

# Infrastructure that matters

Annual Report and Accounts 2025



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### Financial

Total Group revenue – including joint ventures<sup>1</sup>

**£4.1bn**

FY24: £4.0bn

Adjusted operating profit<sup>2</sup>

**£159.1m**

FY24: £150.2m

Adjusted earnings per share<sup>1,3</sup>

**21.6p**

FY24: 20.6p

Dividend<sup>4</sup>

**7.2p**

FY24: 5.2p

Net cash – 30 June<sup>5</sup>

**£204.1m**

FY24: £167.2m

#### Cover images

Patient first healthcare.

Front cover shows (L-R) exterior of the new buildings at Luton & Dunstable University Hospital, the Kier site team at the hospital, and a nurse working at another Kier hospital project in Taunton.

Group revenue<sup>1</sup>

**£4.1bn**

FY24: £3.9bn

Operating profit<sup>1</sup>

**£113.7m**

FY24: £103.1m

Earnings per share<sup>1,3</sup>

**12.8p**

FY24: 11.8p

Order book

**£11.0bn**

FY24: £10.8bn

Net debt – average month-end<sup>5</sup>

**£(49.2)m**

FY24: £(116.1)m

### Non-financial

Reduction in Scope 1 and 2 emissions<sup>6</sup>

**70.9%**

Employee engagement index<sup>7</sup>

**80.5%**

People in formal training and development programmes<sup>8</sup>

**11.3%**

1. See consolidated income statement on page 129.
2. See note 5 to the consolidated financial statements.
3. See note 12 to the consolidated financial statements.
4. See note 11 to the consolidated financial statements.
5. See note 21 to the consolidated financial statements.
6. Since FY19 baseline year.
7. See note 1 on page 45.
8. See note 1 page 34.

**Our purpose** is to sustainably deliver infrastructure that is vital to the UK.

**Our vision** is to be the UK's leading infrastructure services and construction company.

#### Infrastructure that matters

**Infrastructure is the backbone of a thriving society. It connects people to opportunity, supports essential services, and underpins economic growth. Over the following pages, we explore how we make this happen.**

Now is a pivotal moment, as economic and political factors create a supportive environment for growth. We are operating in a landscape defined by economic ambition, geopolitical threats and environmental urgency. In response, there is a focus on national renewal and domestic investment – particularly in defence, energy security and regeneration.

This landscape demands bold thinking, working in partnership with our customers and a deep sense of responsibility and purpose, where Kier has natural strengths.



# Why it matters: At the heart of sustainable growth

Infrastructure is often a lever to stimulate the economy, with demand for innovative, scalable solutions.

Climate change and ageing infrastructure are accelerating the need for sustainable maintenance and upgrade programmes. Demographic trends – especially longevity and population growth – are placing pressure on health, housing supply and transport infrastructure.

As a leading strategic supplier to His Majesty's Government, with a strong track record of delivery, an £11bn order book and a long-term sustainable growth plan, Kier has the vision, confidence and capability to respond.



## 71%

of our project revenue has delivered a net environmental benefit



> Discover more on our website



### Mansfield SuDS, Nottinghamshire

This long-term, nature-based sustainable urban drainage system is a blueprint for climate resilience, with positive impacts for the local community.

# Where it matters: Delivering what's vital

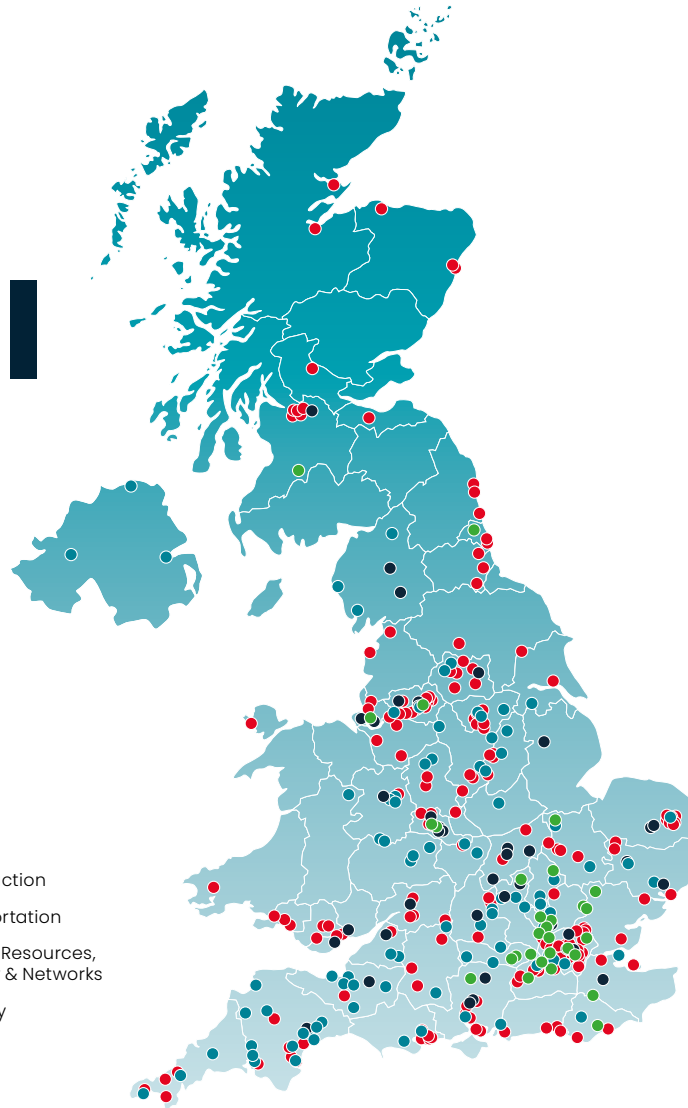
We deliver the fundamentals that matter most – clean water, quality healthcare and education, decent and affordable homes, and infrastructure that connects, protects and powers our nation.

And we do it in partnership – working closely with our customers, communities and our supply chain to deliver infrastructure that is vital to the UK.

We generally have over  
**400**  
projects at any one time

## Services:

- Construction
- Transportation
- Natural Resources, Nuclear & Networks
- Property



## A national contractor with a regional footprint

A key differentiator for Kier is our extensive footprint from Aberdeen to Penzance.

At any given time, we generally have over 400 projects, predominantly with central government departments and regional and local authorities, alongside our regulated and private sector clients. Our business is supported by around 10,000 employees and more than 16,000 supply chain partners.

We have nationwide reach and capability, but manage our projects locally, meaning that we have tried and tested local partners and are investing directly and for the long-term in the local economy and community.

Every project we deliver is guided by a deep sense of responsibility and purpose and a commitment to leaving a lasting legacy.

In short, Kier matters not only to the UK government and economy but also to the communities up and down the country in which we operate.



> **Discover** more on our website



# How we do it: A unique and integrated 360 approach

We have almost 100 years of experience across infrastructure services, construction, property developments and urban regeneration. We have the knowledge and experience to deliver across every stage of the project lifecycle – from developing, designing, and building, to maintaining and repurposing. This is supported by a Group layer of expert capability and a culture where our people can truly shine, and bring their experience to life in their work.


**HMP Millsike, Yorkshire**

The UK's first all-electric prison, and the first justice sector project to be delivered as part of an alliance.


**A417, Gloucestershire**

Combining the skills of multiple Kier teams to make journeys safer, shorter, and more sustainable.

## Our golden thread

Our 360 approach embodies how we operate and how we deploy our complementary capabilities across Kier to support customers to deliver their outcomes. This is underpinned by a consistent commitment within projects to move the dial in terms of digital, decarbonisation, industrialisation and added social value.

Our ESG successes and our Building for a Sustainable World framework focus on where we can have the biggest impact for our people, our places and our planet, which adds a further dimension to our sustainable growth plan. They ensure we are clear about how sustainability impacts our performance, but also how we impact the environment and society.

Ultimately, our unique structure and synergies allow us to deliver more than just the sum of our parts, adding value for customers, driving long-term sustainable growth and enhancing shareholder value.



[View on our website](#)

# Connecting people, purpose and progress



**“The Board believes that with strong foundations in place, a high-quality order book, sustainable cash performance, committed colleagues and the right capabilities, Kier will continue to thrive and deliver for all its stakeholders for the long term.”**

**Matthew Lester**  
Chairman

The past year has been particularly important for Kier. The Group has delivered another strong performance, raised its financial targets, increased its dividend and applied its succession planning processes. Before I go any further, following Andrew Davies' decision to retire from Kier in October 2025, I would like to express gratitude on behalf of the Board for everything he has achieved in the past six years (see more on this in 'Our Board' on page 6).

Our focus on cash-backed profit generation has allowed us to recapitalise our Property business, as well as announce a material increase in the dividend and a share buyback of £20m. Following the 2021 capital raise, our average net debt in FY22 was £216m, capital employed in our Property business was £122m at FY22, and there was no return of capital to shareholders. After just three years, average net debt in FY25 was £49m, the Property business has £198m capital employed and we have returned a total of £38m in dividends and share buybacks.

The Board's objectives include oversight of the Group's strategy, ensuring it continues to be aligned to our customers' needs, as well as the development of our people, ESG priorities and culture. Our work on these objectives is explained further below.

## Financial highlights

This year, our revenue including joint ventures is up 3% to £4.1bn, with adjusted operating profit margin at 3.9%, on course for achieving our long-term target of 4.0%-4.5%. Continuing strong cash flow generation means that average month-end net debt is down substantially, again, to £49m.

An interim dividend of 2.0p was paid on 2 June 2025. A final dividend of 5.2p has been proposed for approval by shareholders at our AGM. When combined with the interim dividend, this represents 3x adjusted earnings cover.

## Strategy

Overall, we are encouraged to see that the key planks of the Government's 10 Year Infrastructure Strategy continue to map closely to the core markets that Kier targets as part of our long-term growth objectives.

The Board has maintained its focus on sustainable growth and it was good to see Kier continuing to win new, high-quality profitable work in its markets, reflecting the bidding discipline and risk management embedded in the business. We are particularly pleased with our performance in supporting the UK investment in water infrastructure.

Our capital allocation policy evolved during the year with the announcement of a share buyback programme and margin target increase. Details of our capital allocation policy are set out on page 10.



## Chairman's statement continued

### Culture

One of the most important functions of an independent board is to monitor the culture of a company. The Board received feedback from key stakeholders, including employees, through surveys and site engagement visits to assess the extent to which our cultural objectives are being met. A consistent feature of feedback received directly from our people, evident also from the results of our employee engagement survey, is that our culture is in the right place. Kier remains a place where our people are happy to work and fulfil their potential. The power of the connection to the communities we serve is striking, as is how important it is to our people that we deliver top-class projects.

Having considered a variety of metrics, the Board concluded that Kier's culture is supportive of its strategy and values, as well as being an enabler of sustainable performance. More information on how we monitor culture and the Board's programme of engagement with employees, including a summary schedule of discussion topics, key points, the improvement areas identified and actions taken, is set out in the Corporate governance report on pages 77 and 80.

### Stakeholder engagement

Earlier in 2025, I met several of our largest shareholders and had the opportunity to engage directly with them on a range of matters. I would like to thank them for their questions and input. This helped flesh out other shareholders' feedback to support the

Board's decision making. Information on how the Board has engaged with our key stakeholders is set out in the Our stakeholders report on pages 78 and 79.

During the year, the Board had the opportunity to meet with one of our joint venture partners in our Property business, as well as with representatives from the Cabinet Office's markets and suppliers team. On both occasions, there was a healthy discussion about our performance, and how we could strengthen our relationship and help all parties achieve their objectives.

I also took part in the opening of Mulberry Academy London Dock school, attended by Her Majesty the Queen.

### Our people

Our continued strong performance reflects the hard work and commitment of our people, and, on behalf of the Board, I would like to thank them for their continued contribution and support. To show our appreciation and to recognise the outstanding achievements of our people and the value they bring, I was proud to be able to celebrate their successes with them at the annual Pride of Kier Awards. After Philip Boyd received the 2024 Chairman's Award, I visited Northern Ireland to see first hand the work he leads, which supports a number of charities in the region, as part of our work engaging and supporting local communities. More information about the awards and how we support local communities can be found in the People report and Sustainability report.

Most companies say people are their greatest asset. The Board backs that up by spending significant time on its people agenda, both in Board meetings and other settings. We look carefully at our development and training programmes. We review reward and benefits offerings and our diversity and inclusion initiatives to ensure we have the skills, capabilities and resources to deliver long-term growth. Details of these are explained in the People report.

Safety is our licence to operate and we want to send our people home safely every day. As set out last year, the Board, through the ESG Committee, has been monitoring the actions to drive safety performance as a priority. We are pleased that our Accident Incident Rate has improved by 25.8% (from 155 to 115) compared to the prior year. We strive to improve our safety record and aim for zero harm. Further information on the actions that were taken on safety performance is set out in the People report on pages 45 to 47.

**"A consistent feature of feedback received directly from our people is that our culture is in the right place."**



**Riverside School in Antrim, Northern Ireland**

Matthew Lester and Philip Boyd, supporting Kier's social value work at Riverside School.

## Chairman's statement continued

### Environmental, Social and Governance (ESG)

ESG is fundamental to Kier's ability to win work and secure positions on long-term UK Government frameworks, as UK Government contracts above £5m per annum require net zero carbon and social value commitments.

Our Building for a Sustainable World framework focuses on where we can have the biggest impact for our people, our places and our planet. It adds an extra dimension to our sustainable growth plan ensuring it takes account of how sustainability impacts our performance, the environment and society.

The ESG Committee continues to monitor progress against milestone plans under the various pillars of our sustainability framework.

We continue to make good progress against our carbon reduction targets. We have also started reporting on our nature-related impacts, our strategy, the risks and opportunities, metrics and targets to manage nature. As in previous years, we measure the added social value we generate through our operations.

Further information on our work in ESG is set out in the Sustainability report on pages 33 to 44 and in the ESG Committee report on pages 90 and 91.

### Our Board

As explained last year, Justin Atkinson stepped down from the Board on 30 September 2024, following nine years of service. He was succeeded by Chris Browne OBE as the Senior Independent Director on 1 October 2024.

Anne Baldock joined us as a Non-Executive Director on 1 July 2025 and her in-depth experience in the infrastructure, energy, nuclear, rail and water sectors is of great value to the Board.

As announced on 22 July 2025, Andrew Davies will be retiring from the Board with effect from 31 October 2025. I would like to thank Andrew for his exceptional leadership as Chief Executive over the last six years, which has transformed Kier. We proudly remain one of the UK's leading infrastructure services, construction and property groups. Under Andrew's leadership the Group has enhanced its resilience, strengthened its financial position and increased its order book to the current record of over £11bn. Furthermore, during his tenure, Kier returned to the FTSE 250, recommenced dividend payments and has built a culture based on safety, delivery, discipline and Performance Excellence. We all wish him well for the future.

Stuart Togwell, who joined the Board on 1 October 2024, will succeed Andrew upon his retirement. Stuart has played a pivotal role in Kier's transformation and the Board is confident that his skillset is ideally suited to leading Kier through the next chapter of its development and to deliver its long-term sustainable growth plan. I have been working with Andrew and Stuart to ensure a smooth transition.

### Looking forward

We are well placed to support the UK Government's commitment to infrastructure spending following the announcement of the 10 Year Infrastructure Strategy. By continuing to focus on Performance Excellence we will provide the right service for our customers.

The Board believes that with strong foundations in place, a high-quality order book, sustainable cash performance, committed colleagues and the right capabilities, Kier will continue to thrive and deliver for all its stakeholders for the long term.

**Matthew Lester**  
Chairman



**Mulberry Academy London Dock school**

With Her Majesty The Queen at the official opening of the school.



# Operational delivery driving profitable growth



**"It has been a privilege to lead Kier over the last six years and to see the Group transformed into a strong and sustainable business with enhanced resilience and a reinforced financial position."**

**Andrew Davies**  
Chief Executive



**> Discover** more stories by scanning the QR codes throughout this report

## Introduction

The Group's continued focus on operational excellence and disciplined cash management has produced another strong set of results for the year. We have continued to deliver against our long-term sustainable growth plan as our operational activity converts into high levels of profitability and cash generation, enhancing our balance sheet flexibility.

On 21 January 2025, we announced the launch of an initial £20m share buyback programme, building on the reintroduction of dividend payments during FY24. Given our significant operational and financial progress, allied to the Board's ongoing confidence in the Group's performance, a final dividend of 5.2p has been proposed (subject to shareholder approval) which would total a 7.2p dividend for the full year representing a 38% increase on the FY24 total dividend.

The future prospects for the Group are underpinned by the order book growing to a record £11bn at the end of FY25, with 91% of Group revenue for FY26 now secured. During the year, Kier won new, high-quality and profitable work in our markets reflecting our leading operational capabilities, as well as the bidding discipline and risk management

embedded in the business. Long-term frameworks, as well as pipeline opportunities and income from the Property division, represent additional areas of opportunity, all of which provide us with substantial multi-year revenue visibility.

## Long-term sustainable growth plan

The Group is focused on delivering against its long-term sustainable growth plan, first announced in September 2024 and subsequently evolved in June 2025 for an improved margin target range:

- **Revenue** – GDP + growth through the cycle
- **Adjusted operating profit margin** – 4.0% – 4.5%, in 3 to 5 years
- **Cash flow conversion of operating profit** – c.90%
- **Balance sheet** – Average net cash with investment of surplus cash
- **Dividend** – Sustainable dividend policy: c.3x earnings cover through the cycle

## Chief Executive's review continued

### Strategy

The Group's strategy continues to be focused on:

- UK Government, regulated industries and blue-chip customers
- Operating in the business-to-business market
- Contracting through long-term frameworks

Our core businesses are well placed to benefit from Government and regulated industry spending commitments in respect of UK infrastructure. We are a strategic supplier to the UK Government and c.90% of our contracts are with the public sector and regulated companies.

Despite wider political and economic uncertainties, our core markets remain favourable with a clear commitment to long-term UK infrastructure spending driven by key structural factors, such as population growth, transportation pressures, ageing infrastructure, energy security and climate change.

Given that public funding may be insufficient to maintain public assets, customer behaviours continue to shift towards long-term partnerships, which continues to favour Kier, given our scale, integrated design and project management capability, track record of delivery and Environmental, Social and Governance (ESG) credentials.

### Customers and winning new work

Our contract awards reflect our long-standing customer relationships and regionally focused operations across the UK. During the year, we saw significant growth in both Infrastructure Services and Construction orders, providing us with good multi-year revenue visibility.

Highlights include:

#### • Infrastructure Services:

- Secured our first contracts on Southern Water's AMP8 framework, working on clean and waste water schemes, totalling c.£45m

#### • Construction:

- Awarded a more than £100m contract to deliver additional prison places at HMP Northumberland, as part of the Small Secure Houseblocks (SSHP) Alliance for the Ministry of Justice
- Education – awarded four projects worth c.£210m
- Kier Places – appointed by Wiltshire Council to their five-year Facilities Management contract worth £3.4m p.a.

### Infrastructure that matters

## Delivering a flagship project in a live hospital environment



**Sector:** Construction

**Project:** Luton & Dunstable University Hospital

**Customer:** Bedfordshire Hospitals NHS Foundation Trust

To support the need for vital new healthcare facilities across the country, we have delivered a new hospital building for the people of Luton and Dunstable. Our flagship hospital project was procured through the Crown Commercial Service Framework, using a design and build approach to delivery. Working in a live hospital environment, we used a robust logistics methodology to ensure the hospital remained fully operational to prioritise patient care.

Using our healthcare experience, we have delivered a stand-out space that means more patients can receive life-saving care. The project includes a new acute services block and ward block, housing a delivery suite, a midwifery-led birthing unit, a neonatal intensive care unit with parent accommodation, an ambulatory surgical unit, theatre suites and a critical care unit.

Kier has delivered 24 projects in partnership with the NHS since January 2024, totalling over £335m.



> **Read more** about our projects on our website



## Chief Executive's review continued

### Financial summary

Kier's revenue of £4.1bn reflects solid growth, with strong performances achieved across the business.

Our order book has continued to grow, up 2% year-over-year to £11.0bn. Approximately 60% of the order book is under target cost or cost reimbursable contracts, with the remainder based on fixed priced contracts where the risk is negotiated and managed with our customers and supply chain partners.

Additionally, with over 400 live projects at any given time, we are regularly delivering existing projects and pricing new contracts which mitigates against any rising cost pressures. Furthermore, we have a modest average order size, of c.£20m, in our Construction business, limiting our exposure in the event a project does not go to plan.

The Group delivered adjusted operating profit of £159.1m, representing a 6% increase on the prior year (FY24: £150.2m) as growth from Infrastructure Services and the evolution of Construction mix converted to profits, combined with a more favourable overall mix of profitability by business. The adjusted operating profit margin of 3.9% represented 10bps growth on the prior year (FY24: 3.8%). Reported operating profit increased 10% to £113.7m (FY24: £103.1m).

Adjusted earnings per share (EPS) increased 5% to 21.6p (FY24: 20.6p) and reported EPS increased 8% to 12.8p (FY24: 11.8p).

The Group generated £155.4m of free cash flow in FY25 (FY24: £185.9m), driven by strong operating cash conversion of 125%. This reflects more normalised working capital flows compared to FY24, but maintains cash conversion significantly above the long-term sustainable growth plan target of 90%. The resulting capital has been allocated in line with the Group's priorities, including increasing returns to shareholders through a share buyback programme, and higher dividend payments. Furthermore, we have invested additional capital in the Property business, in order to optimise returns in this area.

The Group's net cash position at 30 June 2025 was £204.1m (FY24: £167.2m) with supplier payment days remaining consistent with the prior year as volume growth translated to increased cash receipts.

Average month-end net debt for the year ended 30 June 2025 was £(49.2)m (FY24: £(116.1)m). The strong operational cash flow allowed the Group to continue to reduce levels of debt, while also providing scope to allocate capital as mentioned above.

In January 2025, the Group fully repaid its remaining USPP Notes and the RCF reduced to £150m in line with both facility agreements. This RCF, combined with the £250m five year Senior Notes, provides the Group with £400m of committed liquidity.

### Infrastructure that matters

## Transforming ageing infrastructure and improving water quality



**Sector:** Natural Resources, Nuclear & Networks

**Project:** Alderney Water Treatment Works

**Customer:** Bournemouth Water

advanced water treatment modernisation projects in the UK. As well as significantly enhancing water quality, we are improving sustainability and resilience through advanced treatment technologies.

We are delivering this project in collaboration, for Bournemouth Water and South West Water, which are part of Penmon Group.

Alderney Water Treatment Works has been supplying Bournemouth's water for the past 100 years, and Kier is spearheading the transformation of the site to ensure it delivers the highest water quality and is future-proofed for generations to come.

The project is part of the AMP7 framework, and is considered one of the most



> **Read more** about our projects on our website

## Chief Executive's review continued

### Capital allocation

The Group maintains a disciplined approach to capital allocation and continuously reviews priorities with the aim of maximising shareholder returns:

- **Capex** – ongoing investment to support the business
- **Ordinary dividend** – targeting dividend cover of c.3x earnings through the cycle
- **Investment in Property** – disciplined investment in the Property segment. ROCE target of 15% with up to £225m of capital deployed
- **Acquisitions** – the Group will consider value accretive acquisitions in core markets

We have committed to returning any remaining unallocated capital to shareholders:

- **Incremental shareholder returns** – initial £20m share buyback programme launched in January 2025

These priorities are underpinned by the Group's commitment to maintain a strong balance sheet targeting an average month-end net cash position.

