2022	9,485,341	(9,149,066)	–	336,275
Charge for the year	947,064	(97,467)	–	849,597
At 31 October 2023	**10,432,405**	**(9,246,533)**	–	**1,185,872**
Net book value				
At 31 October 2023	**8,872,089**	**(634,726)**	**1,495,164**	**9,732,527**
At 31 October 2022	3,111,685	(732,193)	–	2,379,492

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Group	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost						
At 01 November 2022 (as previously stated)	6,813,099	74,816,473	2,218,259	4,309,416	4,512,816	92,670,063
Prior Year Adjustment	–	(4,870,058)	(179,906)	(4,476)	162,096	(4,892,344)
At 1 November 2022 (as restated)	6,813,099	69,946,415	2,038,353	4,304,940	4,674,912	87,777,719
Additions	457,787	15,387,673	84,138	227,137	1,147,618	17,304,353
Acquisition of subsidiary	–	–	649,582	–	351,243	1,000,825
Disposals	(840,753)	(9,319,008)	–	(144,205)	–	(10,303,966)
At 31 Oct 2023	**6,430,133**	**76,015,080**	**2,772,073**	**4,387,872**	**6,173,773**	**95,778,931**
Depreciation						
At 01 November 2022 (as previously stated)	2,453,577	51,185,936	1,798,387	1,933,961	2,765,591	60,137,452
Prior Year Adjustment	1	(5,547,087)	(173,857)	(39,026)	149,148	(5,610,821)
At 1 November 2022 (as restated)	2,453,578	45,638,849	1,624,530	1,894,935	2,914,739	54,526,631
Charge for the year on owned assets	693,715	10,433,027	250,835	738,588	902,091	13,018,256
Disposals	(572,742)	(7,973,248)	–	(8,455)	–	(8,554,445)
Acquisition of subsidiary	–	–	250,909	–	271,574	522,483
At 31 October 2023	**2,574,551**	**48,098,628**	**2,126,274**	**2,625,068**	**4,088,404**	**59,512,925**
Net book value						
At 31 October 2023	**3,855,582**	**27,916,452**	**645,799**	**1,762,804**	**2,085,369**	**36,266,006**
At 31 October 2023 (as restated)	4,359,521	24,307,566	413,823	2,410,005	1,760,173	33,251,088

15. TANGIBLE FIXED ASSETS

The Company has no tangible assets.

Finance leases and hire purchase contracts
Included within the carrying value of plant and machinery is £25,671,854 (2022: £22,102,251) relating to assets held under finance lease or hire purchase agreements.

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16 FIXED ASSET INVESTMENTS

Group	Listed investments £	Other investments £	Total £
Cost			
At 01 November 2022	2,248,759	764,630	3,013,389
Additions	188,463	–	188,463
Disposals	(564,758)	–	(564,758)
At 31 October 2023	**1,872,464**	**764,630**	**2,637,094**
Impairment			
At 01 November 2022	1,415,046	–	1,415,046
Charge for the period	(132,679)	645,057	512,378
At 31 October 2023	**1,282,367**	**645,057**	**1,927,424**
Net book value			
At 31 October 2023	**590,097**	**119,573**	**709,670**
At 31 October 2022	833,713	764,630	1,598,343

Listed investments

At 31 October 2023, the market value of listed investments was £590,097 (2022: £833,713).

Company	Investments in subsidiary companies £
Cost or valuation	
Additions	101
At 31 October 2023	**101**
Net book value	
At 31 October 2023	**101**
At 31 October 2022	–

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Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

	Registered office	Principal activity	Holding
Keltbray Holdings Limited	England & Wales	Holding company	100%
Keltbray Infrastructure Services Limited	England & Wales	Holding company	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

