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## TEEM GROUP LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Introduction

The principal activity of the Group continued to be that of the design, build and installation of mechanical, electrical and public health services for industrial and commercial buildings.

#### Business review

The directors consider the results for the year and the financial position of the Group at the end of the year satisfactory.

The results were achieved despite challenging economic conditions that were affected by the impact the uncertainty and the continuing inflationary pressures caused by the war in Ukraine and consequential high interest rates that affected decision making in the office fit out market in 2023.

The Group continues to explore diversification of its client base, geographical spread, and work sectors and protects its liquidity and profitability by careful contract selection, credit insurance and by vetting suppliers and subcontractors' financial risk.

The effect of adverse trading conditions and in particular interest rate rises lead to uncertainty in the office fit out market resulting in delayed decision making as clients reassessed the viability of projects, in some instances redesigning the project and sought cost certainty in inflationary times which affected the Groups turnover for the year.

The CLBILS Term Loan was repaid in 2023 leaving the Group debt free.

The financial position of the Group is presented in the Balance Sheet. The total shareholders' funds on 31 December 2023 was £12,704,927. (2022 £11,451,010). The company continues to maintain a strong Balance Sheet for investment in the future.

Cash balances at the end of the year totalled £6,426,449 (2022 £4,649,947).

#### Principal risks and uncertainties

The key business risks and uncertainties affecting the Group include;

- Increased competition in securing contracts
- Contractual risk including mispricing of contracts, managing changes to contracts, contract disputes and poor project delivery
- Credit risk associated with upstream insolvency
- Increased potential for failures in our supply chain
- Lack of availability of sufficiently skilled people in the marketplace
- Threat to health and safety of our people
- Inflation risk association with fixed price contracts
- Inflationary material costs and delays in delivery caused by production problems, increased delivery costs and transport delays
- The continuing effect of the Ukrainian war affecting decision making and costs in 2023 and beyond.
- Tightening of the bond market due to high profile failures and bondholders' losses.

The Directors are confident that these risks and uncertainties are and will continue to be appropriately managed and mitigated by the company's strategies, procedures, and commercial diligence, with constant monitoring and stringent risk management.

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**TEEM GROUP LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**Financial key performance indicators**

The directors consider the key financial performance indicators to be gross profit margin percentage and profit before tax. Gross profit margin percentage for the year under review was 16.8% (2022: 15.5%) and Profit before tax was £1,359,473 (2022: Loss £171,311).

**Other key performance indicators**

The directors consider the Group's health and safety record and days lost through injury to be non-financial key performance indicators. We have a dedicated Health & Safety Director who reports regularly on Health & Safety performance at Board Meetings. The company aims to achieve a year-on-year improvement with regards to safety.

The Group, through its commitment to high standards of health & safety has this year won the RoSPA 'Order of Distinction' for 19 consecutive Gold Awards as well as maintaining the accreditation ISO45001:2018 for health and safety.

Our delivery performance continues to lead the market and has identified our company as such. Our ability to complete fast track installations, meeting client budgets has been recognised within our sector continuously over the past 29 years. Our ability to offer design solutions that provide commercial benefit, is key to our success.

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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#### Directors' statement of compliance with duty to promote the success of the Group

The Board of Directors considers that it has complied in all material respects with their s172(1) duties.

- **Engagement with suppliers, customers and others**

The Board of Directors acknowledges that the long-term success of the Group is dependent on the way it works with several important stakeholders. Key stakeholders are considered in the Board's decision making, which ensures that the directors' duty is discharged under section 172 of the Companies Act 2006.

- **Customers**

We always aim to build long standing relationships with our customers through our commitment to our core ethic of 'Complete Project Delivery'. This has enabled us to achieve continued high quality service. Repeat business forms over 80% which is indicative of our reputation.

Our specialist in-house design ability allows us to offer a Design and Build solution for our customers.

We maintain our exceptional reputation and credibility with our customers by exceeding the requirements for the key industry standard certifications, including ISO9001:2015, ISO 14001:2015, ISO 45001:2018, ISO 27001:2022 and ISO19650:2018 standard certifications. We also hold Cyber Essentials + certification in order to protect client data.

- **Supplier and Subcontractors**

We consider our supplier relationships critical to our overall success, allowing us to deliver an exceptional level of service to our customers in an efficient manner. We continue to build strong relationships with both existing and new suppliers allowing us to react quickly to the constantly changing market.

We work extremely closely with our subcontractors and suppliers to maintain performance and product quality during the course of contracts, including frequent progress and design meetings involving the client and professional team.

We require compliance with BS/CE standards from our suppliers and we review additional trade specific accreditations to ensure quality of work of our subcontractors and any other requirements of our customers.

Suppliers and subcontractors are also required to adhere to ethical standards, in line with those expected from us by our customers. Our suppliers and subcontractors are therefore contractually obliged to follow Anti-Corruption, Modern Slavery, Data-Protection, Criminal Finance and Confidentiality standards as part of our standard terms and conditions.

We ensure the financial stability of our suppliers and subcontractors by undertaking credit checks on new companies and regular reviews prior to the award of large orders. We also enforce set requirements on insurance and product warranties.

- **Employees**

The Group recognises the importance of retention and development of talented employees to the ongoing success of the company. We regularly update employees on internal procedures, new regulations, products and health and safety matters via toolbox talks, newsletters, notices, formal courses and workshops.

We encourage and support training of apprenticeships and participation in degree programmes across all departments within the Group, supporting external courses with additional in-house training programmes.

We also value input from our employees on potential operational enhancements. This resulted in several

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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improvements to ways of working being implemented. A feedback process was carried out during the previous financial year.

- **Environment**

The risk of environmental damage is controlled through the implementation and enforcement of rigorous environmental policies and procedures in line with our environmental management system ISO14001.

The company has developed a Sustainable Procurement Strategy with our Supply Chain, the main objectives of which are to:

- 1) Use fewer resources and consume less energy through the use of innovative solutions
- 2) Procure materials with a preference for recognised responsible sourcing schemes
- 3) Specify and procure on a basis that strikes a balance between socio-economic and environmental factors and generate benefits to the economy and society
- 4) Use resource efficient products and give due consideration to end of life uses, future deconstruction and recovery of resources
- 5) Procure locally where possible and agree fair contract prices and terms are applied.

- **Shareholders**

We are a privately owned business with a small group of shareholders, who are involved in the day to day management of the Group's operations. The Directors' have acted to maximise profit and free cash flow, as shown by the results in the current financial year in order to create value for shareholders.

- **Principal decisions taken in the year**

The Directors welcome the new reporting requirements as a means of explaining how dialogue with stakeholders has helped form and shape its decisions to promote the success of the Group.

This report was approved by the board on

and signed on its behalf.

**B Cockrell**  
Director