### Dividend

Given the continuing operating and financial progress made during the year, the Board is proposing a final dividend of 5.2p per share and thus a total dividend of 7.2p representing cover of 3x, compared to 4x in FY24.

Subject to shareholder approval, the final dividend amounting to approximately £22.7m will be paid on 3 December 2025 to shareholders on the register at close of business on 31 October 2025. The shares will be marked ex-dividend on 30 October 2025. Kier has a Dividend Reinvestment Plan (DRIP), provided by Equiniti Financial Services Limited, which allows shareholders to reinvest their cash dividends in our shares. The final election date for the DRIP is 14 November 2025.

### Performance Excellence

Through our Performance Excellence programme Kier maintains a strong operational and financial risk management framework across the Group, which is embedded into contract selection and delivery processes.

The Group's core themes for FY25 have been Digitalisation and Simplification as we look to continuously improve the operational performance of the business. The key elements of these themes were as follows:

- **Site set-up** – standardisation of site offices and enhancing site connectivity
- **Health, safety and wellbeing** – simplifying health and safety data and sharing best practice
- **Quality assurance** – improving capability and digital tools
- **Functions** – simplifying processes and enhancing current systems

### Supply chain partners

We continue to focus on maintaining and growing relationships with our key stakeholders, including our supply chain, where many of our suppliers are valued long-term partners of the Group.

We are pleased to report that in the period from 1 January 2025 to 30 June 2025, the Group's aggregate average payment days was 34 (H1: 33 days) and the

percentage of payments made to suppliers within 60 days was 91% (H1: 92%).

We remain committed to further improvements in our payment practices and continue to work with customers and suppliers to achieve this. We are fully committed to complying with updated procurement legislation including the 30-day payment requirements for small and medium-sized firms.



**Mulberry Academy London Dock school**

"Being in a spacious environment gives you a spacious mind. I feel very grateful to be in such a positive environment."

Mulberry Academy London Dock student



## Chief Executive's review continued

### Environmental, Social and Governance (ESG)

Kier's purpose is to sustainably deliver infrastructure which is vital to the UK economy. Our role serving the UK Government and regulated industries means we are closely aligned to act responsibly for both the environment and the communities we service. As UK Government contracts (above £5m p.a.) require net zero carbon and social value commitments, our ESG credentials are fundamental to our ability to win work and secure positions on long-term frameworks.

Our sustainability framework, 'Building for a Sustainable World', focuses on three pillars: *Our People*, *Our Places* and *Our Planet*, with relevant metrics that report progress. During the year we have developed these metrics across all three pillars and strengthened our disclosures in these areas.

**"We have continued to deliver against our long-term sustainable growth plan as our operational activity converts into high levels of profitability and cash generation, enhancing our balance sheet flexibility."**

### Health, Safety and Wellbeing

The Group's 12-month rolling Accident Incident Rate (AIR) in FY25 of 115 represents a decrease of 25.8% compared to the prior year (FY24: 155).

The Group's 12-month rolling All Accident Incident Rate (AAIR) in FY25 of 343 has reduced by 5.5% compared to the prior year (FY24: 363).

The improved FY25 safety performance reflects the Group's consistent approach to health, safety and wellbeing; integrating robust processes, procedures and a risk management framework to ensure that Kier has a high-performing safety culture.

### Environment Climate action

The current year has seen continued progress towards meeting our carbon reduction targets, to become net zero carbon for Scope 1 and 2 by 2039. In FY25 we achieved a 4.3% year-on-year reduction in Scope 1 and 2 carbon emissions. This amounts to a 71% reduction in Scope 1 and 2 emissions since FY19.

## Infrastructure that matters

### Delivering much-needed affordable housing



**Sector:** Property  
**Project:** South Wokingham joint venture  
**Partnership:** Kier Property and Miller Homes

A consortium between Kier Property and Miller Homes secured planning for 1,400 new homes. The first phase of 343 homes will be delivered through Kier Property's joint venture with Vistry.

The project forms part of the South Wokingham Strategic Development Location and 35% of the homes will be affordable housing, including social rent, affordable rent, and shared ownership, meeting a critical need for affordable homes in the area and a key plank of the Government's 10 Year Infrastructure Strategy. The scheme also includes vital amenities such

as a new primary school, public open spaces, and a local community centre, supporting Wokingham Borough Council's vision for sustainable growth and a vibrant community. A detailed planning application is underway, with construction expected to begin following approval.

This scheme demonstrates Kier Property's expertise in delivering much-needed new homes, while unlocking value through complex planning permission process.



**> Read more** about our projects on our website

## Chief Executive's review continued

Regarding Scope 3 (supply chain) emissions we have begun to target strategic supply chain partners and materials in order to achieve meaningful reductions. During FY25 we transferred six key suppliers to a more granular, activity-based inventory methodology building towards our aim to be net zero carbon by 2045 across our value chain.

### Accreditations

In FY25, we received external verification of our approach to delivering our sustainability ambitions:

- Independent limited assurance from the British Standards Institution (BSI) for our sustainability framework measures (outside of carbon) for the first time.
- Independent reasonable assurance from the BSI of our carbon footprint to ISO 14064-1 standards. This has been in place since FY23.

As well as reducing our own carbon footprint, Kier continues to work with its customers to remove carbon from UK infrastructure designs. Since FY23 Kier has achieved the London Stock Exchange Green Economy Mark, with 71% of our FY25 revenue derived from green products and services, increasing by 200bps from FY24 (69%).

1. In FY25, we adjusted how we report social value created by SME and VCSE spend, moving from gross reporting to net reporting. This was in response to improving assurance and transparency of social value data. In FY24, we reported £583m of added social value using a gross spend method. The equivalent value using a net spend method is £548m.

2. 5percentclub.org.uk.

### Social

In FY25 we delivered £531m (FY24: £548m<sup>1</sup>) of added social value through our workforce, supply chain and the overall positive impact on our local communities.

### Emerging Talent

Attracting, developing and retaining future talent are key to the Group delivering our long-term sustainable growth strategy. We offer numerous apprenticeships and graduate programmes to achieve this.

In FY25 11.3% of our people were in formal training and development programmes, with the Group earning 'Platinum' membership of the 5% Club<sup>2</sup>. The Group also welcomed 86 future graduates on work experience placements and 179 graduates onto our graduate programme, 40.8% of which were women. We also make places on these programmes available to current Kier employees who wish to develop their careers further.

## Infrastructure that matters

### Supporting sustainable rail travel through electrification



**Sector:** Transportation

**Project:** Wigan to Bolton electrification

**Customer:** Network Rail

Following the successful acquisition and integration of Buckingham Group, we delivered the electrification of 9km of railway between Wigan and Bolton as part of the Network Rail CP6 framework which reached its end date over the last year ahead of the new CP7 framework.

Our work has supported the enhancement of train journeys in the North West by facilitating longer electric trains, which are intended to provide more environmentally-friendly and quieter travel options, and support the

Government's 2050 target of a net zero railway.

The £100m upgrade project involved electrifying the route and carrying out necessary infrastructure improvements and modifications, while undertaking signalling improvements between Lostock Junction and Wigan North Western station.



> **Read more** about our projects on our website

## Chief Executive's review continued

### Community engagement

In addition to the training and development opportunities we offer our people, we identify those with the potential to become the next generation of talent, operating schemes such as:

- Kierriculum: our award-winning educational outreach programme to inspire the next generation to work in construction.
- STEM (Science, Technology, Engineering and Mathematics) ambassadors: our network of ambassadors are the bridge between school experiences of studying STEM topics and real-world exposure to a career in construction.
- Open Doors Week: we participate in Build UK's Open Doors week which is a nationwide programme, showcasing the range of careers available in the construction industry.

### Built by Brilliant People™

Kier is Built by Brilliant People™ who have been instrumental in delivering the success of the Group to date and will continue to do so in the future. To ensure that Kier is the construction employer of choice we have invested in the rewards and benefits we offer to our people and their families:

- We are a proud Real Living Wage employer, meaning that we have been accredited by the United Kingdom's Living Wage Foundation as paying a fair wage, which reflects the cost of living in the UK.
- All our people receive life assurance and access to a range of wellbeing support including a virtual GP, confidential advice and counselling services.
- Other initiatives include Your Voice, a survey tracking employee engagement and focused on wellbeing, where the FY25 score of 80.5% represents an increase from the previous year (76.1%).

**"Kier is Built by Brilliant People™ who have been instrumental in delivering the success of the Group to date and will continue to do so in the future."**

1. In previous years, we reported employee engagement based on 'positive emotions'. This metric was based on the average number of positive emotions selected across our surveys. To improve our measurement of how our people feel about working with Kier, we have moved to an employee engagement 'index', which is based on the average score across eight questions in our survey. This evolution allows us to better understand contributing factors to employee engagement across a wider range of indicators. As such, we have restated our previously reported 67% as 76.1% according to the new methodology.

### Summary and outlook

In the first year of our long-term sustainable growth plan the Group delivered strongly, with profit performance, in particular, ahead of our initial expectations. Our adjusted operating profit margin of 3.9% has progressed well towards our target range of 4.0%-4.5%, while we also grew our order book to a record £11bn, providing considerable, multi-year revenue visibility. These achievements, together with our strong recurring cash flow and balance sheet discipline, enabled us to invest further in our Property business; commence an initial £20m share buyback programme; and significantly increase the level of dividends payable to shareholders.

Building on our outperformance in FY25, the Group has started the current financial year well and for FY26 is trading slightly ahead of the Board's expectations. Kier remains well positioned to continue to deliver infrastructure that matters and benefit from the UK Government's 10 Year Infrastructure Strategy spending commitments. We remain confident in our strong sustainable cash generation, allowing us to allocate capital efficiently, utilising our integrated capabilities to drive compounding returns for our stakeholders.

**"We remain confident in our strong sustainable cash generation, allowing us to allocate capital efficiently, utilising our integrated capabilities to drive compounding returns for our stakeholders."**

On a personal note, it has been a privilege to lead Kier over the last six years and to see the Group transformed into a strong and sustainable business with enhanced resilience and a reinforced financial position. That transformation has only been possible due to the capability, professionalism and hard work of Kier's teams and the support of our customers and partners. I would like to thank them for their support and commitment in ensuring Kier's continued success in delivering infrastructure that is vital to the UK.

Finally, I would like to congratulate Stuart on his well-deserved appointment as the next Chief Executive of Kier and wish him every success.

**Andrew Davies**  
Chief Executive



## Our business model

# Strong cash flow generation allows disciplined investment



### Construction

**Delivers public and private sector projects**



### Natural Resources, Nuclear & Networks

**Repairs, maintains and delivers capital works for water, nuclear and energy**



### Transportation

**Designs, builds and maintains highways and railways**



### Property

**Urban Regeneration  
Invests and develops sites**

Enhancing returns

Free cash flow generation

## High-quality order book underpinned by frameworks driving future growth

Order book of **£11bn** provides clear, multi-year revenue visibility

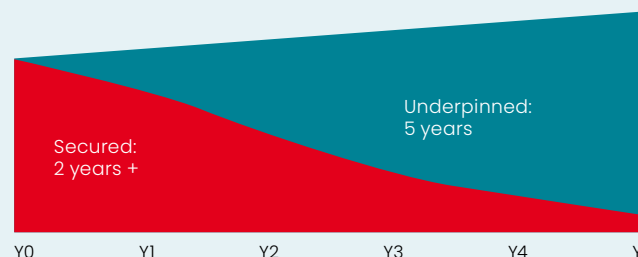
Over **91% of FY26** and **c.70% of FY27** revenue secured via committed orders

Longer-term revenue growth under-pinned by **£156bn\*** of framework positions

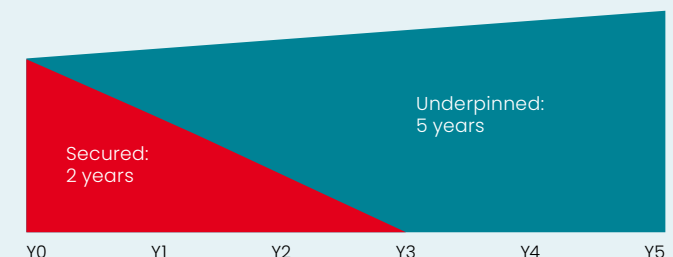
\* Total advertised values.

● Order book ● Frameworks

### Infrastructure services revenue

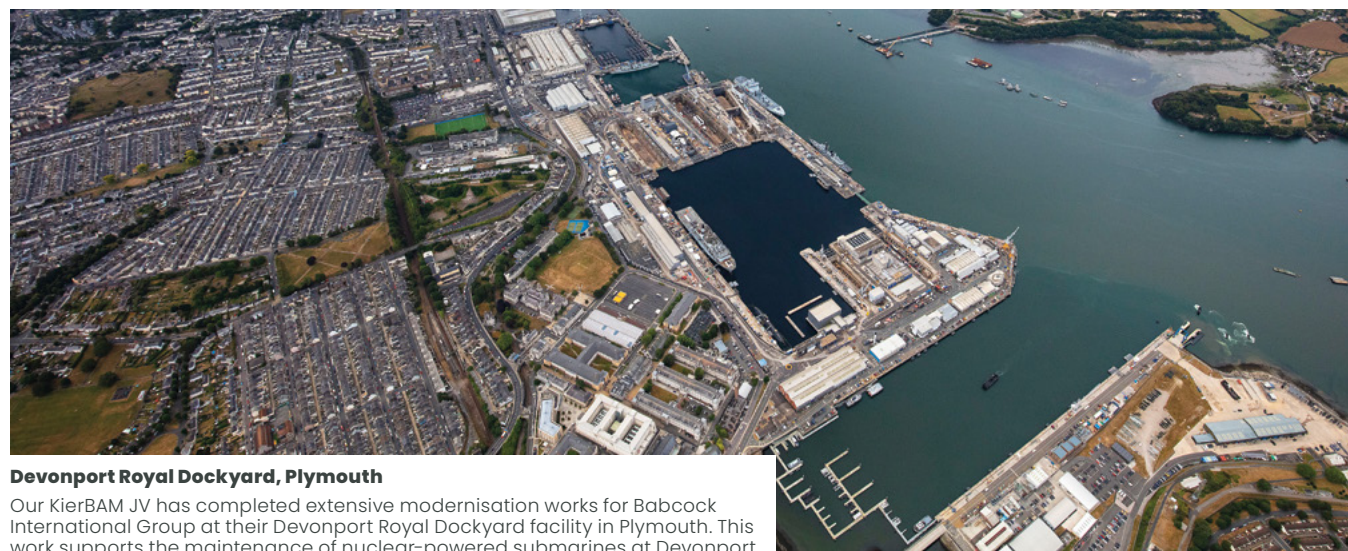


### Construction services revenue



# Market drivers

Economic and political factors provide supportive environment for growth



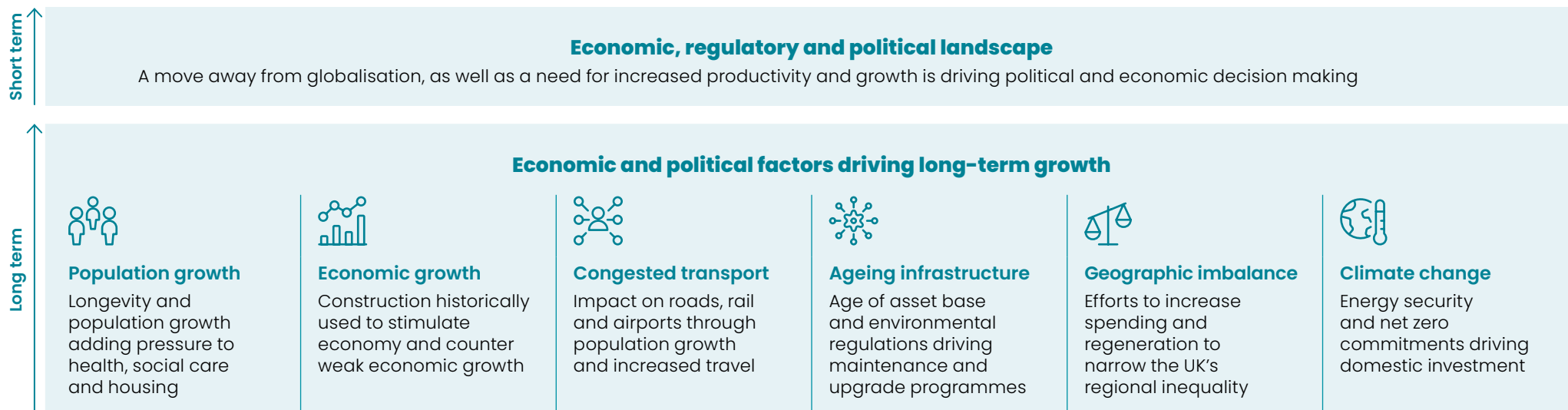
**Devonport Royal Dockyard, Plymouth**

Our KierBAM JV has completed extensive modernisation works for Babcock International Group at their Devonport Royal Dockyard facility in Plymouth. This work supports the maintenance of nuclear-powered submarines at Devonport.

## Market drivers

### Macro environment

Economic and political factors provide supportive environment for growth



## Our marketplace continued

### UK Government and regulated industry priorities

UK Infrastructure Strategy – commitment to spend at least £725bn over next 10 years

#### Infrastructure Services

Transportation and Natural Resources, Nuclear & Networks – 52% of FY25 revenue



##### Roads and rail

- **£25bn** Road Investment Strategy 3 (RIS3) five years to 2031
- **£8.3bn** fund for potholes and other highways maintenance
- **£44bn committed over five years** for CP7 rail network
- **Government support** for HS2



##### Water and environment

- England/Wales Water – AMP8 **£104bn** to 2030
- Northern Ireland Water – **£4bn** to 2027
- Strategic water storage and transfer **£24bn**
- 10-year flood and coastal defences plan worth **£7.9bn**



##### Energy

- **UK leading net zero pledge** and plan to make the UK a green energy superpower
  - **£100bn** investment in UK energy security by 2030<sup>1</sup>
  - **Greener buildings**, public transport and carbon capture
  - Great British Energy: **£8.3bn**
1. Anticipated private sector investment driven by the Government's Ten Point Plan for Green Industrial Revolution, Net Zero and Energy Strategy

#### Construction and Property

48% of FY25 revenue



##### Education

- **Department for Education (DfE)** – launched CF25 Framework worth up to **£15.4bn** – six years from January 2026 as part of overall **£38bn** commitment
- DfE – **431 schools** to 2030 (c.90 pa)
- **Local authority** schools to support New Towns/ housing growth



##### Healthcare

- New Hospital Programme estimated at **£23bn** over next 10 years
- **£16bn** pipeline of work for NHS Trusts and other Healthcare providers



##### Justice and borders

- 10-year plan with **£6.3bn** to expand prison capacity
- Capital maintenance a priority with opportunities up to **c.£2.8bn over next five years**



##### Defence

- Government commitment to spend **3.5% of GDP** (up from 2.3%) on defence
- **£5.1bn** Defence Estate Optimisation Portfolio
- Single Living Accommodation alliance to build **16,000 new bedspaces** for armed forces



##### Housing maintenance

- Retrofitting and maintenance of public housing particularly **in high-density urban areas**



##### Urban regeneration

- **£39bn** affordable homes programme (10-year plan)
- Geographic redistribution and regeneration including **100 new towns** submitted for consideration
- 20,000 homes, along with new schools and health facilities and an ambition to unblock **700,000 homes across 350 sites**





# Addressable market

Our access to UK infrastructure via frameworks



## The importance of frameworks

Frameworks are our main route to market, with nearly all major public sector work awarded through these agreements. As such, Kier remains focused on maintaining and growing our positions on both local and national frameworks.

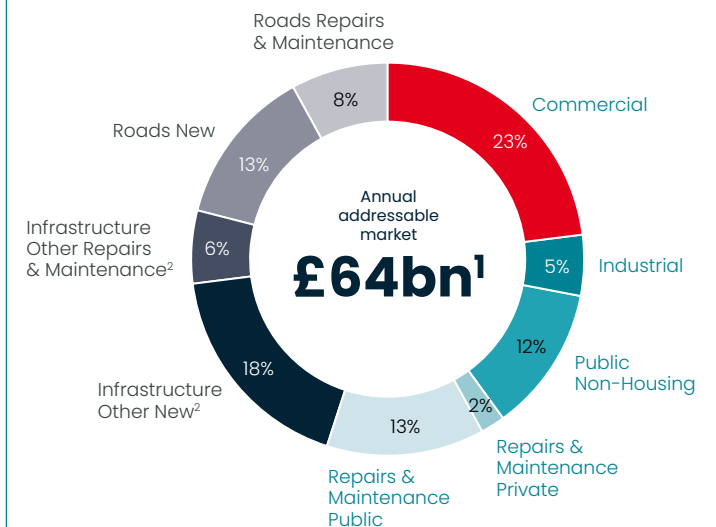
We have places on framework agreements with an advertised value of up to £156bn across all of our core markets covering both national and regional geographies.