	Registered office	Principal activity	Holding
Keltbray Group (Holdings) Limited	England & Wales	Holding company	100%
Keltbray Consulting and Engineering Limited	England & Wales	Holding company	100%
Keltbray IDEC Group Limited	England & Wales	Holding company	100%
Keltbray Limited	England & Wales	Demolition and civil engineering	100%
Keltbray Built Environment Limited	England & Wales	Demolition and civil engineering	100%
Keltbray Rail Limited	England & Wales	Overhead line engineering for the rail network	100%
Keltbray Plant Limited	England & Wales	Supply of plant to the construction industry	100%
Keltbray Environmental Materials Management Limited	England & Wales	Ground remediation	100%
Keltbray Environmental Ltd	England & Wales	Waste recycling	84%
Wentworth House Rail Systems Limited	England & Wales	Designers of rail overhead electrification	100%
Wentworth House Partnership Limited	England & Wales	Civil engineering design	100%
KML Occupational Health Limited	England & Wales	Undertaking of occupational health services	50%
Keltbray Structures Limited	England & Wales	Construction of commercial buildings	100%
Keltbray International Ltd	Canada	Overhead line engineering for the rail network	100%
Keltbray International PTY Limited	Australia	Overhead line engineering for the rail network	100%
Electricityworx Limited	Northern Ireland	Electrical services	100%
Keltbray IDEC Limited	England & Wales	Electrical services	100%
Keltbray IDEC Power Limited	England & Wales	Electrical services	100%
Keltbray Energy Limited	England & Wales	Holding company	100%
Keltbray Highways Limited	England & Wales	Infrastructure services	100%
Keltbray Management Services Limited	England & Wales	Group services	100%
Keltbray Property Investment Limited	England & Wales	Property investment	100%
Kerr Property Holdings Limited	England & Wales	Property investment	88%
Cedarr Properties Limited	England & Wales	Property investment	88%
Kerr Prop One Limited	England & Wales	Property investment	88%
Kerr Prop Two Limited	England & Wales	Property investment	88%
Qualified Recruitment Limited	England & Wales	Dormant	100%
Keltbray Demolition Limited	England & Wales	Dormant	100%
Keltbray Building Services Limited	England & Wales	Dormant	100%
Saturn Land Limited	England & Wales	Dormant	100%
Keltbray AWS Limited	England & Wales	Dormant	50%

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

17. STOCKS

	Group 2023 £	Group 2022 £
Raw materials and consumables	4,166,264	6,045,366
	4,166,264	**6,045,366**

The replacement value of stock is not materially different to the cost as stated above in the current or prior year.

18. DEBTORS

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Due after more than one year				
Amounts owed by related parties	18,092,339	16,797,063	–	–
	18,092,339	**16,797,063**	–	–
Due within one year				
Trade debtors	80,359,244	44,291,240	–	–
Amounts owed by related parties	150,000	1,380,413	–	–
Amounts owed by Group undertakings	–	–	25,000,100	–
Deferred tax asset	953,494	1,108,820	–	–
Prepayments and accrued income	11,036,287	8,346,853	291,500	–
Directors loan account	–	7,321,766	–	–
Amounts recoverable on contracts	107,101,472	75,911,340	–	–
Other debtors	8,633,815	5,774,051	–	–
	226,336,006	**160,931,546**	**25,291,600**	–

19. CASH AND CASH EQUIVALENTS

	Group 2023 £	Group 2022 £
Cash at bank and in hand	33,594,291	33,072,190
	33,594,291	**33,072,190**

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	11,000,000	11,000,000	–	–
Trade creditors	82,365,956	64,380,227	–	–
Deferred consideration	1,960,000	–	–	–
Amounts owed to Group undertakings	–	–	2,345,473	–
Amounts owed to related parties	2,000,000	–	–	–
Accruals and deferred income	102,321,924	78,777,563	1,757,000	–
Corporation tax	418,775	392,717	–	–
Social security and other taxes	6,650,465	4,350,222	–	–
Obligations under finance leases and hire purchase contracts	7,469,430	7,879,764	–	–
Other creditors	13,417,411	11,971,792	101	–
	227,203,961	**178,752,285**	**4,102,574**	–

Bank loans
Security for bank loans comprises of cross company guarantees and debentures over certain Group companies (as outlined in the Contingencies Note) and a personal guarantee by the Group's ultimate controlling party.

Secured and other loans
Other creditors include secured loans totalling £3,357,386 (2022: £2,707,728) which are secured and repayable within 12 months at an average interest rate of nil.

Accruals
Included within accruals and deferred income is £30,340,982 (2022: £35,318,017) of contract accruals.

Assets held under finance lease
The assets held under finance leases are secured upon the assets to which they relate.

Deferred income
Deferred income relates to the excess of proceeds over the carrying value of certain items of plant and machinery which were subject to a sale and leaseback transaction during the prior year. In accordance with the provisions in Section 20 of FRS 102, this excess has been deferred and is being amortised over the term of the lease.