Infrastructure Services

**£29bn**

Construction

**£35bn**



1. Excludes Property which has access to a further £2bn of GDV through JV partnerships.

2. Includes c.£2.6bn of Water addressable market.

# Leveraging our market positions

Our strategy focuses on leveraging our attractive market positions to sustainably deliver infrastructure which is vital to the UK

## Long-term sustainable growth plan

### Revenue

GDP + growth through the cycle

### Adjusted operating margin target

4.0–4.5% in 3 to 5 years

### Cash flow conversion of operating profit

c.90%

### Balance sheet

Average net cash position with investment of surplus cash

### Sustainable dividend policy

c.3x earnings cover through the cycle

**OUR PURPOSE**  
To sustainably deliver infrastructure which is vital to the UK

**OUR VISION**  
To be the UK's leading infrastructure services and construction company

**OUR STRATEGY**

- Focus on government, regulated or blue-chip client base
- Operate in business to business markets
- Contracting through long-term frameworks

**STRATEGIC ACTIONS**

Sustainable Growth + Consistent and Safe Delivery + Generate Cash

## OUR BUILDING BLOCKS FOR SUCCESS

An integrator and strategic partner



Breadth, depth and diversity of talent



Supply chain partnerships



Innovation and digitalisation



A culture of Performance Excellence



Delivering safely and sustainably



## OUR VALUES



Collaborative



Trusted



Focused



## Our strategy continued

Strategic objective	Why	What have we done	Next steps
<b>Leverage our attractive market share positions in growing markets</b>	<ul style="list-style-type: none"> <li>Supports the UK Government in delivering much-needed infrastructure, particularly in areas impacted by historical under investment as well as the decarbonisation agenda (water, environment, energy, affordable housing and housing maintenance)</li> </ul>	<ul style="list-style-type: none"> <li>Closely aligned Group capabilities to UK Government priorities</li> <li>Developed our integrated 360 approach through key interconnected capabilities delivering significant synergies across the business</li> <li>91% of revenue from UK Government or regulated industries</li> </ul>	<ul style="list-style-type: none"> <li>Supporting our customers' infrastructure needs that are driven by structural factors such as population growth, transportation pressures, aged infrastructure, energy security and climate change</li> </ul>
<b>Maintain and enhance long-term customer relationships</b>	<ul style="list-style-type: none"> <li>Supports our customers with their long-term capital investment and maintenance of their assets, as well as their environmental and social commitments</li> <li>Long-term frameworks require strong relationships with the UK Government, regulated and blue-chip partners, together with sector expertise</li> </ul>	<ul style="list-style-type: none"> <li>Order book of £11bn with 91% of FY26 revenue secured</li> <li>Framework positions of £156bn (total advertised value)</li> <li>&gt;50% of revenue from frameworks</li> </ul>	<ul style="list-style-type: none"> <li>Continue to align the Group to our customers' needs and the increasing shift to long-term partnerships and delivering value for money</li> <li>Continue to deliver projects on time, to budget and in line with customer requirements</li> </ul>
<b>Resilient and well-balanced portfolio</b>	<ul style="list-style-type: none"> <li>Enables the Group to reduce risk and maximise opportunities</li> <li>Unlocks synergies from integrated business</li> <li>Develops a platform to attract and retain people talent</li> <li>Supports supply chain relationships with suppliers which deliver our projects</li> </ul>	<ul style="list-style-type: none"> <li>Continued deleveraging, allocating the cash generated from our Infrastructure Services and Construction segments, investing for future growth from our Property segment</li> <li>Attraction and retention of talent through our people programmes, including: <ul style="list-style-type: none"> <li>Culture workshops and launch of our nine healthy behaviours supporting the growth of both Kier and our people</li> </ul> </li> <li>Improved measurement of performance through launch of our Balanced Performance Scorecard</li> <li>Relationships with supply chain developed and retained through: <ul style="list-style-type: none"> <li>Prompt Payment Code adherence</li> <li>Training via the Supply Chain Sustainability School</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure Services and Construction – winning market opportunities from UK Government spending and UK asset owner investment plans</li> <li>Property – employing additional capital efficiently and delivering target returns</li> </ul>
<b>Deliver disciplined growth, consistent profitability and cash generation</b>	<ul style="list-style-type: none"> <li>Fundamental to a sustainable business</li> </ul>	<ul style="list-style-type: none"> <li>Revenue growth of 3% to £4.1bn</li> <li>Adjusted operating profit growth of 6% to £159.1m, a margin of 3.9%</li> <li>Free cash flow of £155.4m (FY24: £185.9m) with a conversion of 125%</li> <li>Increased shareholder returns: <ul style="list-style-type: none"> <li>Proposed full year dividend of 7.2p, at 3x cover</li> <li>Share buyback programme: £6.4m purchased in the year</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Continue to grow the business with discipline</li> <li>Win new business with low-risk profiles and attractive margins</li> <li>Monitor risk at every stage of the project</li> </ul>

## Our key performance indicators

# Financial

Total Group revenue including joint ventures<sup>1</sup>

## £4.1bn



The growth in revenue is predominantly driven by increased activity in the Infrastructure Services segment, which reported revenue growth of 7.4% compared to the prior year primarily due to the ramp up in Water (AMP 8) related activity.

Strategic objectives:

1 2 4

Adjusted operating profit<sup>1,2</sup>

## £159.1m



Adjusted operating profit has increased primarily due to an improvement in the impact of management actions undertaken, increased Property transactions as well as volume/price/mix changes. These are partly offset by cost inflation experienced across the business.

Strategic objectives:

2 3 4 R

Link to strategic objectives:

- 1 Leverage our attractive market share positions in growing markets
- 2 Maintain and enhance long-term customer relationships

- 3 Resilient and well-balanced portfolio
- 4 Deliver disciplined growth, consistent profitability and cash generation
- R Link to remuneration

Adjusted earnings per share<sup>1,3</sup>

## 21.6p



Adjusted earnings per share has increased due to the improved profit generation of the Group.

Strategic objectives:

2 3 4 R

Order book

## £11.0bn



The order book remains strong and is underpinned by high-quality and profitable work.

Strategic objectives:

1 2 3

Free cash flow<sup>4</sup>

## £155.4m



The Group generated a free cash inflow during the year driven by a strong operational performance. The free cash inflow was lower than prior year due to the FY24 working capital inflow benefiting from a 17% year-on-year increase in revenue compared to a 3% increase in FY25.

Strategic objectives:

4 R

Net cash – 30 June<sup>5</sup>

## £204.1m



The Group's net cash position has improved compared to prior year due to the strong free cash generation, partly offset by investment in Property JVs and returns to shareholders.

Strategic objectives:

4

Net debt – average<sup>5</sup>

## £(49.2)m



The Group generated operating profit and a working capital in flow which was used to invest in our Property business and to commence a share buyback programme, pay dividends and make pension deficit repayments.

Strategic objectives:

4 R

Dividend<sup>6</sup>

## 7.2p



The Board have proposed, subject to shareholder approval, a final dividend of 5.2p per share. The total dividend of 7.2p represents a cover of 3x.

Strategic objectives:

1 2 3

1. See consolidated income statement on page 129.  
2. See note 5 to the consolidated financial statements.

3. See note 12 to the consolidated financial statements.  
4. See financial review on page 28.

5. See note 21 to the consolidated financial statements.  
6. See note 11 to the consolidated financial statements.



## Our key performance indicators continued

# Non-financial

### Safety – Group Accident Incident Rate (AIR)

# 115



#### Achieve year-on-year improvement in the Group AIR. Remain below the Health and Safety Executive benchmark for the UK

The Group's monthly 12-month rolling Accident Incident Rate ('AIR') of 115 represents a decrease of 25.8% compared to 155 in FY24.

The Group's 12-month rolling All Accident Incident Rate ('AAIR') of 343 is a decrease of 5.5% compared to 363 in FY24.

The improved FY25 safety performance reflects the Group's consistent approach to health, safety and wellbeing: integrating robust processes, procedures and a risk management framework to ensure that Kier has a high-performing safety culture.

#### Strategic objectives:

1 2 R

### Employee engagement index<sup>1</sup>

# 80.5%



#### Achieve continuous improvement scores in employee engagement surveys

We continue to engage with our people through the Your Voice surveys, which showed an 80.5% engagement index, demonstrating the impact of our culture programme and recognition of the steps we take to implement colleague feedback.

#### Strategic objectives:

1 2 R

#### Link to strategic objectives:

- 1 Leverage our attractive market share positions in growing markets
- 2 Maintain and enhance long-term customer relationships

- 3 Resilient and well-balanced portfolio
- 4 Deliver disciplined growth, consistent profitability and cash generation
- R Link to remuneration

### Scope 1 and 2 carbon intensity

# 6.9



#### Achieve a continuous reduction in Scope 1 and 2 carbon intensity in line with SBTi<sup>2</sup>-validated targets

We have achieved a 6.8% decrease in our Scope 1 and 2 carbon intensity against FY25 – a 70.9% decrease against our FY19 baseline. This is in line with our net zero carbon targets.

#### Strategic objectives:

1 2 R

### Scope 3 carbon intensity

# 169.4



#### Achieve a continuous reduction in Scope 3 carbon intensity SBTi<sup>2</sup>-validated targets

We have achieved a 15.5% decrease in our Scope 3 carbon intensity against FY24 – a 45.7% decrease since our FY22 baseline year. We continue to focus on the enhancement of our Scope 3 data, which supports our journey to net zero.

#### Strategic objectives:

1 2

### Payment performance

# 34 days



#### Maintain a good relationship with supply chain partners

In line with the Prompt Payment Code, our latest Duty to Report on Payment Practices and Reporting submission covers the period from 1 January 2025 to 30 June 2025, showing the Group's aggregate average payment days had increased by 1 day (H1: 33 days).

We remain committed to further improvements in our payment practices and continue to work with both customers and suppliers to achieve this. We are fully committed to complying with the 30-day payment requirements for small and medium sized firms.

#### Strategic objectives:

1 2

1. In previous years, we reported employee engagement based on 'positive emotions'. This metric was based on the average number of positive emotions selected across our surveys. To improve our measurement of how our people feel about working with Kier, we have moved to an employee engagement 'index', which is based on the average score across eight questions in our survey. This evolution allows us to better understand contributing factors to employee engagement across a wider range of indicators. As such, we have restated our previously reported 67% as 76.1% according to the new methodology.

2. Science Based Targets initiative.

## Operational review

# Customer-first delivery across our chosen sectors

## Infrastructure Services – 52% of FY25 Group revenue

	Year ended 30 June 2025	Year ended 30 June 2024	Change
Revenue (£m)	<b>2,136.0</b>	1,988.3	7%
Adjusted operating profit (£m) <sup>1</sup>	<b>111.0</b>	112.3	(1)%
Adjusted operating margin (%)	<b>5.2</b>	5.6	(40)bps
Reported operating profit (£m)	<b>89.5</b>	88.7	1%
Order book (£bn)	<b>6.5</b>	6.4	2%

1. Stated before adjusting items of £21.5m (FY24: £23.6m).

### Key contract wins include:

- Secured our first contracts on Southern Water's AMP8 framework, working on clean and waste water schemes, totalling c.£45m.
- 87% of revenue secured for FY26

Infrastructure Services comprises the Transportation and Natural Resources, Nuclear & Networks businesses.

Revenue increased 7% against the prior year reflecting the continued acceleration of HS2 works together with growth in the water and nuclear sectors. Adjusted operating profit reduced by 1% to £111.0m (FY24: £112.3m) reflecting the benefit of a one-off £6m customer claim in the prior year, excluding which underlying growth would be 4%. Adjusting items include the amortisation of contract rights from the Buckingham and other acquisitions.

The **Transportation** business division undertakes design, build and maintenance of assets primarily in the road, rail and aviation sectors.

The business benefited from the start of several contracts won in previous periods and the continued successful delivery of works for HS2. This has been partly offset by anticipated delays in finalising the new phase of the Road Investment Strategy (RIS3) as well as a later than anticipated start to work under Control Period 7 (CP7) for our rail business.

The **Natural Resources, Nuclear & Networks** division delivers long-term contracts in maintenance and capital projects to the water, nuclear and energy sectors as well as the protection of habitats and communities in our natural environment and waterways. The business is well-positioned to benefit from the increase in opportunities from the new water spending cycle (AMP8) as well as growth in the environment and energy sectors.

During the period we saw marked revenue growth in Water and Nuclear, as we start to fulfil projects delivered under these new spending cycles.

Currently, the Group is working with a total of 9 customers through 17 frameworks with an advertised value of up to £15bn. In addition to the Government's £104bn long-term commitment to the AMP8 investment programme, the Group is seeing opportunities to grow market share by broadening support for natural water management.



**Hinkley Point C, Somerset**

We are helping to build the UK's first nuclear power station in a generation.



**Toddbrook Reservoir, Derbyshire**

In 2019, following unprecedented flooding, we supported the emergency repair of the dam. Since then, we have worked with the Canal & River Trust on the reservoir's restoration.



**Highways maintenance, Northamptonshire**

We are working with North Northamptonshire and West Northamptonshire councils on upgrades and maintenance across a 4,324km road network.



## Operational review continued

### Construction – 47% of FY25 Group revenue

	Year ended 30 June 2025	Year ended 30 June 2024	Change
Revenue (£m)	<b>1,910.5</b>	1,907.8	–%
Adjusted operating profit (£m) <sup>1</sup>	<b>75.0</b>	69.2	8%
Adjusted operating margin (%)	<b>3.9</b>	3.6	30bps
Reported operating profit (£m)	<b>54.9</b>	59.6	(8)%
Order book (£bn)	<b>4.5</b>	4.4	2%

1. Stated before adjusting items of £20.1m (FY24: £9.6m).

#### Key contract wins include:

- Awarded a more than £100m contract to deliver additional prison places at HMP Northumberland, as part of the Small Secure Houseblocks (SSHP) Alliance for the Ministry of Justice (MoJ)
- Education – awarded four projects worth c.£210m
- Kier Places – appointed by Wiltshire Council to their five-year Facilities Management contract worth £3.4m p.a.
- 95% of revenue secured for FY26

The Construction segment comprises both regional and large scale strategic projects, together with property management services (Kier Places). The business delivers schools, hospitals, prisons and defence estate optimisation, as well as commercial, residential and heritage buildings for local authorities, the Ministry of Justice, other government departments, and the private sector.

Revenue remained in line with the prior year overall, with growth from both regional and strategic projects such as the successful hand over of HMP Millsike during FY25 offsetting the exit of some lower margin contracts within Kier Places. Work also commenced on the HMP Glasgow project towards the end of FY25 with full activity levels anticipated to be reached in the second half of FY26.

Adjusted operating profit increased 8% to £75m driven by the improved business mix, including the Kier Places contract management mentioned above. Adjusting items include £17m relating to fire and cladding compliance costs.

As a regional Tier 1 contractor, we continue to be well placed to benefit from the UK Government's focus on spending to improve under-invested assets such as schools, hospitals and custodial services, where our Construction business has specialist expertise.



#### Quieter Neighbourhood Support Scheme, Heathrow

Kier Places is using its expertise to reduce noise pollution for communities and residents around Heathrow Airport.

**Photo credit:** Heathrow Airport Limited



#### Defence Estate Optimisation Portfolio

We are working on design and build projects supporting the Defence Estate Optimisation Portfolio.

**Photo credit:** Crown copyright 2022



## Operational review continued

### Property – 1% of FY25 Group revenue

	Year ended 30 June 2025	Year ended 30 June 2024	Change
Revenue (£m) <sup>1</sup>	<b>38.4</b>	71.0	(46)%
Adjusted operating profit (£m) <sup>2</sup>	<b>12.2</b>	6.2	97%
Adjusted operating margin (%)	<b>31.8</b>	8.7	2,310bps
Reported operating profit (£m)	<b>12.2</b>	1.9	542%
Capital employed (£m)	<b>198</b>	166	19%
ROCE (%)	<b>6.7</b>	3.9	280bps

1. Revenue of the Group and its share of revenue from joint ventures

2. Stated before adjusting items of £nil (FY24: £4.3m).

- Planning secured for:
  - Six Trade City industrial units at Maple Cross
  - 55 homes in Saffron Walden under the Vistry Joint Venture
- Construction phase:
  - Eleven Trade City units at Bognor Regis
  - Ten Trade City units at St Albans
- Acquired a four-acre site at Sharston, Manchester
- Further development at Watford with development starting on new Town Square, Riverwell Square

The Property business invests in and develops mixed-use commercial and residential schemes across the UK, largely through joint ventures. For FY25, Property generated revenue of £38.4m (FY24: £71.0m) reflecting a large one-off asset sale (Southampton) in the prior year, as well as

a higher proportion of land (vs. building) sales overall. In FY25 Property transaction volumes grew to nine (from five in the prior year), driving the growth in adjusted operating profit to £12m (FY24: £6m).

The Group is focused on the disciplined expansion of the Property business through select investments and strategic joint ventures, targeting a consistent ROCE of 15% by 2028. As at 30 June 2025, the capital employed in the Property segment was £198m excluding third-party debt and fair value gains. We expect to increase the average capital employed towards £225m, while reinvesting to deliver more consistent returns over the medium term. The ROCE result for FY25 demonstrates modest but steady progress, particularly in the second half of the year, towards the targeted level of returns as the property portfolio continues to season and overall capital employed approaches more optimal levels.

The Corporate segment comprises the costs of the Group's central functions which have increased over the prior year due to underlying cost inflation and investment in people and systems to support the Group's growth in operational activity. Net adjusting items of £3.8m in the year primarily relate to corporate property.

➤ Financial data for our segments can be found in the segmental reporting note on page 147



#### Logistics City, Bracknell

A key industrial project supporting last-mile logistics to meet changing consumer demand, and Kier Property's first EPC A+ industrial scheme with a BREEAM Outstanding rating.



#### Watford Riverwell, Watford

"This pioneering 20-year partnership between the Watford Borough Council and Kier Property has delivered high-quality mixed-use homes (including affordable), award-winning infrastructure, and a riverside park – making it a model for sustainable urban regeneration."

Elected Mayor of Watford, Peter Taylor

# Improved investor returns

## Summary of financial performance

	Adjusted <sup>1</sup> results			Statutory reported results		
	30 June 2025	30 June 2024	Change %	30 June 2025	30 June 2024	Change %
Revenue (£m) – total	<b>4,087.8</b>	3,969.4	3.0	<b>4,087.8</b>	3,969.4	3.0
Revenue (£m) – excluding JVs	<b>4,077.1</b>	3,905.1	4.4	<b>4,077.1</b>	3,905.1	4.4
Profit from operations (£m)	<b>159.1</b>	150.2	5.9	<b>113.7</b>	103.1	10.3
Profit before tax (£m)	<b>125.4</b>	118.1	6.2	<b>78.1</b>	68.1	14.7
Earnings per share (p)	<b>21.6</b>	20.6	4.9	<b>12.8</b>	11.8	8.5
Total dividend per share (p)	<b>7.2</b>	5.2	38.5			
Free cash flow (£m)	<b>155.4</b>	185.9	(16.4)			
Net cash (£m)	<b>204.1</b>	167.2	22.1			
Net debt (£m) – average month-end	<b>(49.2)</b>	(116.1)	57.6			
Order book (£bn)	<b>11.0</b>	10.8	1.9			

1. Reference to 'Adjusted' excludes adjusting items, see note 5.



**“Positive free cash flow has allowed the Group to further invest in its Property division joint ventures, commence a share buyback programme and improve dividend cover to 3x.”**

**Simon Kesterton**  
Chief Financial Officer

## Introduction

The Group performed well during the year, with further improvement in the order book being converted into revenue and profit growth. The Group continues to deleverage with average month-end debt improving significantly as a result of the focus on operational delivery and cash management.

The Group delivered growth of 3.0% giving total revenues of £4,087.8m (FY24: £3,969.4m) and which helped generate an adjusted operating profit of £159.1m (FY24: £150.2m).

The continued strong operational performance led to a 10.3% increase in operating profit to £113.7m (FY24: £103.1m) and an increase in profit before tax to £78.1m (FY24: £68.1m).

Adjusting items were £47.3m (FY24: £50.0m). The current period charge includes £21.6m of amortisation of intangible contract rights and £17.0m of fire and cladding compliance costs.

Net finance charges for the period were £35.6m (FY24: £35.0m), broadly in line with the prior year.

Adjusted earnings per share increased by 4.9% to 21.6p (FY24: 20.6p).

## Financial review continued

The Group generated a free cash inflow of £155.4m during the year (FY24: £185.9m), driven by strong operating cash conversion of 125%. The reduction compared to FY24 is due to the prior year working capital inflow benefiting from a year-on-year increase in revenue of 17%, whilst FY25 has had more modest revenue growth of 3.0%. In addition, interest payments increased compared to the prior year as a result of the Senior Notes issued in February 2024.

Out of its free cash flow, the Group has invested in its Property division joint ventures, commenced a share buyback programme, paid dividends, adjusting items and pension deficit obligations and purchased existing Kier shares on behalf of its employees. Net cash at 30 June 2025 of £204.1m was significantly improved compared to the prior year (FY24: £167.2m).

Average month-end net debt for the year ended 30 June 2025 was £(49.2)m (FY24: £(116.1)m), a significant reduction from the prior year end.

The Group continued to win new, high quality and profitable work in its markets on terms and rates which reflect the Group's bidding discipline and risk management.

The order book increased to £11.0bn, a 1.9% increase since the year-end (FY24: £10.8bn). Approximately 91% of revenue for FY26 is already secured which provides certainty for next year.

### Revenue

The following table bridges the Total Group revenue from the year ended 30 June 2024 to the year ended 30 June 2025.

	£m
<b>Total Group revenue for the year ended 30 June 2024</b>	<b>3,969.4</b>
Infrastructure Services	147.7
Construction	2.7
Property and Corporate	(32.0)
<b>Total Group revenue for the year ended 30 June 2025</b>	<b>4,087.8</b>

Total Group revenue grew by £118.4m in the year, primarily through its Infrastructure Services business, which reported revenue growth of 7.4% compared to the prior year primarily due to the ramp up in AMP8 related activity.

The Group continues to focus on delivering high quality and high margin work.

### Alternative performance measures (APMs)

The Directors continue to consider that it is appropriate to present an income statement that shows the Group's statutory results only.

In addition to the Group's statutory results, the Directors believe it is appropriate to disclose those items which are one-off, material or nonrecurring in size or nature. The Group is disclosing as supplementary information an "adjusted profit" APM. The Directors consider doing so clarifies the presentation of the financial statements and better reflects the internal management reporting and is therefore consistent with the requirements of IFRS 8.

### Adjusted operating profit

	£m
<b>Adjusted operating profit for the year ended 30 June 2024</b>	<b>150.2</b>
Volume/price/mix changes	0.6
Property transactions, net of valuation gains	6.0
Cost inflation	(9.3)
Management actions	11.6
<b>Adjusted operating profit for the year ended 30 June 2025</b>	<b>159.1</b>

A reconciliation of reported to adjusted operating profit is provided below:

	Operating profit		Profit before tax	
	30 June 2025 £m	30 June 2024 £m	30 June 2025 £m	30 June 2024 £m
<b>Reported profit</b>	<b>113.7</b>	103.1	<b>78.1</b>	68.1
Amortisation of acquired intangible assets	21.6	23.2	21.6	23.2
Fire compliance costs	17.0	15.0	17.0	15.0
Property-related items	4.8	7.2	4.8	7.2
Recycling of foreign exchange	–	(5.9)	–	(5.9)
Refinancing fees	–	4.5	–	4.5
Net financing costs	–	–	1.9	2.9
Other	2.0	3.1	2.0	3.1
<b>Adjusted profit</b>	<b>159.1</b>	150.2	<b>125.4</b>	118.1

Additional information about these items is as follows:

- Amortisation of acquired intangible assets £21.6m (FY24: £23.2m): Comprises the amortisation of acquired contract rights through the acquisitions of MRBL Limited (Mouchel Group), May Gurney Integrated Services plc, McNicholas Construction Holdings Limited and the Buckingham Group.

- Fire and cladding compliance costs £17.0m (FY24: £15.0m): The Group continues to review all of its current and legacy constructed buildings where it has used cladding solutions and continues to assess the action required in line with the latest updates to Government guidance, as it applies, to multi-storey and multi-occupied residential buildings. The charge incurred in the period is for those projects where the Group has confirmed liability and has a reasonable estimate of the cost to rectify the issues identified, less any confirmed insurance recoveries.



## Financial review continued

- Property-related items £4.8m (FY24: £7.2m): This includes costs relating to vacated corporate offices, including the purchase and subsequent sale of a vacant leasehold office in Manchester, which allows the Group to de-risk the balance sheet and eliminate future rental payments. In addition, costs have been included in relation to the relocation and rationalisation of the Group's corporate offices in London. This rationalisation is now complete and the Group expects no further adjusting items in respect of corporate offices.
- Other £2.0m (FY24: £3.1m): Other costs consist of a payment made to settle part of an insurance-related claim that has previously been treated as an adjusting item.

### Earnings per share

Earnings per share (EPS), before adjusting items, amounted to 21.6p (FY24: 20.6p). Reported EPS, after adjusting items, from continuing operations amounted to 12.8p (FY24: 11.8p).

### Finance income and charges

The Group's finance charges include interest on the Group's bank borrowings and Senior Notes as well as finance charges relating to leases recorded under IFRS 16.

Net finance charges for the period were £35.6m (FY24: £35.0m).

Interest on bank borrowings and Senior Notes amounted to £30.8m (FY24: £31.5m), the decrease being as a result of the lower average month-end net debt. The Group was able to partially mitigate the risk of higher interest rates with a £50m interest rate swap which expired in June 2025.

Lease interest was £9.1m (FY24: £9.5m).

The Group had a net interest credit of £4.3m (FY24: £5.7m) in relation to the defined benefit pension schemes which

has arisen due to the overall pension surplus. We anticipate that this will be a c.£2.5m credit in FY26.

The Group continues to exclude lease liabilities from its definition of net cash/(debt).

### Dividend

The Board reinstated a dividend in FY24. Through the cycle, the Board's target is to deliver a sustainable dividend, covered 3x by adjusted earnings and in a payment ratio of approximately one-third interim dividend and two thirds final dividend.

As a result, the Board has proposed, subject to shareholder approval, a final dividend of 5.2p per share (FY24: 3.5p) which together with the interim dividend of 2.0p represents 3x adjusted earnings cover.

### Balance sheet

#### Net assets

The Group had net assets of £517.2m at 30 June 2025 (FY24: £520.1m).

#### Goodwill

The Group held intangible assets of £608.4m (FY24: £638.2m) of which goodwill represented £543.5m (FY24: £543.5m).

The Group completed its annual review of goodwill assuming a pre-tax discount rate of 13.5% (FY24: 12.4%) and concluded that no impairment was required.

The Infrastructure Services group of cash generating units (CGU) comprise £523.1m of the total goodwill balance. No impairment is noted as management believes the discounted cash flows are underpinned by the order book and current pipeline prospects and the CGU is not sensitive to changes in key assumptions.

#### Deferred tax asset

The Group has a significant deferred tax asset of £136.7m recognised at 30 June 2025

(FY24: £133.1m) primarily due to historical losses. The year-on-year increase in the asset is driven by the tax impact of the actuarial pension losses in the year, partly offset by the utilisation of tax losses.

Due to the improved profitability of the business, based on the Group's forecasts it is expected that the deferred tax asset will be utilised over a period of approximately seven years (FY24: eight years).

A tax credit of £8.5m (FY24: £11.6m) has been included within adjusting items.

### Right-of-use assets and lease liabilities

At 30 June 2025, the Group had right-of-use assets of £96.5m (FY24: £95.0m) and associated lease liabilities of £151.1m (FY24: £173.1m). The movements at each balance sheet date, reflect operational equipment requirements less associated depreciation and lease repayments.

### Investment properties

As at 30 June 2025, the Group had investment properties of £100.6m (FY24: £104.9m).

The Group had long-term leases on three office buildings which were formerly utilised by the Group that have been vacated and are now leased out to third parties, as well as one freehold property no longer used by the business that is being held for capital appreciation. These are all held as investment properties.

During the period the Group disposed of one of the leasehold properties (Fountain Street, Manchester), and moved back into the vacant floors in Foley Street, London.

In addition, the Group's Property business invests and develops primarily mixed-use commercial and residential schemes and sites across the UK. Four of these sites are held as investment properties.

### Investment in JVs

A number of projects within the Property division are developed alongside joint venture partners. Investment in JVs at 30 June 2025 was £145.8m (2024: £91.7m), an increase of 59%, and is as a result of the commitment to further invest in the Property business.

### Contract assets & liabilities

Contract assets represent the Group's right to consideration in exchange for works which have already been performed. Similarly, a contract liability is recognised when a customer pays consideration before work is performed. At 30 June 2025, total contract assets amounted to £374.0m (FY24: £358.1m).

Contract liabilities were £168.0m (FY24: £128.4m).

### Retirement benefits obligation

Kier operates a number of defined benefit pension schemes. At 30 June 2025, the reported surplus, which is the difference between the aggregate value of the schemes' assets and the present value of their future liabilities, was £47.2m (FY24: £80.5m), before accounting for deferred tax, with the movement in the period primarily as a result of actuarial losses of £42.5m (FY24: £36.5m).

The net actuarial loss is due to lower than assumed asset returns, partially offset by changes in financial assumptions, in particular higher corporate bond yields leading to decreased pension scheme liabilities. In addition, deficit reduction contributions have further reduced the schemes' liabilities.

The Group has started the process of agreeing its triennial pension valuations, which are due to be completed by June 2026.

## Financial review continued

### Free cash flow and net cash

	30 June 2025 £m	30 June 2024 £m
Operating profit	113.7	103.1
Depreciation of owned assets	5.6	8.3
Depreciation of right-of-use assets	46.1	39.0
Amortisation	38.7	33.8
<b>EBITDA</b>	<b>204.1</b>	184.2
Adjusting items excluding adjusting amortisation and interest	23.8	23.9
<b>Adjusted EBITDA</b>	<b>227.9</b>	208.1
Working capital inflow	27.7	68.4
Net capital expenditure including finance lease capital payments	(64.9)	(57.3)
Joint Venture dividends less profits	5.4	0.7
Other free cash flow items	3.1	(2.8)
<b>Operating free cash flow</b>	<b>199.2</b>	217.1
Net interest and tax	(43.8)	(31.2)
<b>Free cash flow</b>	<b>155.4</b>	185.9
	2025 £m	2024 £m
<b>Net cash at 1 July</b>	<b>167.2</b>	64.1
Free cash flow	155.4	185.9
Adjusting items	(17.8)	(36.7)
Net investment in Joint Ventures	(51.0)	(18.2)
Pension deficit payments and fees	(7.8)	(9.2)
Net purchase of own shares	(16.1)	(3.7)
Acquisition of Buckingham	–	(9.4)
Dividends paid	(24.1)	(7.3)
Other	(1.7)	1.7
<b>Net cash at 30 June</b>	<b>204.1</b>	167.2

The Group generated £155.4m of free cash flow in FY25 (FY24: £185.9m), driven by strong operating cash conversion of 125%. This reflects more normalised working capital flows compared to FY24, due to the FY24 working capital inflow benefiting from a 17% increase in revenue compared to a 3% increase in FY25. The Group delivered a net cash position of £204.1m at 30 June 2025 (FY24: £167.2m).

The average month-end net debt position is better than the comparative year at £(49.2)m (FY24: £(116.1)m). The business generated adjusted operating profit and positive working capital which was used to invest in our Property business joint ventures, commence a share buyback programme, pay dividends, adjusting items, tax and interest, pension deficit obligations, and purchase existing Kier shares on behalf of employees. Capital employed in our Property division increased from £166m at 30 June 2024, to £198m at 30 June 2025.

The purchase of existing shares relates to the Group's employee benefit trusts which acquire Kier shares from the market for use in settling the Long Term Incentive Plan (LTIP) and Sharesave share schemes when they vest. The trusts purchased and sold shares at a net cost of £9.7m (FY24: £3.7m). A further £6.4m (FY24: £nil) of shares were purchased as part of the share buyback programme.

### Accounting policies

The Group's annual consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006. There have been no significant changes to the Group's accounting policies during the period.

### Treasury facilities

At 30 June 2025, the Group had committed debt facilities of £400m, as well as access to uncommitted short-term borrowing facilities, such as overdrafts.

The committed facilities comprised £250m Senior Notes and £150m Revolving Credit Facility.

In January 2025 the Group repaid the remaining £37.3m USPP notes and reduced its RCF facility by £111m, the repayments having been made from operating free cash flow.

With £400m of facilities, consisting of £250m Senior Notes maturing in February 2029 and a £150m RCF expiring in March 2027, the Group has significant committed funding to support its evolved long-term sustainable growth plan.

The Group's remaining financial instruments mainly comprise cash and liquid investments. The Group selectively enters into derivative transactions (interest rate and currency swaps) to manage interest rate and currency risks arising from its sources of finance. The US dollar denominated USPP notes were hedged with fixed cross-currency swaps at inception to mitigate the foreign exchange risk. Following the repayment of the final USPP notes in January 2025 these swaps have now matured.

One non-recourse, project specific, property joint venture loan is hedged using an interest rate derivative to fix the cost of borrowing.

There are minor foreign currency risks arising from the Group's operations both in the UK and through its limited number of international activities. Currency exposure to international assets is hedged through inter-company balances and borrowings, so that assets denominated in foreign currencies are matched, as far as possible, by liabilities. Where exposures to currency fluctuations are identified, forward exchange contracts are completed to buy and sell foreign currency.

The Group does not enter into speculative transactions.

## Financial review continued

### Going concern

The Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least twelve months from the date of approving these financial statements and remain covenant compliant. For these reasons, they continue to adopt the going concern basis in preparing these financial statements. Further information on this assessment is detailed in note 1 of the consolidated financial statements.

### Viability statement

The UK Corporate Governance Code requires the Board to explain how it has assessed the prospects of the Group, over what period it has done so and why it considers that period to be appropriate.

### Assessment period

Consistent with the practice of previous years, the Board has assessed the prospects of the Group over a period of three years from 30 June 2025, taking account of its current position and the potential impact of the Group's principal risks and uncertainties (the PRUs) which is set out in this Annual Report and certain other risks referred to below.

The Board has identified a three-year period as being a period over which it believes it is able to forecast the Group's performance with reasonable certainty, principally because:

- The Group's internal forecasting covers a three-year period;
- The tender process and delivery programme for a number of the Group's projects can, together, take a period of up to approximately three years; and
- The visibility of the Group's secured work and bidding opportunities can reasonably be assessed over a three-year period.

Within the assessment period, the Group's revolving credit facility is scheduled to expire (March 2027). Working with lenders and its advisors, the Board is confident in the Group's ability to access a number of available funding markets to achieve an appropriate capital structure to support the Group's strategic objectives; and would expect to complete a refinancing by March 2026.

### Assessment process

The work required to support the viability statement was undertaken by management, with the following being a summary of the key elements of the assessment process:

- The model used as the basis of the assessment included a number of key assumptions (see 'Key assumptions') and was subject to stress-testing (see 'Stress-testing').
- The process considered the Group's current performance and future prospects, strategy, the PRUs and the mitigation of the PRUs.

The process included a review of certain other risks relating to the Group's trading, the Group's pensions, the availability of the Group's finance facilities, systemic margin erosion, the execution of the Group's strategy, the supply chain, inflationary impacts and certain project-specific risks.

### Key assumptions

The key assumptions within the model used to support the viability statement include:

- No material changes to Group operations, including no material acquisitions or disposals;
- The Group maintains its position as one of the leading providers of construction and infrastructure services to Government and regulated entities;
- The Group operates within its financial covenants under its principal debt facilities during the review period;
- The Group's facilities are repaid on their respective maturity dates during the review period; and
- The Group makes payments to the pension schemes in line with the deficit recovery plan.

### Stress-testing

Management assessed the financial impact of a number of severe but plausible downside scenarios (both individually and in combination) by overlaying them against the three-year business plan. These scenarios included:

- An adverse impact on the Group's forecasts, including a lower than forecast volume, an erosion of forecast margins and a reduction in the win rate of any revenue which is to be obtained;
- A certain level of loss-making contracts having an impact on the Group's reported profit and cash over the review period; and
- The application of certain, additional macroeconomic factors which may impact the Group, including the impacts of inflation and interest rate risk.

Management also considered offsetting proportionate and reasonable mitigating actions that could be taken in such a scenario. In addition, management have concluded that any adverse financial impacts from changes to operations regarding ESG initiatives would be offset by opportunities which present the Group with additional volumes and profits over the period of assessment.

### Viability statement

Based on the work performed the Board has a reasonable expectation that the Group has adequate resources to continue to operate and to meet its liabilities as they fall due across the three-year review period.



# Responsible business underpinning sustainable growth



**“Kier is built by brilliant people, who are committed to delivering on our purpose and ambitions every day. Our strong ESG performance reflects their focus and skill to responsibly deliver infrastructure that matters to our people, our places, and our planet.”**

**Louisa Finlay**  
Chief People Officer

[➤ Read our Sustainability report on pages 33–44](#)

[➤ Read our People report on pages 44–53](#)

Reduction in operational carbon emissions (Scope 1 and 2)<sup>1</sup>

**70.9%**

Reduction in value chain carbon emissions (Scope 3)<sup>4</sup>

**29.5%**

1. Since baseline year FY19.  
2. See note 1 on page 45.

Employee engagement index<sup>2</sup>

**80.5%**

Apprentices in Kier’s workforce<sup>5</sup>

**590**

3. See note 1 on page 34.  
4. Since baseline year FY22.

People in formal training and development programmes<sup>3</sup>

**11.3%**

Spent with SMEs and VCSEs<sup>6</sup>

**£1.5bn**

5. See note 2 on page 34.  
6. See note 1 on page 37.

Finding solutions to the environmental and social challenges facing our business, as well as our people, places and planet is essential to our ability to deliver on our purpose to sustainably deliver infrastructure that is vital to the UK.

We are focused on achieving sustainable growth through our delivery of infrastructure that matters, growth which supports a sustainable transition towards a greener, fairer, resilient and inclusive economy, and which is underpinned by strong business performance.

We do this by ensuring that environmental, social and governance (ESG) considerations are integrated into our corporate governance

structures and into our business decisions and actions. As a strategic supplier to the UK Government, doing so is fundamental to our ability to win work and secure positions on long-term frameworks; UK Government contracts with a value of or above £5m per annum require net zero carbon and social value commitments.

In our ESG report, we explore the challenges we face; the solutions we implement; and the outcomes we achieve for our stakeholders, from our shareholders to our people to the communities we serve. We do this in two chapters, which correspond to how we approach sustainability and people topics, both strategically and operationally.

## ESG report continued

### Responsible business underpinning sustainable growth continued

#### Strategic oversight of ESG matters

In the framework adjacent, we outline how we strategically manage and ensure governance and compliance in environmental and social sustainability topics, and in people topics (health, safety and wellbeing, diversity and inclusion, talent development and culture). Collectively, these topics are termed 'ESG matters'. How we relate the oversight of these topics to our wider governance and compliance approaches is laid out from page 60.

Ensuring that ESG matters are effectively governed is a strategic opportunity for Kier. We ensure that all levels of our business are both aware of ESG matters and empowered to manage them. In so doing, we increase integrated management of the risks and opportunities created by these topics.

Dedicated 'working groups' and 'task and finish groups' focus on individual topics, whilst our overarching governance structure, led by our ESG Committee and guided by our milestone plans, ensures we make meaningful progress.



**Mansfield SuDS, Nottinghamshire**

We built a long-lasting solution that positively impacts the community of Mansfield.

#### Sustainability framework governance



\* Management of climate and nature-related dependencies, impacts, risks and opportunities is integrated into our overarching governance.

## ESG report continued

### Responsible business underpinning sustainable growth continued

#### Governance and risk management

We integrate ESG matters into the Group's operational governance processes, as well as its risk management framework through our principal risks and uncertainties (PRUs) and operational risk processes.

In 2024, we expanded our climate change principal risk to include other aspects of sustainability determined relevant by our double materiality assessment.



> Go online to read our double materiality assessment

This approach reflects our Building for a Sustainable World approach, which understands that social and environmental sustainability are intrinsically linked, and that these must be considered holistically to adequately mitigate risks and effectively realise opportunities.

As such, climate-related risks and opportunities are woven into our governance approach, as demonstrated in the framework on page 31. More information about our approach to climate-related risks and opportunities can be found in our Task Force on Climate-related Financial Disclosures (TCFD) report from page 54.

# 71%

of project revenue delivering a net environmental benefit (FY24: 69%)

Further details on Kier's risk management approach are set out in the Risk management section from page 60, which also contains more detail on health, safety and wellbeing, people and sustainability PRUs, as well as mitigating actions.

#### Integrated operational governance

Operational governance procedures are reviewed through a lens which considers environmental and social sustainability (in addition to people topics), using a continual improvement approach to ensure that these matters continue to be effectively integrated into how we operate at every level. Compliance policies, training and their effectiveness are reviewed under a rolling programme of external expert reviews and end user feedback to make sure that we meet our compliance obligations and our people understand their part in that.

#### Verifying our ESG performance

As part of our commitment to reporting, with governance and transparency, on our ESG performance, we follow a multi-level framework of assurance, including comprehensive internal verification and audit, as well as third-party assurance of key metrics.

In FY25, we obtained independent limited assurance from the British Standards Institution (BSI) for our Building for a Sustainable World framework measures for the first time.

This result complements existing independent reasonable assurance of our carbon metrics to ISO 14064-1 standards, also provided by BSI, which we have undertaken since FY23.

View these metrics on page 33 and 43 respectively.



Through our delivery of planet-positive, community-orientated projects, we have achieved the London Stock Exchange Green Economy mark since FY23. In FY25, we were one of 101 companies to achieve the mark. 71% of our revenue came from projects which delivered a net environmental benefit, highlighting the significant opportunities to grow our business through projects which support people, places and planet.



> Go online to read the London Stock Exchange Group's case study on how Kier is building for a sustainable future

#### ESG ratings and performance

The external ESG reporting landscape is constantly evolving, as are our stakeholders' expectations of our delivery and disclosures. To navigate increasing data requirements and stakeholder expectations, whilst keeping in touch with our sustainability narrative, we volunteer further information, as well as results from key external ESG performance evaluations, on our website. Doing so allows us to remain dynamic and contemporary in our approach to reporting.



#### Reporting

We actively monitor emerging ESG reporting regulation, frameworks and standards to ensure our reporting remains compliant. As a company operating primarily in the United Kingdom, we are tracking the development of the United Kingdom Government's Sustainability Disclosure Requirements, as UK policymakers move to endorse International Sustainability Standards Board (ISSB) disclosure standards. We continue to align our reporting to TCFD and have published our first report aligned to Taskforce on Nature-related Financial Disclosures (TNFD) recommendations.



> Go online to read our Climate & Nature report



# Sustainability report

## Building for a Sustainable World

Our Building for a Sustainable World framework guides our holistic approach to material sustainability topics.

Since FY24, we have worked within three pillars – Our People, Our Places, Our Planet – which group topics under clear objectives and apply defined non-financial measures to support continual improvement and consistent reporting. Informed by our double materiality assessment conducted in FY23, our framework reflects our business' and stakeholders' priorities for responsible business and sustainable growth. Find the link to our double materiality assessment on page 32.

### Measures for success

Against the backdrop of an evolving sustainability reporting landscape, we are constantly working to strengthen our disclosures. In FY25, we evolved the measures for some of our material topics across all pillars, moving from qualitative to quantitative measures to reflect our maturing approach to implementing our framework.

As in previous years, we continue to report on the added social value we deliver across our business, using it as a measure for the overall effectiveness of our framework. Added social value is defined as social and environmental

value, as well as economic value gained from subcontracted spend made with a small or medium enterprise (SME) or a voluntary, community and social enterprise (VCSE). It therefore excludes any other subcontracted spend. We use the Impact Evaluation Standard measurement framework for our reporting, which is guided by an independent steering committee of social impact experts, which includes a member of Kier's executive team, and is fully aligned with the UK Government's Social Value Model – PPN 002, which was updated from PPN 06/20 in FY25.

Added social value in FY25

**£531m**

(FY24: £548m<sup>1</sup>)

- In FY25, we adjusted how we report social value created by SME and VCSE spend, moving from gross reporting to net reporting. This was in response to improving assurance and transparency of social value data. In FY24, we reported £583m of added social value using a gross spend method. The equivalent value using a net spend method is £548m. The FY25 decrease when compared to FY24 can be explained through strengthened reporting behaviours which drive improved adherence to Impact Evaluation Standard frameworks and definitions of added social value.



## Building for a Sustainable World

**Our purpose:** To sustainably deliver infrastructure which is vital to the UK

Strategic Pillars	Our People	Our Places	Our Planet
Objectives	Building a workforce & supply chain for the future	Making a positive difference in our local communities	Improving the environment now and for future generations
Topics	Prioritising all our people Ethical labour	Social impact Enabling social mobility	Climate action Valuing nature Resource efficiency
Measures	% of total workforce in training and development programmes Number of people trained in recognising modern slavery	% of total spend with SMEs and VCSEs Number of beneficiaries from community or educational outreach	Absolute reduction in carbon emissions (scopes 1 – 3) Significant Environmental Incident Rate Tonnes of waste/£m revenue
% of Group revenue as added social value			



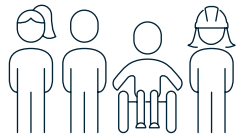
### Focusing our sustainability efforts

In FY23, we completed our European Financial Reporting Authority Group (EFRAG) aligned double materiality assessment, which informs our sustainability strategy and reporting, as well as our alignment to the United Nations Sustainable Development Goals (UN SDGs).



## ESG report continued

### Sustainability report: Our People



## Our People

### Building a workforce and supply chain for the future

Through Our People pillar, we seek to ensure a safe, inclusive, and fair workplace, which is free from exploitation, for all people involved in or impacted by our activities.

We rely on our entire workforce, including people working in our supply chain, to be able to deliver successfully on our purpose, which is to sustainably deliver infrastructure which is vital to the UK.

#### Prioritising all our people

A strategic imperative for our business is ensuring that our people feel safe and sufficiently trained in their roles, included and represented in the workplace, and fairly recognised for their contributions to our business' success.

As we implement our long-term sustainable growth strategy, we focus our efforts in addressing some of the demographic challenges facing our industry, such as an ageing workforce, attracting younger talent, and retaining existing expertise.

As such, we focus on training and development programmes to upskill our people, on attracting and retaining emerging talent, and on supporting our supply chain to do the same.

#### 5% Club: Platinum member

The 5% Club is an employer collective committed to offering training and development opportunities to its workforce. In FY25, we achieved 'Platinum' status, meaning that, for three consecutive years,

more than 10% of our workforce have been be on 'earn & learn' programmes, such as apprenticeships or graduate programmes. We are proud of this accolade, which highlights our ongoing commitment to future talent.

#### People in formal training and development programmes

# 11.3%<sup>1</sup>

(FY24: 12.3%)

1. Percentage of Kier's workforce in formal development programmes, i.e. an accredited course of more than one year in duration. It includes apprentices and excludes Kier's wider learning and development offering. In FY25, the number of apprentices in our workforce decreased (see footnote 2 adjacent), which affected the overall percentage of people in our workforce in a formal training and development programme.



#### Apprenticeship employer: Top 100

In FY25, we were recognised among the top 100 apprenticeship employers by the Department for Education,



RateMyApprenticeship and the Sunday Times. This is a testament not only to the support that we offer to apprentices, but also to the culture of respect and inclusion which we are working hard to nurture.

#### Apprentices in Kier's workforce

# 590<sup>2</sup>

(FY24: 666)

2. In FY25, we continued to strengthen our training and development offering, as well as our reporting. We introduced our own CMI-accredited management development courses, which replaced management apprenticeships and removed these from our figures. Candidates completing their management apprenticeships in FY24 were not replaced in FY25. This will also be the case in future reporting years. Looking forward, we are preparing for the reduction in government funding of Level 7 apprenticeships from January 2026 onwards and welcoming participants onto our alternative emerging talent programmes.



#### Built by Brilliant People™: our foundation for sustainability

Our Building for a Sustainable World framework is underpinned by core functions in its strategic foundations. In particular, Our People pillar is underpinned by diversity and inclusion; emerging talent; health, safety and wellbeing; and talent and organisational development. We explore these areas in more detail on pages 44–53.



We are proud to welcome emerging talent into our business to encourage engagement with our industry.



## ESG report continued

### Sustainability report: Our People continued



Our Emerging Talent team, pictured here with our Chief People Officer, won for their contribution to our sustainability objectives.

The People, Places and Planet award celebrates a strong focus on delivering our sustainability framework, and recognises colleagues who drive positive, lasting impact on our world. In the FY25 event, our Emerging Talent team took home the prize.

With an ageing workforce in construction, attracting new talent is crucial to Kier's success. Our Emerging Talent team drives our industry-leading apprenticeship

and graduate schemes, which contribute to our sustainability strategy. The team's successes include the achievement of Platinum 5% Club membership, and inclusion in the top 100 of three apprenticeship employer lists.