Notes to the financial statements cont.

KELTBRAY (BE) HOLDINGS LIMITED
Year ended 31 October 2023

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	11,000,000	11,000,000	–	–
Deferred Other creditors	25,028,673	38,530	25,000,000	–
Obligations under finance leases and hire purchase contracts	12,396,009	10,977,249	–	–
Deferred consideration	1,000,000	–	–	–
	49,424,682	**22,015,779**	**25,000,000**	–

Bank loans
Security for bank loans comprises of cross company guarantees and debentures over certain Group companies (as outlined in the Contingencies Note) and a personal guarantee by the Group's ultimate controlling party.

Assets held under finance lease
The assets held under finance leases are secured upon the assets to which they relate.

Deferred income
Deferred consideration in note 20 and 21 relates to amounts payable to third party relating to the acquisition of the IDEC Group (£2,000,000) and Electricityworx (£960,000) – refer to note 29. The amounts are payable on meeting certain criteria of the purchase agreement and are due in a year greater than one year from the date of this report.

22. LOANS

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £
Amounts falling due within one year		
Bank loans	11,000,000	11,000,000
	11,000,000	**11,000,000**
Amounts falling due 1-2 years		
Bank loans	11,000,000	11,000,000
	11,000,000	**11,000,000**
	22,000,000	**22,000,000**

23. FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group 2023 £	Group 2022 £
Not later than 1 year	7,467,430	7,879,764
Later than 1 year and not later than 5 years	12,396,009	10,977,249
	19,863,439	**18,857,013**

KELTBRAY (BE) HOLDINGS LIMITED
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24. DEFERRED TAXATION

The deferred tax included in the statement of financial position is as follows:

Group	2023 £
At beginning of year	1,108,820
Charged to profit or loss	(155,326)
At end of year	**953,494**

The deferred tax asset included in the statement of financial position is as follows:

	Group 2023 £	Group 2022 £
Accelerated capital allowances	953,494	1,037,225
Other	–	71,595
	953,494	**1,108,820**

There is no deferred tax in the Company.

25. EMPLOYEE BENEFITS

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £2,763,748 (2022: £2,184,124).

26. PROVISIONS

Group	Regulatory provision £
At 1 November 2022	6,402,493
Released in year	(152,493)
At 31 October 2023	**6,250,000**

27. SHARE CAPITAL

Allotted, called up and fully paid	2023 £	2022 £
75 (2022 – 75) A Ordinary shares of £1.00 each	75	75
25 (2022 – 25) B Ordinary shares of £1.00 each	25	25
	100	**100**

KELTBRAY (BE) HOLDINGS LIMITED
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28. RESERVES

Share premium account
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Merger Reserve
The Company was incorporated on 19th May 2023. On 23rd June 2023 the Company acquired 100% of the share capital of Keltbray Holdings Limited and its direct and indirect subsidiaries via a share for share exchange through the issue of 100 ordinary A&B shares of £1 each. Merger relief under section 612 and 615 of the Companies Act 2006 were applied to this transaction.

Profit and loss account
This reserve records retained earnings and accumulated losses.

29. BUSINESS COMBINATIONS

On 9 November 2023, a subsidiary of the group, Keltbray Energy Limited acquired the trade and assets of Keltray IDEC Group Limited which comprises the trade and assets of Keltbray IDEC Group Limited, Keltrbray-IDEC Limited and Keltbray IDEC Power Limited.

Acquisition of Keltbray IDEC Group Limited

Recognised amounts of identifiable assets acquired and liabilities assumed

	Book value £	Fair value adjustments £	Fair value £
Net assets identifiable at acquisition	3,712,261	(1,540,000)	2,172,261
Total Identifiable net assets	**3,712,261**	**(1,540,000)**	2,172,261
Goodwill			5,138,347
Total purchase consideration			**7,310,608**
Consideration			
Purchase price (net of free cash and debt)			5,310,608
Earn out (paid in current financial year)			1,000,000
Earn out (accrued in future financial year)			1,000,000
Total purchase consideration			**7,310,608**

The fair value adjustment relates to goodwill within IDEC-Group Limited.