**"How incredible that we get to do this every day."**

**Chloe**  
Emerging Talent team

### Increasing sustainability skills and awareness

We have an opportunity to upskill our people in sustainability and to support them to understand how their roles contribute to Kier's Building for a Sustainable World framework.

Through our engagement activities, which are led by our Sustainability teams and include webinars and in-person conferences, and through collaboration with industry partners through the Supply Chain Sustainability School, we seek to mature sustainability skills and awareness across our business.

Overall, we aim to provide knowledge and skills, and foster sustainability mindsets, both at work and at home, to support informed and effective decision making for a sustainable future. This is part of our commitment to prioritise our people. In FY25, a Company-wide engagement survey showed that 92% of our people were aware of the impact their role has on the environment and communities (FY24: 92%).

### Becoming an ISEP-accredited training centre

In FY25, we became an Institute of Sustainability and Environmental Professionals-accredited training centre (ISEP, formerly IEMA). Through this investment, we deliver environmental management training, tailored to Kier ways of working, to our site-based teams, upskilling them in environmental protection, as well as Kier systems. In-person delivery, in partnership with our local environmental teams, facilitates important cross-divisional, multi-disciplinary relationships and resource sharing opportunities, reinforcing a supportive learning culture.

### Supporting T-levels<sup>1</sup>

We collaborate with local colleges and supply chains, supporting the delivery of local T-level programmes by providing content to give an insight into our industry. For Kier, doing so is a win-win: we both support students as they prepare for the workplace and future training, and inspire engagement with our industry.

**"When I started with Kier while I was still at college, I was doing a T-level in design and planning. At the beginning, I really had no idea what I was looking for from my job, but being with Kier has really opened my eyes to what it means to work in construction."**

**Bradley**  
Kier Construction

1. T Levels are two-year courses which are taken after GCSEs and are broadly equivalent in size to three A-Levels.



**> Watch the video to see the impact of Bradley's experience**



## ESG report continued

### Sustainability report: Our People continued

#### Ethical labour

As a major construction and infrastructure company with nationwide reach, our supply chain is global and, consequently, complex. This increases the risks of our business being used as a vehicle for modern slavery, corresponding with wider industry risk. We are committed to doing the right thing and playing our part in ensuring that labour used in our operations is ethically sourced and remunerated fairly.

As a strategic supplier to the UK Government, we support the aims of PPN 02/23 to tackle modern slavery in Government supply chains. In line with those aims, we expect our people and supply chain to carry out work safely, ethically, and sustainably, in accordance with the law, our Code of Conduct, and our policies. We encourage everyone involved in our operations to report any concerns relating to modern slavery through our reporting lines. More information about our approach is available in our Modern Slavery Statement, published on our website.

People trained in recognising modern slavery in FY25

# 5,989

(FY24: 4,186)

1. The UK Real Living Wage is the UK wage rate that meets the costs of living in the UK: [www.livingwage.org.uk/what-real-living-wage](http://www.livingwage.org.uk/what-real-living-wage).

#### Our ethical labour strategy

As part of our Building for a Sustainable World framework, our ethical labour strategy has been created to foster ethical labour practices, such as requiring that Kier and each member of our supply chain complies with our Real Living Wage policy<sup>1</sup>. Created with strategic guidance from a modern slavery social enterprise, this approach supports us to ensure fair and equal treatment for our entire workforce and value chain.

To implement our strategy, we are targeting four key areas. Key achievements in FY25 include:

#### Policy: strengthening our key frameworks

In FY25, we reviewed our Anti-Slavery and Human Trafficking Policy, strengthening our commitments, restating our expectations of our supply chain, and highlighting indicators for modern slavery, as well as reporting mechanisms.

We are also evolving our current policy and implementing an Ethical Labour Policy for our business and supply chain.

#### Risk assessment: identifying opportunities for improvement

By assessing risks, we seek to identify and mitigate labour-related risks in our business and supply chain. In FY25, we developed a targeted, risk-based monitoring programme for key suppliers.

#### Audit: monitoring compliance

We are developing an audit plan to monitor compliance with ethical labour standards in our business and supply chain. In FY25, we created our Group Procurement Audit Operating Procedure to guide third-party audits of suppliers in our supply chain, selected using a risk-based approach. During these audits, we review compliance with Kier's standards.

#### Training and awareness: upskilling our workforce

Our aim is to empower employees and supplied workers to recognise, prevent and address unethical labour practices. It is mandatory for all Kier employees to complete training on recognising the signs of modern slavery upon joining and every two years thereafter. Further role-specific training is being developed for delivery to site-based personnel to further mitigate risks in this area.

As founding members of the Supply Chain Sustainability School and participants in the School's Built Environment Against Slavery Group, we collaborate with our peers, using our insight to develop training and resources that help to address these risks as an industry and strengthen our collective response.

In FY25, we collaborated with a UK anti-slavery charity and 10 industry peers to produce a video to raise awareness of modern slavery in the construction industry.



Watch the video

### Sustainability report: Our Places



## Our Places

### Making a positive impact in our local communities

Through Our Places pillar, we drive positive social impacts and social mobility for our workforce, our business, our supply chain and our wider communities, adding social value, nurturing community relations and ensuring a positive project legacy.



Sarah, Community Engagement Manager at Kier Places, pictured with Kierriculum participants at Marjory Kinnon School.

## ESG report continued

### Sustainability report: Our Places continued

#### Social impact

Ensuring positive social impact from our activities is essential to our long-term sustainable growth strategy, which relies on the delivery of our social value commitments, which, in turn, fosters positive customer and community relations. We seek to generate social impact by:

- Prioritising disadvantaged communities local to our operations, according to the indices of deprivation
- Engaging with communities, businesses and charities local to our sites, providing education, employment and collaboration opportunities to provide support that addresses local needs
- Using local goods, labour and services
- Delivering functional green spaces, supporting nature, adapting to climate change and putting wellbeing in the hearts of local communities

Not only is this the right thing to do, and key to our commitment to the Considerate Constructors Scheme (CCS), but it is also part of our role as a strategic supplier to the UK Government, whereby we must deliver on our net zero carbon and social value commitments on contracts valued at or over £5m per annum.

In FY25, 49 (FY24: 36) of our projects received recognition in the CCS National Site Awards, and our average score through monitor visits was 44 (FY24: 43). As part of our engagement to nurture community relations, we provide an openly accessible helpline for our projects to allow the public to raise a concern, as well as providing a dedicated stakeholder liaison to maintain dialogue.

#### Investing and volunteering in local economies

We are committed to leveraging local expertise and services to deliver on our projects. With generally more than 400 live projects at any one time, working with small and medium enterprises (SMEs) and voluntary, community and social enterprises (VCSEs) is one of our primary opportunities to create social impact. In FY25, 61.8% of our subcontracted spend was made with SMEs, including VCSEs, which supports growth in local economies. Read more about our approach to sustainable procurement on page 44.

Kier also encourages each of our employees to take two paid volunteering days per year, as part of our commitment to support colleagues to give back to our communities.

Spend with SMEs' incl. VCSEs

## £1.5bn

(FY24: £1.4bn)

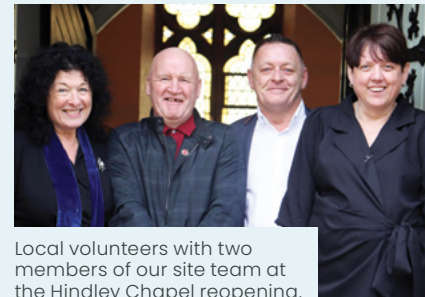
1. The Companies (Accounts and Reports) (Amendment and Transitional Provision) Regulations 2024 increased the monetary size thresholds for micro, small and medium-sized entities for financial years starting on or after 6 April 2025. Our reporting reflects these changes.

**“Kier’s volunteering policy and flexible working approach have allowed me to fully commit to my role as Chair of the Board of Trustees at the Sheffield & Rotherham Wildlife Trust. This has been both personally rewarding and professionally valuable.”**

**Ben**  
Kier Group

#### Community engagement in action

When our site team at our Wigan to Bolton electrification project heard that a local action group sought support to restore Hindley Chapel and return it to a vibrant hub at the heart of the community, they stepped up, collaborating with our supply chain to provide hands-on advice and support to bring the project to life. This is part of our commitment to leaving a lasting legacy in the communities we serve.



Local volunteers with two members of our site team at the Hindley Chapel reopening.



> Watch the video to hear the whole story



#### Raising funds for communities

The Kier Foundation is our own independently registered charity. Since 2012, the Foundation has facilitated employee engagement with Kier’s chosen charity partner through Company-wide fundraising activities. Our charity partner for FY23 – FY25 was Trussell, for which we raised £250,000, which includes money raised during Moving through May (see page 48), to support its work fighting poverty in the UK. Over the course of the partnership, we delivered an additional c. £113,000 in pro bono work, with support from supply chain partners.

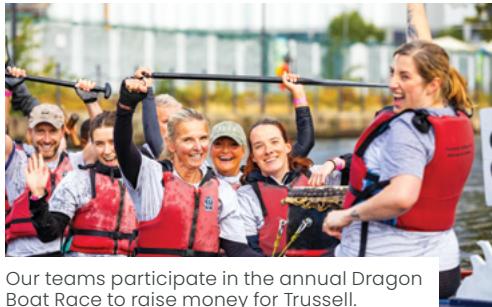
Beyond our charity partner, the Foundation offers support to many UK charities throughout the year, providing matched funding to our colleagues’ chosen charities.

Donated to Trussell

## £250,000



## Sustainability report: Our Places continued



Our teams participate in the annual Dragon Boat Race to raise money for Trussell.

Every year, we undertake our month-long fundraising challenge, Moving through May, for our charity partner, as well as UK charities nominated by our colleagues. Read more on page 48.

### Our new charity partner

In July 2025, we announced that our new charity partner for FY26 – FY28 will be Action for Children, and we look forward to Building Brighter Futures through our support of their work to give vulnerable children and young people the practical help they urgently need.

### Enhancing community engagement with our industry

Through Our Places pillar, we seek to enhance community engagement with our industry. Doing so is part of our sustainable growth strategy, which considers the long-term legacy of our projects and activities for the people and communities living locally to our sites, and requires that we boost positive engagement with our industry.

Furthermore, working in tandem with Our People pillar, we aim to engage with the next generation of talent. By inspiring those around us to join our industry, we address the emerging skills gap, enhance social impact and mobility, and, in turn, secure our futures.

People benefiting from community or educational outreach

# 39,000

Kierriculum won the Community Engagement Project of the Year at the Construction News Awards for the programme delivered at Marjory Kinnon school, part of Kier Places' work on the Heathrow Quieter Neighbourhood Scheme.

### Kierriculum:

Kier's educational outreach programme. Created by our people and linked to the national curriculum, the resources and activities are designed to support young people to discover opportunities in construction, inspiring the next generation to join our industry.



Students work on a Kierriculum activity.

### STEM Ambassador Network:

The bridge between studying STEM topics at school, and real-world exposure to a career in construction.



Students take part in a STEM session.

### Open Doors Week:

A nationwide programme, showcasing the range of careers available in the construction industry.

### Enabling social mobility

Through our commitment to creating social impact, we aim to improve social mobility in the communities where we operate. We believe that each of us should have the opportunity to be successful, no matter where we make our start in life, no matter what happens along the way. It's part of our commitment to leave a positive legacy in the places where we work.

### Our workforce

In FY24, we reported our intention to establish a socio-economic diversity baseline for our workforce, against which we could set meaningful targets. One year on, we continue to collate data from our employees to establish a clear view of this at Kier. Our approach is in line with the Social Mobility Commission's guidance.

We are focusing our efforts on delivering several schemes aimed at supporting individuals from disadvantaged backgrounds both into employment and to develop their careers. We communicate regularly on our initiatives to raise awareness of social mobility topics.

### Our emerging talent

We know that careers guidance is essential for social mobility. This is why, through our social impact activities, we focus on school engagement, working with young people to boost their employability skills and inspire future careers in construction. Initiatives include implementing Kierriculum, supporting T-levels, and participating in Open Doors Week.

**> Read more** about our emerging talent programme on page 51



## ESG report continued

### Sustainability report: Our Places continued

#### Our communities

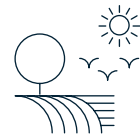
We generate social impact by leveraging the expertise of local SMEs and VCSEs to deliver on our projects. In particular, we seek to work with diverse businesses and community organisations to ensure that opportunity is distributed, facilitating social mobility. For example, and amongst others, Nordis Signs is a part of Kier and is a supported business that offers employment to people with disabilities and long-term health conditions.

#### Positive action programmes

We believe that providing opportunities to all is a primary opportunity to sustainably strengthen our business and our societies. This is why we implement positive action programmes for inclusion and social mobility, which include two flagship initiatives to support people to join, or rejoin, the workforce.

In FY25, we continued to deliver our Making Ground and Armed Forces recruitment programmes, which are explored in detail on page 49. Additionally, we joined our peers in the Midlands Employer Alliance, an initiative designed to create job opportunities for groups typically facing barriers to work.

### Sustainability report: Our Planet



## Our Planet

### Improving the environment now and for future generations

Through Our Planet pillar, we prioritise strategic initiatives which drive climate action, value nature and encourage resource efficiency. Our strong focus on these topics supports our objectives to reduce our own carbon footprint, as well as that of our supply chain; protect and preserve the natural environment; and manage waste and water effectively. This is how we drive our purpose to sustainably deliver infrastructure that is vital to the UK.



#### Bridgwater

Jack-up barge passing Steart Marshes as it travels to Bridgwater Tidal Barrier.

#### Climate action

Taking climate action is part of our duty to mitigate the risks climate change poses to our people, places and planet, as well as to our business. Acting on our commitments to, and demonstrating our progress towards, net zero operations are paramount both to our long-term sustainable growth plan and to our delivery of infrastructure that matters.

We are experts in delivering vital infrastructure that is low carbon, or net zero. This is one of the ways in which we meet our own carbon reduction targets and support our clients to do the same. For example, we completed Scotland's third PassivHaus school – Currie High School in Edinburgh – in August 2025. As a patron of the PassivHaus Trust, this project continues our history of successes in delivering projects to PassivHaus standards, from leisure centres to schools, including Mulberry Academy London Dock.

We monitor the carbon reduction performance of our construction projects using the BREEAM framework. In so doing, we demonstrate our commitment to reducing the impact of our projects, as well as boosting the value of the asset, reducing operational costs and improving occupant wellbeing for our customers. Notably, in FY25, Kier Property achieved its first net zero carbon, EPC A+ industrial scheme, with an 'Outstanding' BREEAM score at Logistics City, Bracknell.

#### Our carbon performance

In FY25, we continued to progress towards meeting our carbon reduction targets. We successfully completed our third external verification audit of our carbon metrics, receiving reasonable assurance from the British Standards Institute to ISO 14064-1 standards. More information about our external assurance audits can be found on page 32 and on our website.



#### Currie High School, Edinburgh

Scotland's third PassivHaus school.

## ESG report continued

### Sustainability report: Our Planet continued

Additionally, our Construction and Infrastructure Services businesses once again achieved PAS 2080 accreditation, which certifies that our approach contributes to an overall reduction of lifecycle emissions on the projects we deliver.

A breakdown of our carbon metrics can be found on page 43 and in our Climate & Nature report on our website.

#### Race to Zero: Delivering our SBTi-validated targets

In FY24, the Science Based Targets initiative (SBTi) validated our carbon reduction targets to meet net zero emissions across Scopes 1 and 2 by FY39, and Scope 3 by FY45. At that time, we also increased the ambition of our near-term targets to retain sufficient forward-looking ambition.



● Scope 1 reduction since FY19 baseline	70.0%
● Scope 2 reduction since FY19 baseline	85.6%
● Scope 3 reduction since FY22 baseline	29.5%

In line with these targets, we successfully reduced our combined Scope 1 and 2 emissions by 4.3% since FY24, amounting to a combined 70.9% reduction since our FY19 baseline year. Achieved through a switch to sustainable biofuels and the ongoing electrification of our company car and commercial vehicle fleets, we remain on track to meet our SBTi-validated targets.

We continue to deepen our understanding of our indirect emissions across our value chain, which is essential to reducing these Scope 3 emissions in line with our SBTi-validated targets. In support of these targets, we have worked to increase the delivery of low-carbon projects and the use of modern methods of construction, such as off-site manufacturing, as well as to strengthen our reporting methodology. In FY25, we reduced our Scope 3 emissions by 13% since FY24, and 29.5% since our FY22 baseline year.

#### Tackling Scope 3 emissions

As part of our commitment to decarbonisation, we take a 'lifecycle approach' to managing carbon across our value chain (Scope 3 emissions). This means that we look beyond our direct operations to understand and reduce emissions embedded in the materials we buy and the assets we deliver, seeking to improve their carbon performance over time.

In Scope 3 category 'Purchased Goods and Services' – our most significant source of Scope 3 emissions – we are improving data quality to better inform action. Since FY23, we have relied on a spend-based methodology to estimate emissions from our supply chain, which provides a broad but unspecific picture

of these emissions. To enhance decision making and better inform reduction strategies, we are transitioning to a hybrid inventory approach that incorporates more granular, activity-based data and supplier-specific information.

In the first year of this transition, we have successfully moved six key suppliers to this improved methodology, prioritising high-impact materials. This is enabling more meaningful engagement and the identification of specific levers to reduce embodied carbon in our projects. Early results show that, through this method, we will be able to more accurately demonstrate our Scope 3 reductions in future reporting years.

In the 'Use of Sold Products' category, our Kier 360 Carbon approach has meant that we continue to maintain a high proportion of projects' with high performance standards, achieving EPC A or EPC A+, BREEAM Excellent, or PassivHaus standards. This is recognised by the award of the London Stock Exchange Green Economy Mark (see page 32).

1. Projects where Kier has design responsibility.

#### Driving carbon reduction through innovation

Reflecting our holistic approach to making our business more sustainable, we take an integrated, business-wide approach to reducing our carbon footprint. As an active member of industry sustainability groups, including the Supply Chain Sustainability School, we collaborate with peers to remain at the forefront of sustainable construction practices, influence broader industry change and support supply chain decarbonisation.

#### Rolling out HVO

In FY25, we started procuring sustainably sourced hydrotreated vegetable oil (HVO) for use as an alternative to diesel on our sites. We did this following a comprehensive review of our process for procuring HVO to ensure its sustainability. As part of our work as a founding member of the Supply Chain Sustainability School, we co-funded the development of free-to-access HVO procurement guidance to mitigate nature, modern slavery and climate risks associated with production.

Since launching the initiative in November 2024, the impact on our carbon footprint has been significant. With 54% of our sites using HVO, we have reduced associated carbon emissions by c. 3,400 tonnes of CO<sub>2</sub>e – the equivalent of removing 489 Kier vans from our roads.

#### Implementing Kier 360 Carbon Solutions

At the heart of our carbon reduction initiatives are our people, who guide customers through innovative sustainable material selection, methods of construction and energy modelling. Developed by our Construction division, Kier 360 Carbon Solutions, part of our broader 360 approach, is a pioneering, collaborative, multi-disciplinary process which maximises whole life carbon reductions by supporting customers to make informed, low-carbon decisions from the earliest stages of design through to delivery and beyond. Connecting designers, engineers, and construction and environmental specialists, Kier ensures cost effective carbon reduction and climate resilience features are embedded across the entire lifecycle.



## ESG report continued

### Sustainability report: Our Planet continued

Requiring input from multiple Kier functions and rooted in an integrated approach to sustainability, the solution also provides upskilling opportunities for our teams, deepening organisational understanding of climate action, and of how each Kier role contributes to carbon reduction. In the medium term, we aim to roll out Kier Carbon 360 Solutions across our business, with trials underway to test the adaptability and scalability of the approach.

#### Valuing nature

We recognise that climate change and nature loss go hand in hand, which is why we aim to tackle these issues in an integrated fashion. As climate change increasingly impacts biodiversity, so too are human activities accelerating climate change and nature harm, compounding existing pressures on communities and businesses. As a major contractor, we have a responsibility to protect, restore and enhance habitats, whilst continuing to mitigate climate change impacts, as part of our delivery of vital infrastructure.

We deliver projects that offer both environmental and social benefits – in line with our holistic approach to sustainability – and which tackle both nature and climate-related impacts. Capitalising on our ability to do so is a competitive advantage for Kier, which also supports our long-term strategy for sustainable growth. This is key to once again being awarded the London Stock Exchange's Green Economy Mark in FY25. See page 32 for more information.

#### Enhanced reporting on nature

Our commitment to valuing nature, as well as to reporting on our nature-based dependencies and impacts, is reflected in our adoption of Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, which has driven enhanced focus and disclosure on nature topics in FY25. This is in line with our governance approach, which lays out our ambitions for nature in a milestone plan.

Our separate Climate & Nature report explores how our operations interact with and depend on nature. It presents our approach to environmental management; supplier engagement and assurance; sustainable design and innovation; and employee initiatives and reports how we are both taking action for the climate and valuing nature in our operations.

Find the link to our report on page 32 and on our website.

#### Our environmental performance

Our Significant Environmental Incident rate (SEIR) has decreased slightly this year. This trend reflects the ongoing and growing challenges posed by climate change, including more frequent extreme weather events, and the increasing complexity of delivering projects in environmentally sensitive or nature-rich areas.

To manage these risks we focus on strong and embedded environmental management – including the expertise of our dedicated Sustainability teams, targeted training programmes, and robust management systems – which continues to provide effective controls across both our own operations and those of our subcontractors.

This ensures we can respond proactively to risks and uphold high environmental standards across all our sites.

#### Significant Environmental Incident Rate (SEIR)

# 54

(FY24: 55<sup>1</sup>)

1. In FY24, we reported an SEIR of 59. As a result of improved reporting practices, we have revised this figure to 55.

#### Industry collaboration to drive nature value

We collaborate with industry and non-industry peers to ensure climate change and nature loss are tackled holistically, and from multiple approaches.



##### Bridgwater, Somerset

In partnership with the Environment Agency, we are trialling a zero-emission power solution, combining solar panels, green hydrogen fuel cells, and batteries, now installed at our Bridgwater Tidal Barrier project to power our site compound.



##### Moors at Arne, Dorset

With sea levels rising, pressing against fixed sea defences and causing a loss of intertidal habitat, we are working to protect the diverse wildlife along the Dorset coastline.



## ESG report continued

### Sustainability report: Our Planet continued

#### Supply Chain Sustainability School

Kier chairs the Supply Chain Sustainability School's Nature Recovery Group, which is working to shape industry understanding and action on biodiversity.

#### The Green Finance Institute (GFI)

As a TNFD adopter, we take a lead in the GFI TNFD built environment group. We are working closely with GFI to support the wider sector to adopt effective nature action and reporting.

#### Rebuilding Nature

Kier Infrastructure Services (Kier Transportation and Kier Natural Resources, Nuclear & Networks) has joined Rebuilding Nature, an alliance of cross-sector organisations seeking to invest in nature and restore ecosystems at scale by recognising nature as critical infrastructure.

#### Resource efficiency

Pressures on our climate and ecosystems are linked to the unsustainable consumption of natural and man-made resources. Our approach to using fewer materials more efficiently is supporting our aim to reduce waste throughout the lifecycle of our projects.

We seek to implement circular economy principles on our sites and in our offices to embed resource efficiency into our daily operations. Externally, our senior environmental leaders participate in the UK Government's Circular Economy Taskforce, an independent expert advisory group established to support the Government in creating a circular economy strategy which will support economic growth, create green jobs, promote efficient use of resources and accelerate the transition to net zero emissions.

By treating sustainability holistically, Kier's strategy supports these ambitions, as we drive forward upskilling in low-carbon, resource-efficient ways of working.

#### Using technology to improve environmental outcomes

One of our biggest site-based environmental challenges is tracking and storing soils removed during excavation to allow them to be reused in the project, thus preventing waste. To tackle this, in FY25, we began rolling out SoilFLO, an online tool which supports site teams to better track and record soils as they are moved around sites.

Once implemented, the system will strengthen environmental governance and support more sustainable, efficient material management practices for the reuse of soils. In turn, this supports waste reduction, cutting down the volumes of soil sent to landfill, as well as transport-related emissions, contributing to circular economy goals and Scope 3 carbon reductions.

#### Our resource efficiency performance

In FY25, we evolved our waste metric from m<sup>3</sup> of waste/£m of revenue to tonnage reporting. We did this to improve comparison of our performance with that of our peers. As such, we have re-reported our FY24 waste intensity in tonnes to facilitate comparison.

Overall, our results reflect the effectiveness of our increased focus on data quality and automation, facilitated by our AI-powered data management tool, Rio AI.

The retender process for our waste management framework is ongoing. Through this activity, we seek to further improve our performance across previously reported key performance indicators, including:

- Sustainable waste management
- Data integrity and quality
- Use of local suppliers, including SMEs and VCSEs
- Financial sustainability

Waste/£m of revenue

# 16.3

(FY24: 16.8<sup>1</sup>)

Diversion from landfill rate

# 97.7%

(FY24: 97.8%<sup>2</sup>)

1. In FY24, our waste intensity was 148.5m<sup>3</sup>/£1m of revenue, re-reported as 16.8 tonnes/£1m revenue per our revised methodology explained adjacent and above.
2. In FY24, we reported a diversion from landfill rate of 93%. As a result of improved reporting practices, we have revised this figure to 97.8%.

#### Reducing our environmental impact through resource efficiency

At the A417 Missing Link in Gloucestershire, we have combined the expertise of our teams to make journeys on this key arterial road safer, quicker and less congested.

So far, we have reduced carbon emissions by 39% against the project's baseline design by considering resource efficiency from the outset.

We have decreased the scale of the bridges, as well as the gradient of some parts of the route, allowing us to reuse all inert excavated materials on site, which, in turn, reduces the need for waste removal, and the importation of new materials and quarried aggregates.

In collaboration with supply chain partners, we are also innovating with biochar – a charcoal-like material – to explore how vegetation removed from highway projects can be reused to make significant carbon savings. Use cases include a product that can be reused to fertilise new plants and catch microplastics.

Once the trial is complete, the team will have demonstrated that applying circular economy principles could deliver improved environmental outcomes on similar schemes.



> **Go online** to read more about our biochar trial at the A417



## ESG report continued

## Sustainability report: Our Planet continued

## Energy and carbon reporting

		Global					UK				
		Year ending 31 March 2025	Year ending 31 March 2024	Year ending 31 March 2023	Year ending 31 March 2022 (S3 base year)	Year ending 31 March 2019 (S1&2 base year)	Year ending 31 March 2025	Year ending 31 March 2024	Year ending 31 March 2023	Year ending 31 March 2022 (S3 base year)	Year ending 31 March 2019 (S1&2 base year)
Scope 1	tCO <sub>2</sub> e	<b>26,873</b>	28,853	31,342 (31,340)	38,643	89,490	<b>26,862</b>	28,675	30,941	36,113	77,468
Scope 2 (market based)	tCO <sub>2</sub> e	<b>860</b>	115	328	324	5,970	<b>860</b>	106	313	298	5,934
Scope 2 (location based)	tCO <sub>2</sub> e	<b>2,266</b>	2,521	3,601 (3,600)	4,589	7,170	<b>2,266</b>	2,512	3,585	4,543	7,132
<b>Scope 1 &amp; 2 (market based)</b>	<b>tCO<sub>2</sub>e</b>	<b>27,733</b>	28,968	31,670 (31,668)	38,967	95,460	<b>27,722</b>	28,781	31,254	36,411	83,402
Scope 3	tCO <sub>2</sub> e	<b>684,479</b>	787,008	905,529 (905,839)	971,314	–	<b>684,476</b>	786,959	903,747 (905,732)	970,680	–
<b>Scope 1, 2 (market based) &amp; 3</b>	<b>tCO<sub>2</sub>e</b>	<b>712,212</b>	815,976	937,199 (937,507)	1,010,281	–	<b>712,198</b>	815,740	935,001 (936,986)	1,007,091	–
<b>Market-based intensity</b>	<b>tCO<sub>2</sub>e/£m revenue</b>	<b>176.2</b>	207.9	286.1 (286.2)	311.9	–	<b>176.3</b>	207.8	286.6 (286.0)	310.9	–
Scope 1, 2 & 3											
Scope 1 & 2	tCO <sub>2</sub> e/£m revenue	<b>6.9</b>	7.4	9.7	12.0	23.7	<b>6.9</b>	7.3	9.5	11.2	20.7
<b>Location-based intensity</b>	<b>tCO<sub>2</sub>e/£m revenue</b>	<b>176.6</b>	208.5	287.1 (287.2)	313.2	–	<b>176.6</b>	208.4	286.6 (287.0)	312.2	–
Scope 1, 2 & 3											
Scope 1 & 2	tCO <sub>2</sub> e/£m revenue	<b>7.2</b>	8.0	10.7	13.3	24.0	<b>7.2</b>	7.9	10.5	12.6	21.0
<b>Energy consumption</b>	<b>kWh<sup>9</sup></b>	<b>128,579,000</b>	138,746,000	162,099,000	179,465,000	380,090,000	<b>128,534,000</b>	138,714,000	160,371,000	169,551,000	330,568,000

## Energy and carbon reporting notes:

- Scope 1: combustion of fuel and operation of facilities.
- Scope 2: electricity purchased.
- Scope 3: indirect emission sources.
- Our GHG emissions quantification methodology is aligned with the GHG Reporting Protocol – Corporate Standard.
- Location-based uses the average emissions intensity from the grid where we source the energy.
- Market-based uses the emissions intensity based specifically on the energy mix procured.
- We employ a hybrid methodology based on spend and inventory to calculate Scope 3 emissions from purchased goods and services. Refer to page 40 for more information on the transition to an inventory-based methodology.
- Our targets, as validated by the Science Based Targets initiative, use a market-based approach; therefore, all carbon emission statistics which include Scope 2 in this report use a market-based method.
- Energy consumption (Scope 1 and 2) is rounded to the nearest MWh due to legibility of kWh reporting.
- FY23, FY24 and FY25 Scope 1, 2 and 3 emission data has been reasonably assured as materially correct and a fair representation. Verification was completed in accordance with ISO 14064-1 by British Standards Institution.
- FY23 Annual Report published emissions are identified between brackets alongside FY24 verified emissions.
- As required by SBTi and ISO 14064-1, we exclude no more than 5% of GHG emissions from our reported total.
- Additional information relating to the emissions data presented in this table, including calculation methodology and uncertainty assessment, can be found in our FY24 Climate report and our FY25 Climate & Nature report on our website.
- In FY25, Scope 2 emissions increased. Contributing factors include:
  - An increase in uptake of PHEV and EV vehicles in fleets, with vehicles often charged using electricity not sourced by Kier; as such a grid average emission factor has been applied.
  - The wider transition to a new third-party intermediary for utilities, which has delayed the provision of renewable energy certificates for a small number of electricity meters. In these limited cases, we applied an average grid emission factor.

## Sustainability report: Sustainable procurement

Our Procurement, Sustainability and Compliance teams collaborate to implement our Building for a Sustainable World framework.

They oversee aspects such as materials origin and sourcing method, and labour exploitation and modern slavery risks in our supply chain, and ensure that environmental and social considerations, including those concerning human rights, are included in supplier contracts and performance reviews. Kier's procurement function is verified to ISO 20400 standards and has been awarded the CIPS Corporate Ethics Kitemark.

Using local resources and expertise to deliver our projects is key to driving social impact in the communities we serve. This is why we support businesses of all sizes to collaborate with us and are developing an onboarding platform to support SMEs, VCSEs and diverse suppliers to start working with Kier.

As founding members of the Supply Chain Sustainability School (SCSS), we provide free-to-access resources to our colleagues and supply chain to support with raising awareness of and upskilling in sustainability issues, including procurement. We encourage our suppliers to become members of the School to support with this journey.

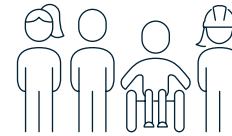
In FY25, our Sustainable Procurement team developed a three-year roadmap to strengthen our approach.

Key achievements in this reporting period include:

- Developing a Responsible Sourcing Guide, providing best practice to employees with buying responsibilities and outlining minimum standards for suppliers
- Updating our Supplier Premises Inspection form, including guidance and a checklist to support with spotting the signs of modern slavery, enabling more robust outcomes from supplier visits
- Updating our approach to include sustainability-related performance indicators and clauses in supplier contracts
- Rolling out modern slavery awareness training for our key suppliers. See page 36 for more details on our approach to ensuring ethical labour in our supply chain
- Onboarding our electric vehicle (EV) charging infrastructure partner and implementing our EV charging minimum standard, both essential steps to support with the ongoing electrification of our company car and commercial vehicle fleets. This supports progress towards meeting our SBTi-validated targets. Find out more about our carbon performance on pages 39–41
- Implementing a new control standard for the purchase of solar panels to ensure ethical and responsible procurement of this high-risk product
- Introducing a Group Procurement Audit Operating Procedure to guide our audit schedule, ensuring that audits of suppliers are prioritised based on standardised risk criteria such as financial health, past performance and location

## People report

# People report



## Built by Brilliant People™

Kier is built by brilliant people, who are key to our continued success. As a business, we are committed to creating an environment where health, safety and wellbeing are at the forefront of our activities and where each colleague can contribute and thrive.

A continued strong leadership focus on culture ensures that our Group strategy and objectives are supported by an engaged, invested workforce, which feels valued and empowered. Our culture mission statement is underpinned by our values: collaborative, trusted and focused. In turn, our values support our nine healthy behaviours, which provide the framework for the behaviours we expect every colleague to show while working for Kier.

### Our culture mission statement:

We have a safe, collaborative, and high-performing culture where we all belong, contribute, and thrive.

### Our Built by Brilliant People™ culture programme

This year, we continued to implement our culture programme, rolled out in FY24. Following Company-wide feedback received as part of our employee engagement survey, initiatives to support Built by Brilliant People™ included:

- Further developing our Culture Toolkit, which provides team-building resources to managers and leaders
- Bringing together our Culture Board and Culture Champions which encourage culture leadership and influence from diverse representatives from across the Group
- Embedding our nine healthy behaviours in all our policies, systems and processes

All Built by Brilliant People™ culture resources are available to all staff on our Integrated Management System and are communicated through our internal employee engagement app, Your Kier.



## ESG report continued

## People report continued

We have already started to see the results of our culture focus. We conducted two Your Voice employee engagement surveys in FY25, which show an 80.5% engagement index<sup>1</sup>. Furthermore, 93% of our colleagues said they understood how their role contributes to the goals of their team and 86% of employees believe Kier is an inclusive place to work, regardless of difference. Through our Your Voice surveys, we gain valuable feedback from our people on how we can make Kier a better place to work. Our 'You said, we did' page on Your Kier contains thematic overviews of the initiatives we put in place to improve aspects such as systems, processes, sustainability and wellbeing, demonstrating our commitment to both listen and act.

## Employee engagement index

# 80.5%

(FY24: 76.1%)



1. In previous years, we reported employee engagement based on 'positive emotions'. This metric was based on the average number of positive emotions selected across our surveys. To improve our measurement of how our people feel about working with Kier, we have moved to an employee engagement 'index', which is based on the average score across eight questions in our survey. This evolution allows us to better understand contributing factors to employee engagement across a wider range of indicators. As such, we have restated our previously reported 67% as 76.1% according to the new methodology.



## Pride of Kier Awards

These awards celebrate our people's achievements. In the 2025 event, more than 500 employees or teams were nominated across eight categories. From rising stars, to unsung heroes, to best-in-class projects, the very best of Kier was celebrated at a bold, future-focused event. Look out for the Pride of Kier icon to read about some of our winners and finalists.

**"I feel so excited to have won this award. It makes me feel hopeful for what is next for my career with Kier and inspires me to keep excelling."**

**Jessica**

Pride of Kier Rising Star Award winner



> Watch the video

#LoveYourWorkplace encouraged our people to share their snaps of where they work on Your Kier.



## Your Kier

We use our internal employee engagement platform and mobile application, 'Your Kier', to communicate with our people about all aspects of our business. We share good news stories, learning opportunities, and fundraising initiatives, as well as policy and process updates, business news, and details about Company benefits, including wellbeing support. Your Kier drives interaction with our nine healthy behaviours and facilitates campaigns and initiatives which nurture our Company's culture.

**"The #LoveYourWorkplace campaign meant I got to share the kind of amazing places where I go to work every day. All the entries really showed how diverse our work at Kier is, and how it spans the full length of the UK."**

**Lewis**

Natural Resources, Nuclear & Networks

## Safe, collaborative and high performing

Being safe and responsible is one of our nine healthy behaviours, and fundamental to our licence to operate. In this section, we explore how we create a safe, collaborative and high-performing culture, where health, safety and wellbeing are at the heart of our operations.

## High performance, safely

Our FY25 safety performance reflects our consistent approach to integrating robust processes, procedures and risk management framework to ensure safety, health, and wellbeing throughout our business. Overall, our performance across key indicators has improved since FY24, as demonstrated below. Our 12-month rolling AIR decreased by 25.8%, and our AAIR decreased by 5.5% in the same period.

## Safety performance overview

Accident Incident Rate (AIR)

# 115

(FY24: 155)

All Accident Incident Rate (AAIR)

# 343

(FY24: 363)

RIDDOR incidents

# 32

(FY24: 41)

## ESG report continued

### People report continued

#### Ensuring robust safety governance

The health, safety and wellbeing of our people have a direct impact on our operations. These aspects are considered at Board level and overseen by our ESG Committee. Emerging risks, uncertainties, trends and opportunities are discussed at quarterly Board meetings, as well as on a regular basis at executive, senior and operational management levels. Further details about our oversight of ESG matters, including safety, are available in the introduction to this ESG report, on pages 30–32.

We formalise our commitments to health, safety and wellbeing in our policies, and outline our processes in our Safety, Health, Environmental Management System (SHEMS), which is certified to ISO 9001, ISO 14001 and ISO 45001 standards. Our SHEMS sits within our Integrated Management System (IMS) and contains the information required to ensure we carry out our operations safely and in line with our legal obligations. All projects where Kier is principal contractor operate within SHEMS and therefore within our ISO certifications.

#### Safety, Health, Environmental Management System (SHEMS) simplification programme

In early FY25, we launched our simplified SHEMS programme, as part of our drive to prioritise digital-first solutions and drive consistency across our business. As a bold and future-focused workforce, we took on board feedback from our Your Voice employee engagement surveys, which asked for a more intuitive, easy-to-navigate system, which is consistently written and always up to date.



VR safety training session, delivered by 360safeVR.

#### High performance, collaboratively

Cross-divisional learning supports us to maintain our high performance across disciplines, and to nurture and promote our safety culture. Since FY20, our Transportation team's bespoke 'Cleartrack Performance' behavioural safety programme has impacted more than 1,000 people. In an example of integrated working, our Natural Resources, Nuclear & Networks (NRNN) division has learned from these successes and has onboarded a behavioural scientist to support with the development of The Kier Way, a behavioural science-led, human and organisational performance programme.

The Kier Way is designed to improve safety, quality and sustainability through better thinking, leadership and behaviours on site. The programme takes a whole-system view of performance, focusing on creating an environment where culture and behaviours can positively influence outcomes across all functions and levels. It is built around our nine healthy behaviours and underpinned by established behavioural science models. Designed in house and delivered in partnership with Cleartrack Performance, sessions are practical, reflective and aimed at building behavioural capability across all levels to create more resilient, proactive and high-performing site teams. Launched in October 2024, more than 200 people across NRNN have taken part.

In our Construction business, Think Safety Differently is in its second year, promoting safety leadership behaviours to enhance safety culture. More than 2,250 people have participated in the programme since its roll out in FY24. The programme continues to evolve through the inclusion

## ESG report continued

### People report continued

of state-of-the-art virtual reality (VR) headsets to create an innovative, fully immersive experience. The headsets simulate high-risk scenarios and allow viewers to identify controls and mitigations without any risk to themselves or others.

As part of our SHEMS simplification initiative, our Construction team rolled out 'Visual Standards', consolidating health, safety and wellbeing principles into one accessible, fit-for-purpose document, which prioritises graphics over the written word.

**For the seventh year in a row, we have been awarded an International Safety Award by the British Safety Council for our commitment to keeping our workplaces safe and our colleagues healthy.**



Dean won for safety leadership at our Alderney Water Treatment Works.

This award celebrates outstanding commitment to making Kier an industry leader in health, safety and wellbeing. In the FY25 edition, Dean was recognised for his proactive, hands-on leadership at our Alderney Water Treatment Works project. His focus on site observations, leading indicators, and effective interventions created a more structured environment, improving the health, safety and wellbeing performance across the project.

Safety isn't just a priority, it's a shared responsibility. Dean's approach empowered colleagues to take charge of their own wellbeing, and each other's.

**"To be recognised in this way is outstanding. I'm over the moon."**

### Prioritising health and wellbeing

Our employees' health and wellbeing are key indicators for the effectiveness of Kier's approach to safety governance and of our culture programme. Overseen by our Health, Safety and Wellbeing team, which includes Occupational Health, we approach safety, health and wellbeing holistically to ensure that physical and mental health in the workplace, as well as employee engagement, are linked to our performance and considered as part of our risk mitigation.

Our employee assistance programme provides all of our colleagues and their dependants with round-the-clock, confidential health and wellbeing support and signposts to Kier's internal financial wellbeing provision. Read more about the benefits we provide to our people on page 98.

To enhance our wellbeing culture, we are a corporate supporter of construction industry charity The Lighthouse Club, which provides access to mental health and wellbeing services to our employees and supply chain, including contingent and agency workers. We provide training to managers on how to recognise and engage with the wellbeing support needs of their teams, giving them tools to signpost to available resources. These resources are also shared on our internal communications app, Your Kier, and in regular updates from our Occupational Health teams. More than 100 managers received training in FY25.

### Wellbeing champions and mental health first aiders

We continue to integrate our community of wellbeing champions and network of mental health first aiders into our business. More than 900 colleagues act as key points of contact and active promoters of our overall wellbeing support systems, which include support for mental and physical health, financial management, and family matters. To support these colleagues to share available resources, and to recognise the needs of their teams, more than 4,000 hours of training for new wellbeing champions and mental health first aiders were provided in FY25, in addition to more than 250 hours of refresher training.

Amongst the more than 500 nominations for a Pride of Kier Award was our Building Safety Act Steering Committee.

As the largest construction regulation reform in a generation comes into force, our bold, future-focused committee took the initiative, working brilliantly together to develop an organisational training and development strategy to drive physical and behavioural change across Kier.





## ESG report continued

### People report continued

#### Moving through May: Connecting the country

Every year, we take on the Kier Foundation's month-long fundraising challenge, Moving through May, for our charity partner, as well as UK charities nominated by our people. We challenge our colleagues and supply chain partners to get outdoors, connect with nature, and raise money for the Kier Foundation.

With operations from Aberdeen to Penzance, and around 400 live projects at any one time, this year, we focused on connecting our divisions, regions and sites, focusing on the power of collaboration to further our strategic objectives. Throughout May, we sent five batons to different areas of the United Kingdom and challenged our teams to move it as far as possible for charity, either through in-person or virtual active events. We encouraged our colleagues to get outdoors as much as possible, advocating for the wellbeing and sustainability benefits of getting in touch with nature.

1,777 colleagues participated, travelling 244,748 kilometres by walking, running, horse riding, cycling and paddling as part of the campaign, and raising £224,442 for the Kier Foundation. Our five batons covered more than 3,000km and visited 165 of Kier's sites, in a true testament to our commitment to working brilliantly together.



*"An inspiring journey."*

**Mark**  
Kier Construction

*"It really does say something very big about the Kier culture."*

**Sophie**  
Kier Group

*"Throughout Moving through May, we have been making the most of the stunning surroundings we are privileged to work in by heading out on weekly walks after work. These outings have taken us on some incredible trails, allowing us to connect with the local landscape and each other in a more meaningful way."*

**Rebecca**  
Kier Transportation

*"What a month of walking, sea swimming, running, paddle boarding and hiking with some glorious weather throughout, and all for a good charitable cause."*

**Jack**  
Kier Natural Resources, Nuclear & Networks

**> Read more** about the Kier Foundation on pages 37–38

**244,748 km**  
moved

**£224,442**  
raised

## ESG report continued

## People report continued

## Belong, contribute, thrive

Kier is built by vibrant, diverse, motivated, highly trained teams. Ensuring that each colleague feels valued for their contribution to Kier's success is essential to our ability to continue to grow our business sustainably, to deliver on our long-term strategy and to provide returns for our shareholders.

Our Diversity and Inclusion roadmap, available on our website, lays out our plans to do this, and we explore our progress in key areas in this section.



> **Discover** our Diversity and Inclusion roadmap on our website

## Employee networks

Our employee networks are a key opportunity for Kier to connect our diverse and geographically dispersed workforce. Our seven networks, with their combined membership of more than 1,200 colleagues from across our businesses, support us to be a more inclusive organisation by providing a platform for our people to make their voices heard.

Each of our networks is open to all Kier colleagues and sponsored by a senior leader to ensure that the outcomes from the networks' activities are reflected in Kier's broader approach. Look out for spotlights on our networks throughout this People report.

## Recruiting diverse talent through positive action

Through our Diversity and Inclusion roadmap, we identify 'building a diverse workforce' as a strategic opportunity to drive our culture mission, as well as our sustainability strategy, whereby we are promoting and enabling social impact and mobility. Find out more about our approach to social mobility in our Sustainability report on pages 38–39.

We recruit our people based on both ability and individual merit, as measured against the criteria for the job, in a fair and inclusive manner, with the intention of finding the best candidate and ensuring we are actively removing barriers and disadvantage from our process.

To achieve this goal, we focus on:

- **Inclusive recruitment** focusing on targeted training for recruitment, hiring, and line managers to ensure that diversity is encouraged at every stage of the hiring process, and unconscious bias is combated. In FY25, more than 100 managers received training in inclusive recruitment.
- **Positive action programmes** focusing on initiatives which attract diverse groups that experience barriers to employment, offer a chance at a successful career, and highlight the diversity of thought, skill and experience such groups bring to the business.

We have continued to improve our inclusive recruitment process by developing our careers site to make it easier to find the kinds of flexibility offered in our roles. In FY25, we were recognised for our approach to delivering an inclusive recruitment process by winning the 'candidate experience award' at the Personnel Today awards.

## Making Ground: Maximising employment outcomes for people with convictions

Making Ground is our flagship positive action programme, providing employability training and employment opportunities to people with convictions, either during or following the completion of their sentence. In FY25, we offered:

- 18 employment positions within Kier or with our supply chain partners to prison leavers (FY24: 41)
- 28 ROTL<sup>1</sup> opportunities, either with Kier or with our supply chain, to people in custody (FY24: 25)
- workshops and employability training to 337 candidates in custody (FY24: 35 candidates received employability training)

1. Released on Temporary Licence.

"My experience of recruiting through Making Ground was so positive. People leaving the prison environment come from all walks of life, have all kinds of skills, and are seeking to rebuild their lives. Through the scheme, we found a highly motivated, talented individual who made a real difference on a challenging project. By creating an environment to thrive, we have retained that talent within the business and addressed a need for skills in our team."