The profit/(loss) since the date of acquisition and net assets are as follows:

	Profit/(Loss) £	Net Assets/ (liabilities) £
Keltbray-IDEC Group Limited	–	1,250,000
Keltbray-IDEC Limited	639,700	3,536,469
Keltbray IDEC Power Limited	–	1,000

30. OPERATING LEASES

At 31 October 2023 the Group and the Company had total future minimum lease payments due under non-cancellable operating leases as follows:

	Group 2023 £	Group 2022 £
Not later than 1 year	4,544,154	4,541,596
Later than 1 year and not later than 5 years	10,074,125	11,386,279
Later than 5 years	19,761,797	16,330,782
	34,380,076	**32,258,657**

31. CONTINGENCIES

Group bank borrowings are held with Santander UK Plc. There is a cross-company guarantee in place between Keltbray Goup (Holdings) Limited, Keltbray (BE) Holdings, Keltbray Infrastructure Services Limited, Keltbray Holdings Limited, Keltbray Plant Limited, Keltbray Rail Limited, Keltbray Environmental Ltd, Keltbray Environmental Materials Management Limited, Keltbray Structures Limited, Keltbray Consulting & Engineering Limited, Wentworth House Rail Systems Limited, Keltbray Energy Limited, Keltbray Built Environment Limited, Keltbray Management Services Limited and Keltbray Highways Limited. In addition, the bank holds a debenture over all of the assets and undertakings of each of the aforementioned companies.

Amounts recoverable on contracts and trade debtors include £3.7m related to costs incurred on a long-term contract. This contract was paused following the outbreak of the Ukraine conflict, in accordance with compliance with UK Government sanctions. Whilst a license has been granted by UK Government to enable recovery of this balance there remains uncertainty around actual recovery of funds.

32. RELATED PARTY TRANSACTIONS

Group

BMJ Waste Limited is an entity related by virtue of common ultimate control.

During the year, the Group made sales of £476,764 (2022: £19,134,209) to BMJ Waste Limited. These sales related to the sale of scrap metal extracted from demolition and decommissioning projects. BMJ Waste Limited subsequently sold this scrap metal at an average mark up of 18% to a thirdparty recycling processor. The scrap metal was transported directly by Keltbray Group to the processor.

The Group also made purchases of £204,014 (2022: £405,852) from BMJ Waste Limited.

At the year-end 31 October 2023, the Group was owed £ 150,000 (2022: £1,380,413) by BMJ Waste Limited.

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 33.

Amounts owed by related parties who are related by virtue of control:

	2023 £	2022 £
Crumlin Capital Limited	11,057,997	12,541,114
Arcs Energy	2,856,063	2,548,480
Kerr Partnership LLP	3,265,649	2,062,209
Greenshire	699,788	750,686
Callender St Trustees (Sandy Lane)	212,842	196,003
BMJ Waste Limited	150,000	1,380,413
	43,242,339	**19,478,905**

Amounts owed to related parties:

	2023 £	2022 £
Directors current account	**593,393**	**7,321,766**
	593,393	**7,321,766**

Company

The Company has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 not to disclose any transactions with its 100% owned subsidiary undertakings on the grounds that the consolidated financial statements are publicly available.

No transactions with related parties were undertaken such as are required to be disclosed under FRS 102 Section 33.

33. POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

Company detailed profit and loss account

KELTBRAY (BE) HOLDINGS LIMITED
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34. CONTROLLING PARTY

At 31 October 2023 the Company was a 75% owned subsidiary of the ultimate parent company Keltbray Group Limited, a company registered in England and Wales. The Group's ultimate controlling party is B Kerr who is the majority shareholder of the ultimate parent company Keltbray Group Limited.

35. PRIOR YEAR COMPARATIVES

Certain fixed asset notes have been restated in the prior year ended 31 October 2022 to correct the opening cost and accumulated depreciation brought forward, and to correct assets which had been over-depreciated in a previous period.

The first adjustment has been to reduce the cost brought forward and the accumulated depreciation brought forward of certain assets as set out in note 15 by £4,892,344. This adjustment had no impact on net assets or reported profit as at 31 October 2023, or 1 November 2022.

The second adjustment relates to a restatement to correct fixed assets which had been over-depreciated in a previous period within plant and machinery. The result has been to increase net assets by £119,747 and reduce reported profit in the prior year by £119,747 for the period ended 31 October 22; and to increase net asset and reported retained earnings at 1 November 2021 by £718,477.


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