**Nicola**

Kier Construction, a Hiring Manager in FY25



Kier and MoJ representatives with graduates of the Hard Hat Ready initiative during an event at HMP Channings Wood.

## ESG report continued

### People report continued



The Kier Armed Forces Inclusion Network leads visit Royal Chelsea Hospital for a service of remembrance.

Our Armed Forces Inclusion Network is an active community of current or former members of the armed forces, as well as their allies, providing support, advocacy and networking opportunities to its members and the wider business.

#### Armed Forces recruitment

Through our Armed Forces recruitment programme, we support military communities to find sustainable employment opportunities, focusing on veterans and service leavers entering the civilian job market. Through the programme, we highlight the valuable skills injected into our business. In FY25, we offered employment to 94 veterans and 11 reservists (FY24: 67 and 11 respectively).

#### Leading in disability confidence



Kier aims to be a disability inclusive employer, committed to ensuring that our business welcomes all abilities. We are members of the Business Disability Forum, a membership organisation that works in partnership with businesses, Government, and disabled people to remove barriers to inclusion.

This year, we were recognised as a Disability Confident Leader, following a third-party assessment. This is the highest status available on the UK Government's Disability Confident Scheme, reflecting our long-standing commitment to ensuring that we welcome and empower people with disabilities in the workplace, and that we report on the actions we are taking to support disability, mental health, and wellbeing. We work with our occupational health department to remove barriers to inclusion, ensuring workplace adjustments to roles, premises, workstations and equipment are provided to all of our colleagues.

Our 350+ member Inclusion for Neurodiversity & Disability network offers a space for employees with disabilities or who are neurodiverse to connect. We foster inclusion and provide support that may benefit wellbeing, mental health, productivity, talent retention, and career development.

**"We have changed our workplace, allowing myself and others to bring our whole selves to work, which includes our disabilities."**

**Richard**  
KIND Network Lead

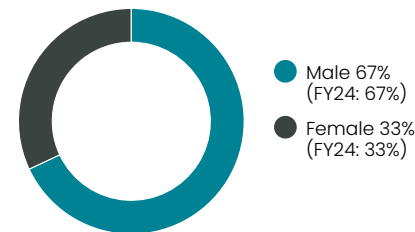
#### Championing gender and ethnic diversity

We use our workforce-wide gender and ethnicity figures as a key measure for the effectiveness of our Diversity and Inclusion roadmap. Below, we disclose our FY25 gender and ethnic diversity at Board, senior management and Company-wide levels.

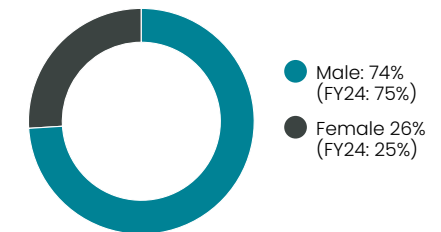
In July 2025, we recruited a new Non-Executive Director to our Board, increasing its gender diversity. Read more about our Board on pages 72–73, and about our Nomination Committee on pages 87–89.

##### Gender and ethnic diversity<sup>1,2</sup>

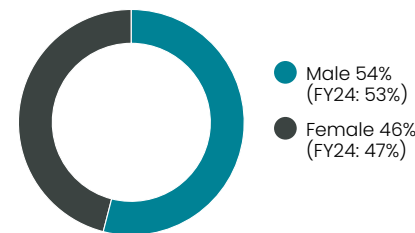
###### Board – Gender<sup>3</sup>



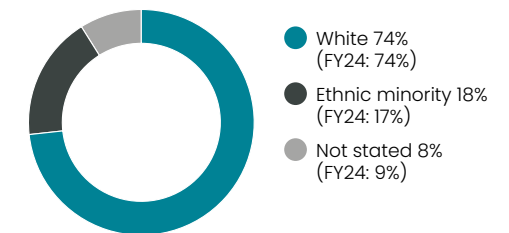
###### All employees – Gender



###### Senior managers – Gender



###### All employees – Ethnicity



1. Kier employees only. Excludes contingent workers.

2. As at 30 June 2025.

3. On 1 July 2025, our Board diversity increased to 40% female.



## ESG report continued

### People report continued

Our Gender Alliance and Inclusion Network (GAIN) supports gender inclusivity across the Group by educating and raising awareness of gender issues and creating safe spaces to do so. Within GAIN, a dedicated group focuses on providing support to people experiencing menopause, and, in FY25, we launched our working families working community, supporting our colleagues to balance their career and family life.

In parallel, our One World Network connects international colleagues across Kier, serving as a forum to challenge discrimination and develop best practice for inclusion, whilst our Racial Inclusion Network encourages racial diversity at every level in the organisation.

Participating in multiple, cross-industry reviews of our progress to improve diversity and inclusion in our workforce supports us to understand our strengths, as well as identify our areas for improvement. This year, we topped the FTSE Women Leaders Review for the construction and materials sector, recognising the good gender balance and diversity on our Boards and in our leadership teams. Across all FTSE 250 business, we ranked 23<sup>rd</sup>, demonstrating Kier's commitment to driving progress in this area.

We achieved 'Advanced Employer' (Level 3) status on the Investing in Ethnicity Maturity Matrix<sup>1</sup>, which demonstrates our progress to becoming a more ethnically diverse business. Our position on this matrix places us in the top 25 of the 120 cross-sector employers connected with Investing in Ethnicity.

### Embracing our emerging talent

Developing tomorrow's workforce is an opportunity for us to drive forward our long-term sustainable growth strategy. With an ageing workforce in construction, and a consequent skills gap, attracting new talent is crucial to Kier's success. Our Emerging Talent team drives our industry-leading apprenticeship and graduate schemes forward, and contributes to our culture programme, as well as to our Building for a Sustainable World framework.

Earn and Learn opportunities, such as apprenticeships and graduate programmes, are an opportunity to develop professionally and academically, simultaneously. In FY25, 11.3% of our people were on such schemes. This achievement earned us our 'Platinum' membership of the 5% Club. With 86 future graduates on industrial placements, 179 university leavers on our graduate programme, and 590 apprentices in our workforce at year end, we are proud to be developing highly capable future talent to sustain our industry.

We do not limit Earn and Learn opportunities to school leavers, instead making applications available to Kier colleagues throughout the year as an opportunity to grow new skills and gain qualifications as part of their intrinsic career development.



1. The four-tiered matrix is a benchmarking tool for businesses to use to measure their progress against their own targets and those of other organisations inside and outside of the sector.

### Award-winning emerging talent: Riana's story

Riana is a site engineer in our Natural Resources, Nuclear & Networks division. Whilst with our Transportation business, she won the Rising Star category at the Rail Industry Association's RISE Awards. In her five years with Kier, Riana has engaged with the next generation of the industry's workforce through her self-authored children's book and demonstrated a commitment to diversity and inclusion, all whilst excelling in her career.

**"This recognition means so much to me. It celebrates both my personal achievements and my passion for promoting diversity and inclusion, inspiring young people to explore opportunities in our industry, and using my story to empower others."**



Riana with her Rising Star award at the Rail Industry Association Awards.

## ESG report continued

### People report continued

#### Developing our learning and performance culture

To support our long-term sustainable growth strategy, it is essential that we retain a trained, equipped, high-performing workforce to deliver on our projects and to our stakeholders. In addition to providing training to managers to support their teams' performance, we empower our employees to reach their full potential by providing professional development programmes, opportunities to work on significant projects at the forefront of our industry, and mobility within our organisation to broaden their expertise.

In FY25, we achieved Platinum 5% Club status. Read more about what this means for Kier on pages 34–35.

#### Kier Learn & Perform

Kier Learn & Perform is our online training management system, which is available to all Kier people. The system hosts all mandatory compliance training, safety and job-specific training, as well as broad-scope, self-paced upskilling opportunities for our people.

To support our high-performance culture, we monitor employees' annual performance against timebound, collective and self-set objectives through the platform. With key touch points with managers at the beginning, in the middle and at the end of the financial year, 98% of our in-scope employees completed their end-of-year FY25 Perform reviews, demonstrating our commitment to this important process.

#### Leadership and management development

In FY25, we evolved our programmes, which are designed to grow our colleagues' line management and leadership skills. Our managers and leaders are essential to delivering on our strategy, and we are committed to ensuring all our people have the tools they need to lead their teams with confidence. This is part of our strategy to develop a diverse, inclusive, high-performing workforce, and to retain our talent over the long term.

We partner with accredited institutions to deliver our programmes, including the Chartered Management Institute (CMI), leading business schools and universities. We are proud to be a CMI centre, able to offer CMI-endorsed qualifications.

#### Supervisor development programme

In FY25, we launched a bespoke supervisor development programme, designed to boost site-based skills in people management, enhanced communication, and problem solving.

**"The programme has been developed so that supervisors can reach their full potential. I had opportunities to reflect on and learn from my behaviours and communication style. Taking part has benefited me both as a supervisor and as an individual. I am carrying what I learned into my everyday life."**

#### Jaeger

Kier Transportation



Participants in the supervisor development programme at their capstone event.



#### Building Leaders

For leaders aspiring to reach our most senior roles.



#### Raising Leaders

For managers who want to become strategic leaders.



#### Inspire

For line managers who want to further develop their people management skills.



#### Elevate

For colleagues preparing to become line managers.



#### Supervisor Development programme

For operational supervisors who want to develop their people management skills.



## ESG report continued

### People report continued

#### Celebrating professional development

At Kier, we encourage and celebrate professional membership opportunities. Doing so is a win-win for the business, whereby we demonstrate the breadth and depth of our expertise to our customers, whilst supporting our people to continue their professional development with Kier.

Key to quality and efficiency across our operations, we support our colleagues to join more than 100 organisations which relate to our business.

#### Supporting our people

We seek to nurture our colleagues' sense of belonging at work, and to create a supportive environment where they can contribute and thrive. The rewards and benefits we offer are an important opportunity for Kier to be an employer of choice.

As laid out on pages 45–48, we prioritise the health and wellbeing of our entire workforce through our strategic approach to safety, through our culture, and through the support we offer.

Further details on our Remuneration Policy and the financial support we offer to our people, including tax efficiency savings schemes, can be found on page 98.



Megan won this award for her work to bring together Kier's leadership development programmes.

The Bold and Future-focused Award (the Chief Executive's Award) celebrates an outstanding person, team, or project group that thinks ahead, finds creative solutions to problems, and is proactive in spotting and fixing issues. Megan won this award for her work to bring together Kier's award-winning, flagship Building Leaders and Raising Leaders programmes with Cranfield Management School. With talent retention a key focus for the business and the industry, these programmes prepare colleagues for senior roles at Kier, aiming to create a strong pipeline of future leaders.

**"I am overwhelmed to have won this. To be recognised at this sort of level is amazing."**

#### Advocating for inclusive, agile workplaces

We advocate for agile and flexible working styles and have policies to support our people to work in a way that suits them. In particular, our policies provide flexibility through major changes to family life and caring commitments, and these are critical to our ability to attract and retain a diverse, motivated workforce, as well as support enhanced wellbeing for our colleagues. During FY25, the Group continued to review and improve these policies, introducing a new Neonatal Care Leave Policy and Workplace Adjustments Policy.

Kier is a proud family-friendly employer, offering 26 weeks' maternity leave and eight weeks' paternity leave, at full pay, to all eligible employees. In addition to our approach to flexible and agile working, this is how we support our people to belong, contribute and thrive at work, and in their home and family life. Read more about our Gender Alliance Inclusion Network (GAIN) on page 51.



Tom, our GAIN Lead, with his son.

**"Kier's eight-week paid paternity leave was so valuable for me. It gave me the precious opportunity to spend quality time with my son – time that wouldn't have been possible without this policy. It's also allowed me to support my family at home, making a massive difference in those early weeks."**

**Our industry is fascinating, and I love my job; but just as importantly, I appreciate how genuinely supportive Kier has been to me as a new father."**

**Tom**  
GAIN Lead



# TCFD report

Disclosures	Pages
<b>Governance</b>	
(a) Board oversight of climate-related risks and opportunities	> See pages 31, 61–62, 67
(b) Management's role relating to climate-related risks and opportunities	> See pages 31, 61–62, 67
<b>Strategy</b>	
(a) Climate-related risks and opportunities	> See pages 56–59
(b) Impacts of climate-related risks and opportunities	> See pages 54–58
(c) Description of the resilience of strategy in different climate-related scenarios	> See pages 56–58
<b>Risk management</b>	
(a) Processes for identifying and assessing climate-related risks	> See page 56
(b) Processes for managing climate-related risks	> See page 56
(c) How climate-related risks are integrated into overall risk management	> See pages 31, 54–56
<b>Metrics and targets</b>	
(a) Metrics used to assess climate-related risks and opportunities	> See pages 43, 56–58
(b) Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions	> See page 43
(c) Targets used to manage climate-related risks and opportunities and associated performance	> See pages 21, 39–41, 56

Climate change continues to impact each of us on both a local and global scale. Kier, along with our wider industry, has both the responsibility and the opportunity to support the United Kingdom's transition to a low emission-built environment that is both resilient to the effects of climate change, and minimises our own environmental impact. As such, we link our business ambitions with our environmental and social goals.

This approach is reflected in our purpose, which is to sustainably deliver infrastructure that is vital to the UK. We continue to operate in line with our Building for a Sustainable World framework, which has been designed to tackle our most material topics, as identified in our double materiality assessment. Climate action – reducing the carbon footprint of our operations and adapting to the impacts of climate change – is key to this framework.



We continue to reduce our Scope 1, 2 and 3 emissions in line with our near-term carbon reduction and net zero targets, and we report on our achievements throughout the ESG section of this Annual Report.

Here, in our TCFD report, we detail our climate-related financial disclosures in line with all Task Force on Climate-related Financial Disclosures (TCFD) recommendations, as well as with the recommended disclosures outlined in 'Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures' published in October 2021, including the sector-specific content from the Materials and Buildings Group.

We lay out how our climate goals align with our business decisions, explore Kier's climate change governance, and demonstrate how climate-related risks and opportunities are managed, and how our strategic planning and decision-making processes drive us towards our net zero ambitions.

## Strategy

We recognise that climate change generates risks to our business. However, we know that taking climate action – such as supporting a just transition to net zero – presents compelling opportunities to advance our broader long-term sustainable growth strategy.

As part of our TCFD-aligned reporting, we outline our most significant climate-related risks and opportunities and how each impacts our activities and strategy. Whilst our evaluation of the risks and opportunities covers all of our divisions, some risks and opportunities are specific to particular markets, and therefore divisions. This subtlety is reflected in our assessment of risk magnitude.

In FY25, we worked with external experts to improve our understanding of the impacts of risks and opportunities under different climate outcomes. We updated the scenarios used in our risk and opportunity analysis to three shared socio-economic pathways (SSP), which are considered more accurate future climate scenarios. These pathways consider various possible socio-economic challenges for climate change mitigation and adaptation, as well as various emissions projections, and adopt global (CMIP5 mean model from the World Meteorological Organisation) and regional (UK Climate Projections 2018) physical and transition scenarios.

## Time horizons:

To align with the projections from the scenarios (on page 55) and considering climate change timescales, we assessed the impact of the scenarios (on pages 57–59) under these time horizons:

- Short term: 2025–2027 (reflecting our strategic and business risk management processes)
- Medium term: 2028–2030 (reflecting the timescales for our near-term science-based targets)
- Long term: 2031–2050 (reflecting the lifecycle impacts of the buildings and infrastructure we construct and maintain alignment with the Paris Agreement net zero 2050 targets)

## ESG report continued

### TCFD report continued

#### Scenarios (climate impacts by 2100):

We have adopted the following scenarios when assessing our risks and opportunities, which have been categorised by the scale of socio-economic challenge for mitigation and adaptation.

Scenario	Global temperature rise by 2100	Associated models	Description
<b>SSP 1 (low challenge)</b>	Less than 2°C	<ul style="list-style-type: none"> <li>CMIP6 mean model, World Meteorological Organisation (RCP 2.6)</li> <li>UKCP18 RCP 2.6</li> <li>IMAGE 3.0</li> </ul>	<p>The world gradually shifts towards sustainability, emphasising inclusive development while respecting environmental limits. This scenario assumes that substantial global mitigation action is undertaken in the future (and is significantly more than currently underway) and that physical risks steadily rise over time, but more slowly compared to other scenarios.</p> <p>Other assumptions (all by 2050):</p> <ul style="list-style-type: none"> <li>Carbon price: \$99.97/tCO<sub>2</sub>e</li> <li>Energy consumption per capita: 17.8 MWh</li> <li>Global GDP per capita: \$34.1k</li> </ul>
<b>SSP 2 (medium challenge)</b>	2°C–3°C	<ul style="list-style-type: none"> <li>CMIP6 mean model, World Meteorological Organisation (RCP 4.5)</li> <li>UKCP18 RCP 4.5</li> <li>MESSAGEix-GLOBIUM</li> </ul>	<p>The world stays on a familiar path with uneven progress in development and income growth among countries. This scenario assumes that significant global mitigation action occurs in the future, although not to the same degree as SSP 1, and that physical risks occur broadly similarly to the RCP 2.6 scenario but grow more severe over time, particularly by 2100.</p> <p>Other assumptions (all by 2050):</p> <ul style="list-style-type: none"> <li>Carbon price: \$12.32/tCO<sub>2</sub>e</li> <li>Energy consumption per capita: 19.5 MWh</li> <li>Global GDP per capita: \$25.2k</li> </ul>
<b>SSP 3 (high challenge)</b>	3°C–4°C	<ul style="list-style-type: none"> <li>CMIP6 mean model, World Meteorological Organisation (RCP 6.0)</li> <li>UKCP18 RCP 6.0</li> <li>AIM/CGE</li> </ul>	<p>Rising nationalism and security concerns prompt countries to focus inward, neglecting broader development goals. This scenario assumes disjointed efforts and competing priorities, leading to little global mitigation action, and the onset of disruptive physical impacts occurs earlier than in SSP 1 and SSP 2, and they are significantly more severe by 2100.</p> <p>Other assumptions (all by 2050):</p> <ul style="list-style-type: none"> <li>Carbon price: \$28.59/tCO<sub>2</sub>e</li> <li>Energy consumption per capita: 15.7 MWh</li> <li>Global GDP per capita: \$17.2k</li> </ul>

Following our adoption of the above scenarios, we updated and evolved our five climate-related risks and five climate-related opportunities previously disclosed. Our assessment demonstrated these updated risks and opportunities have the potential to materially impact our business. A risk or opportunity is determined to be material when, if not managed properly, it has the potential to significantly impact our business or those within our value chain, has associated environmental outcomes or affects financial performance.

#### Impact of updated scenarios

During our FY25 assessment, we reviewed the risks to each of our operating divisions, which enabled us to develop informed mitigation and management strategies. We also gained further insight into growth areas for the business, as we continue to support our clients to implement climate mitigation and adaptation strategies in response to climate change.

The updated assessment process and scenarios have resulted in changes to a number of risks and opportunities ratings.

Significant changes of note are to risk 1 (carbon pricing mechanisms) and opportunity 5 (increased demand for repair/maintenance services). Underpinned by our robust governance of sustainability matters, changes to risk 1 result from our progress to reduce carbon emissions, and our enhanced mitigation measures. Similarly, changes to opportunity 5 reflect the requirement of our clients to adapt to climate change, and the positive trend in the proportion of our projects which deliver climate resilience.

See pages 57–59 for a breakdown of our risk and opportunity analysis.

## ESG report continued

### TCFD report continued

#### Risk management

We consider climate-related risks and opportunities in all scenarios noted in the 'Strategy' section of this TCFD report, whether they occur within our own operations, or upstream or downstream of the Group, and whether they first occur in any of our defined time horizons. With support from our climate consultants, we have enhanced the climate-related risks and opportunities relevant to Kier since they were initially identified in FY22.

Sustainability remains a principal risk for the business, reflecting the interconnectivity between climate change and other ESG topics. How we oversee ESG matters, including climate change, is outlined on page 31. In line with our risk management framework, explored in detail on pages 60–61, we review sustainability, and in particular climate-related risk, at Board level in our ESG Committee. The Chief Executive has ultimate responsibility for climate-related risks and opportunities, and the Board has overall responsibility for risk management across the Group. The Chief Executive, Chief Financial Officer and Executive Committee carry out a quarterly risk review where the response to and control of risks and opportunities are assessed. The Group's Risk Management and Audit Committee (RMAC) considers principal risks and reviews the effectiveness of the systems of risk management and internal control.

In addition to forming an essential part of our formal governance and risk management procedures, our sustainability ambitions are integrated into everything we do, and everyone involved in our operations is expected to take ownership of the sustainability-related risks and opportunities within their remit.

Each Kier business division has its own climate-related risk and opportunity register, which is embedded into operational/functional controls and overseen by our Sustainability teams. Significant risks are elevated to the divisional risk register and controls are integrated into operational processes. For example, physical climate risks are managed through severe weather plans, dust management plans and surface water management plans.

#### Risk and opportunity assessment

How we prioritise risks and opportunities is primarily based on a risk score determined by a 3x3 matrix of impact magnitude and likelihood. In our assessment, we identified five key climate-related risks and five key climate-related opportunities.

##### Impact (quantification):

- **Low:** minor impact on the Group's finance, operations or reputation (less than £10m)
- **Medium:** moderate impact on the Group's finance, operations or reputation (£10m–£50m)
- **High:** major impact on the Group's finance, operations or reputation (greater than £50m)

##### Likelihood:

- **Improbable:** unlikely occurrence for the Group
- **Possible:** moderate likelihood of occurrence for the Group
- **Probable:** likely occurrence for the Group

##### Likelihood

	Low	Medium	High
Probable			
Possible			
Improbable			

- High risk/opportunity
- Medium risk/opportunity
- Low risk/opportunity

#### Financial quantification of risk and opportunity impact

Due to the long-term nature of some of our climate-related risks and opportunities, we acknowledge the challenges associated with aligning these to financial planning and corporate risk processes. In FY25, we continued to develop internally a financial assessment of our risks and opportunities to better understand the potential financial impact and cost of mitigation. A qualitative assessment of these impacts is provided on pages 57–59, and we continue to explore possible improvements to our TCFD disclosure as our reporting matures.

#### Metrics and targets

We monitor and report on Scope 1, 2 and 3 greenhouse gas emissions as well as energy consumption. The calculation of our carbon footprint is in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and our reported performance is verified with reasonable assurance to ISO 14064-1, as reported on page 32.



> Go online to read our Climate & Nature report

The Group's Building for a Sustainable World strategy provides a framework to manage climate-related risks and opportunities at Group and divisional levels. The strategy contains clear targets associated with climate action, which have been validated by the Science Based Targets initiative as being aligned to limiting global warming to 1.5°C and achieving net zero and are in line with the UK Government's commitment to net zero by 2050.

Additional controls, actions and targets are in place for broader sustainability topics, as outlined on pages 30–44.





## ESG report continued

## TCFD report continued

## Risks

Risk	1 Carbon pricing mechanisms			2 Inadequate development of low carbon materials and technology			3 Increasing customer requirements and industry standards			4 Disruption due to extreme weather events			5 Climate impacts on productivity		
Overall risk rating	Low			Medium			Medium			Medium			Medium		
Risk rating by scenario	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3
Pre-mitigation	Medium	Medium	Medium	Medium	Medium	Medium	High	Medium	Medium	Medium	Medium	High	Medium	High	High
Post-mitigation	Low	Low	Low	Low	Medium	Medium	Medium	Low	Low	Medium	Medium	Medium	Medium	Medium	High
Type	Transition (policy and legal)			Transition (technology)			Transition (markets)			Physical (acute)			Physical (chronic)		
Area	Upstream			Upstream			Downstream			Upstream			Own operations		
Primary potential financial impact	Increased emission-related costs			Increased indirect (procurement) costs			Reduced revenues (increasing requirements)			Reduced revenues (disruption)			Reduced revenues (disruption)		
Description	<p>Legislation designed to reduce emissions is expected to evolve over the medium term to reflect ongoing governmental drive towards net zero ambitions. This includes the Carbon Border Adjustment Mechanism (CBAM) and potential future developments to the UK Emissions Trading Scheme (UK ETS).</p> <p>There is a risk that we may be exposed to carbon emission costs and/or resultant price increases for procurement of applicable goods, for example fossil fuels, if these additional costs are not reflected in contract budgets.</p>			<p>Achieving the increasingly stringent regulatory and contractual sustainability requirements will rely on the ability of manufacturers to adapt their processes at the required pace, and the effective allocation of budgets to support innovation at a project level.</p> <p>This may result in various impacts, such as service disruption due to non-availability of materials, increased procurement costs as demand exceeds supply, and a reduction in stakeholder confidence if targets/requirements cannot be met.</p>			<p>Expanding client sustainability requirements are becoming more frequent and onerous, therefore creating additional responsibilities during project delivery.</p> <p>Emerging disclosure requirements, e.g. ISSB, also create additional reporting burdens and associated auditing and administrative costs.</p> <p>We may be at risk of reduced client and investor confidence and therefore fail to secure contracts if we fail to deliver on targets and requirements.</p>			<p>Various acute physical events related to climate change (storms, floods, wildfires, etc.) could disrupt supply chains and operations, especially for operations located in/materials sourced from areas with less capacity to respond to such events.</p> <p>Some of our key material dependencies may be impacted by these risks, which could result in non-availability of key goods.</p>			<p>The impacts of climate change have the potential to cause service disruption across our own operations and our supply chain. For example, operations in areas of increased water scarcity and/or in areas of increasing temperatures may result in health impacts for operatives and consequently productivity losses.</p> <p>There is a risk that we may be exposed to increased mitigation costs or potentially lost revenue due to service disruption.</p>		
Time horizon	Medium term			Medium term			Medium term			Long term			Long term		
Mitigation	<p>As a result of our net zero commitments, we have begun to transition away from energy sources which are most likely to be exposed to increased carbon taxation (i.e. fossil fuels), and have begun engaging with our priority suppliers to identify further carbon hotspots.</p> <p>We have begun trialling internal carbon pricing to integrate the potential impacts of this risk into our business decision making.</p> <p>As we generally have good foresight of any proposed changes to the UK ETS and other carbon pricing mechanisms, we are able to appropriately plan and budget for these changes ahead of time.</p>			<p>We collaborate with suppliers, peers and clients regularly through various channels to address this risk, engaging with our supply chain to support decarbonisation. Recently this has included our contribution to a collaborative industry research project into the sustainability of hydro-treated vegetable oil as an alternative fuel, and we are now looking at the practicalities of requiring our priority suppliers to obtain Science Based Target initiative validation.</p>			<p>We regularly engage with our clients to incorporate their carbon reduction plans into our design and planning. We report in full on our net zero processes, performance and ambition and continue to align with the strategies of our key stakeholders as identified through our double materiality analysis and ongoing engagement.</p> <p>Our Whole Life Carbon Assessment Service has been expanded, to lower project embodied and operational carbon, ahead of expected increasing client and regulatory requirements.</p>			<p>We continue to use UKCPI8 within our scenario analysis allowing the assessment of climate risks regionally to inform management and mitigation. We are using market-specific scenario analysis and risk assessments to continually improve operational risk controls.</p> <p>We collect data from our preferred suppliers to better understand our key material dependencies.</p>			<p>We integrate weather and climate risk mitigation into project design and delivery schedules ensuring operations are prepared and adapted to our changing climate. Our ISO 14001-certified environmental management system ensures environmental risks are effectively assessed and managed.</p> <p>In FY25 we adopted Taskforce for Nature-related Financial Disclosures and also expanded our CDP disclosure to incorporate water and biodiversity, therefore improving our understanding of our exposure to risks which are indirectly linked to climate.</p>		
Associated metrics	Carbon emissions			Carbon emissions			Green revenue			SEIR			SEIR		

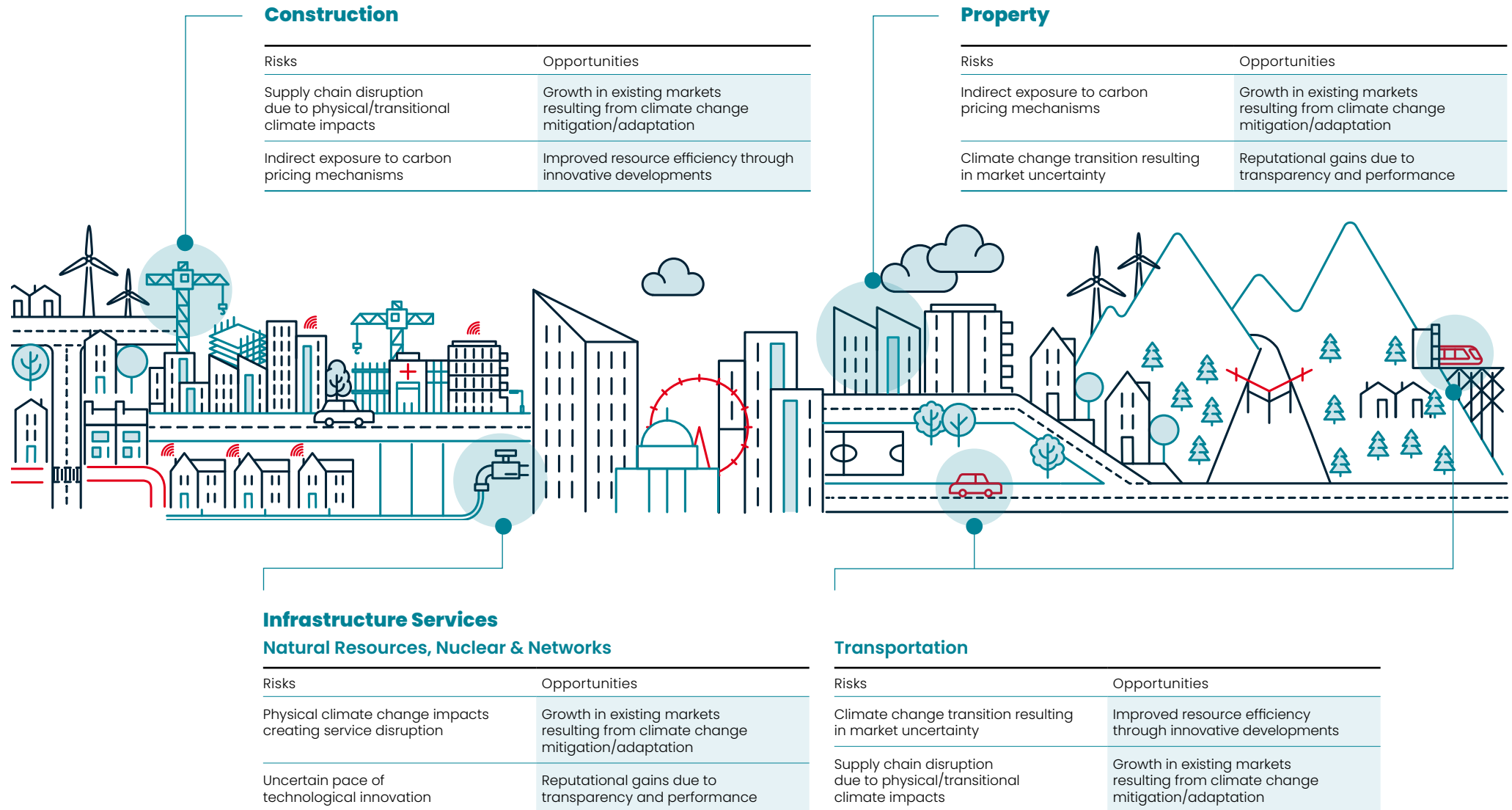
## ESG report continued

## TCFD report continued

### Opportunities

Opportunity	1 Increased operating income for green-aligned projects			2 Resource efficiency			3 Resilience to fossil fuel market volatility			4 Enhanced reputation			5 Increased demand for repair/maintenance services		
Overall opportunity rating	High			Medium			Low			Medium			High		
Opportunity rating by scenario	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3	SSP1	SSP2	SSP3
Pre-management	High	Medium	Medium	Medium	Medium	Medium	Medium	Low	Low	Medium	Medium	Low	Medium	Medium	High
Post-management	High	High	Medium	High	Medium	Medium	Medium	Low	Low	Medium	Medium	Medium	Medium	High	High
Type	Markets (transition)			Resource efficiency (transition)			Resilience (transition)			Reputation (transition)			Market (physical)		
Area	Downstream			Own operations			Upstream/own operations			Downstream/own operations			Downstream		
Primary potential financial impact	Increased revenue (emerging/expanding markets)			Reduced direct costs			Reduced direct costs			Increased revenue (improved work winning)/improved access to capital			Increased revenue (emerging/expanding markets)		
Description	<p>Kier's revenue has been assessed in alignment with the FTSE Russell Green Revenues Classification System and we have consistently observed a growing proportion of green-aligned revenue, including low-carbon buildings, climate adaptation projects, and sustainable transport infrastructure.</p> <p>In addition to providing market growth opportunities, our mature sustainability capabilities provide barriers to market entry.</p>			<p>Energy and resource efficiency will be key components of Kier's early decarbonisation efforts and are increasingly incentivised or required by regulation and clients. Kier stands to benefit through lower expenditure on resources, fuels and energy.</p>			<p>As we transition our operations to work towards our near-term and net zero targets, we are exploring opportunities to increase self-generation of renewable electricity and opportunities to source renewable energy via lower-carbon sources such as sustainable biomethane, hydrotreated vegetable oil (HVO) and electricity from Power Purchase Agreements. If these opportunities are implemented, this will reduce emissions and increase resiliency to energy market volatility and potential price increases over time.</p>			<p>Cultivating a reputation as a climate leader with a history of consistently going beyond compliance and delivering effective climate action across our value chain could lead to:</p> <ul style="list-style-type: none"> <li>• Outperforming competitors and significant growth.</li> <li>• An ability to attract and retain top talent.</li> <li>• Improved supply chain terms and costs.</li> <li>• Improved access to capital.</li> </ul>			<p>The physical impacts of climate change are expected to increase the need for services to improve the resilience of buildings and infrastructure in the UK, through both proactive solutions such as flood defence projects and reactive solutions such as highways and rail infrastructure repair and maintenance. These are existing markets for Kier in which there is a potential growth opportunity as the need for these services increases.</p>		
Time horizon	Short term			Medium term			Medium term			Medium term			Long term		
Mitigation	<p>Our Construction and Infrastructure Services business divisions retain PAS 2080 certification to ensure our processes for project design and delivery consider lifecycle sustainability impacts, aligning with the needs of our clients.</p> <p>In FY25 we also restructured our internal design houses, including bringing together our sustainable design capabilities to more efficiently deliver on the growing demand for sustainable buildings and infrastructure.</p>			<p>Our ISO 14001-certified environmental management system ensures resources are managed sustainably, waste is avoided and we protect the natural environment.</p> <p>Our in-house carbon assessment and advice service helps design out high-carbon materials and identify opportunities for construction process efficiency.</p> <p>Our continuing partnership with the Supply Chain Sustainability School provides a forum to increase supply chain skills and collaborate with our peers and clients to drive continuous improvement.</p>			<p>Following the conclusion of the HVO research initiative led by the Supply Chain Sustainability School and part-funded by Kier, we have improved our due diligence standards and engaged with our supply chain to lock in an HVO supply, delivering price stability as we progress towards our near-term carbon reduction targets.</p> <p>We have also appointed a new utility broker and incorporated contractual requirements to support Kier in progressing towards more impactful energy sourcing, requiring REGO certification as a minimum and PPAs/self-generation as an ambition for all direct energy supplies.</p>			<p>We continue to work towards our Building for a Sustainable World framework which was created to align to the most material topics and our stakeholders' priorities.</p> <p>We regularly disclose our climate performance and supporting information through voluntary and mandatory disclosure schemes to evidence on continuous improvement.</p>			<p>Last year we carried out a review of the climate adaptation strategies of our clients within key markets, and we maintain a business structure which is aligned to the changing needs of our clients.</p> <p>We continue to use the FTSE Russell Green Revenue Classification System to assess our project revenues and continue to see positive trends in the proportion of our projects which deliver on climate resilience, e.g. flood defence.</p>		
Associated metrics	Green revenue			Tonnes waste/£1m revenue			Carbon emissions			Green revenue			Green revenue		

## Significant climate-related risks and opportunities by division





## Our risk management framework

# Risk management

Risk management is fundamental to the achievement of our long-term sustainable growth plan and operational delivery

Our risk management and internal control framework continues to ensure we identify and manage the changing internal and external risk landscape collaboratively with our clients. We have further developed the framework to include material controls in line with the 2024 UK Corporate Governance Code. The roles and responsibilities for the framework are set out on page 61.

### Board

The Board retains overall responsibility for how the Group manages risk and for the Group's risk management and internal control framework. The Board determines its appetite with respect to the Group's principal risks and uncertainties (PRUs) via the Risk Management and Audit Committee (RMAC) and assesses the effectiveness of the systems of risk management and internal control which are designed to mitigate the impact of the PRUs on the Group's operations. The Board takes a balanced view of PRUs and material controls across financial, operational, reporting and compliance business processes and reviews risk as part of its strategy development sessions.

There is a structured flow of risk information for the Board's notification and approval including regular updates on risk management of critical contracts ensuring effective awareness of risk management actions.

Further information on the risk management and internal control framework including the sources of assurance is set out in the 'Risk governance' diagram on page 61.

### Risk reporting and insight

The Group reviews its operations through the Executive Committee and Group Risk Committee (GRC), based on the PRUs and corporate and operational risk processes to identify both risks and opportunities. Key Risk Indicators (KRIs) are used to evidence if a risk is improving or deteriorating in terms of likelihood and impact. KRIs have clear tolerance levels and are monitored and reported against each PRU. ESG risk management is integrated into the PRU and operational risk processes and specifically the Health and Safety, People and Sustainability PRUs. Group risks are assessed quarterly, agreed with risk owners and reported to the GRC and RMAC.

**"An Audit and Assurance Policy, supporting documents and assurance mapping across the sources of assurance have been developed with their primary purpose to demonstrate to senior management, the RMAC and the Board how Kier is assuring information related to its PRUs, external corporate reporting and fraud risk."**

In addition, a risk management refresh is carried out with the Executive Committee annually. The business division commercial teams ensure the risk management principles of the Group are reflected within their operations and manage the process to allow the GRC to consider both top-down and bottom-up risks.

The Board, through the RMAC, reviewed the Group's current PRUs, external corporate reporting, fraud and emerging risks aligned to Kier's strategic actions. Emerging risks considered included the increasing risks and opportunities related to the use of technology in operations and the impact of artificial intelligence. The review included the appetite for the risks the Group is willing and able to take including those that would threaten its business model, future performance, solvency or liquidity, thereby informing the parameters within which the business is authorised to operate. The Board concluded that the Group had operated within its risk appetite throughout the year.

### Assurance

An Audit and Assurance Policy, supporting documents and assurance mapping across the sources of assurance have been developed with their primary purpose to demonstrate to senior management, the RMAC and Board how Kier is assuring information related to its PRUs, external corporate reporting and fraud risks. Working with the risk owners and in preparation for the 2024 UK Corporate Governance Code provision on risk management and internal control disclosures, material controls have been identified and assessed and reflected in the assurance map.

# Our risk management framework continued

## Risk management continued

### Risk governance

	Risk	Control	Assurance
<div>Board</div>	<b>Principal risks and uncertainties (PRUs)</b> Include, but are not necessarily limited to, those that could result in events or circumstances that might threaten Kier's business model, future performance, solvency or liquidity and reputation.	<b>Material controls</b> Material controls are those that mitigate: <ul style="list-style-type: none"> <li>• The principal risks and uncertainties;</li> <li>• External reporting that is price sensitive or that could lead investors or other stakeholders to make investment decisions or other decisions that impact Kier's ability to create value for its stakeholders; and</li> <li>• Fraud, including override of controls.</li> </ul>	<b>External assurance providers</b> Deliver assurance over various Kier risks and activities, such as ISO compliance.
	<b>Risk Management and Audit Committee</b> Oversees financial reporting procedures, the internal audit function and the effectiveness of the external auditors.		
	<b>Executive Committee (ExCo)</b> Approves the risk management and internal control framework in the context of the Group's strategy and performance.		<b>Internal audit (third line)</b> Independently review first and second lines of defence.  Deliver assurance over risk management frameworks.
	<b>Group Risk Committee</b> Acts as the link between the businesses, ExCo and the Board and RMAC with respect to risk management.	<b>Entity level controls</b> Controls that have a pervasive effect on the entity's system of internal control such as controls related to the control environment.	
<div>Leadership</div>	<b>Investment Committee</b> Reviews risks relating to the Group's investment decisions.	<b>Management review controls</b> Reviews of operational and financial management information and the underlying calculations, assumptions, judgements and analyses.	<b>Risk and compliance (second line)</b> Group Risk function – provides risk challenge and support to the first line teams and maintains and develops the risk management and internal control framework.  Operational Risk function – facilitates the Group approach to operational risk training, systems and communications.  Compliance – monitor adherence to the risk and compliance frameworks.
	<b>Group Risk Tender Committee</b> Provides independent review and risk mitigation recommendations relating to trading opportunities and tenders undertaken by all Group businesses.		
	<b>Senior leadership teams</b> At Group and divisional levels, oversee business operations ensuring the monitoring and management of organisational objectives and risks.	<b>Operational risk</b> Risks to divisions, business units or Group functions which are material to the delivery of the respective divisional and business unit business plans or service delivery.	<b>Business teams (first line)</b> Responsible for risk management frameworks, risk policy and processes.  Commercial Directors, Group function heads and risk owners are responsible for identifying, assessing, managing and mitigating current and emerging risks, and ensuring the right cultures and behaviours are demonstrated.
<div>Operations</div>	<b>Operating management</b> Focus on the day-to-day business activities, projects, processes and risks.	<b>Operational controls</b> Controls that directly address risks to the effective performance of a project or process including information technology general controls.	
	<b>Project risk</b> An uncertain event or condition that, if it occurs, can have a positive or negative effect on one or more project objectives.		

# Principal risks and uncertainties

The Group reviews its operations through the Executive Committee and Group Risk Committee (GRC), based on the principal risks and uncertainties (PRUs), corporate and operational risk processes to identify both risks and opportunities.

## The Board's assessment of risk

The Board has undertaken a robust assessment of the Group's PRUs and emerging risks, their potential impact, the mitigating actions proposed in respect of each PRU, the change in risk profile during the year (in terms of impact and likelihood), and the Board's risk appetite for each PRU, which are summarised below. The PRUs are not listed in any order of priority and are plotted on a net basis, including current mitigations.

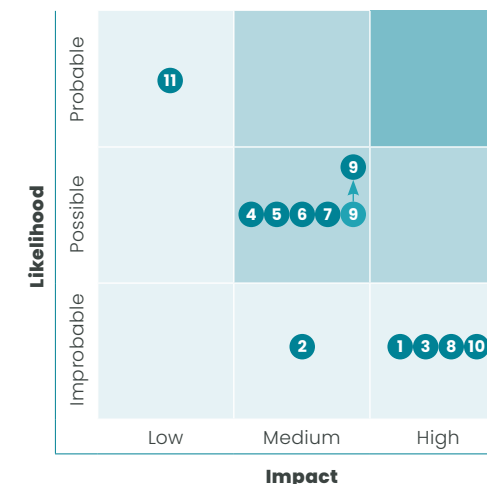
## Changes to the PRUs

In carrying out the assessment, one change was made to the PRUs in relation to the IT Security, Resilience, Cyber and Data Protection PRU, with the title and description now updated to include reference to data governance and digital technology risks. The status of this risk has also changed to 'Increasing' given the continued increase in and sophistication of global cyberattacks, although no change to the impact or likelihood rating was considered necessary.

## Risk heatmap

The list below sets out the Group's PRUs and the Board's appetite with respect to each risk:

	Risk appetite
1 Health and safety	Low
2 Legislation and regulation	Low
3 Funding	Low
4 Maintaining an order book within selected markets	Low
5 Contract management	Low
6 People	Medium
7 Supply chain	Low
8 Strategy	Low
9 Digital technology, data and cyber	Low
10 Sustainability	Low
11 Macroeconomic	Medium



## Risk assessment criteria

### Risk appetite

**Low** – the Group has a very low appetite for risk that is likely to have adverse consequences and aims to eliminate, or substantially reduce, such risks.

**Medium** – the Group has some appetite for risk and balances its mitigation efforts with its view of the potential rewards of an opportunity.

**High** – the Group has a greater risk appetite where there is a clear opportunity for a greater than normal reward.

### Impact

**Low** – minor impact on the Group's finance, operations or reputation.

**Medium** – moderate impact on the Group's finance, operations or reputation.

**High** – major impact on the Group's finance, operations or reputation.

### Likelihood

**Improbable** – unlikely occurrence for the Group.

**Possible** – moderate likelihood of occurrence for the Group.

**Probable** – likely occurrence for the Group.



## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>1</b> <b>Health and safety</b>  <b>Risk owner</b> Chief People Officer  <b>Board risk appetite</b> Low  <b>Level of impact</b> High  <b>Level of likelihood</b> Improbable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Consistent and safe delivery</li> </ul>	<b>Failure to maintain a safe working environment and prevent a major incident</b>  The Group's operations are complex and potentially hazardous, and require rigorous management of health, safety and wellbeing (HSW) matters.  <b>Risk appetite rationale</b> Safety is, and will always be, our licence to operate. The health, safety and wellbeing of our people have a direct impact on our operations.  The Group will always have a low appetite for risk when it comes to protecting all our people, plus members of the public and stakeholders who may be affected by our works.  <b>Risk appetite statement</b> We create and enable a working environment which ensures the HSW of all our people, plus members of the public and stakeholders who may be affected by our works.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>An increase in safety incidents on site</li> <li>An unhealthy employee population resulting in greater levels of absence, lowered operational performance and resilience</li> <li>The failure to meet clients' expectations, adversely affecting our ability to bid for and win new work</li> <li>Financial penalties arising from fines, legal action and project delays</li> <li>Reputational impact</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>Simplified Integrated Management System making it easier for our people to access and find the information they need, freeing them up to proactively manage HSW on our projects</li> <li>Improve safety performance by sharing lessons learnt from incidents via alerts, safety bulletins and the Incident Review Board process</li> <li>Group-wide HSW strategy with divisional supporting approaches</li> <li>Proactive HSW leadership including senior management Visible Leadership Tours, Operational Safety Inspections, Site Safety Inspections, and the sharing of best practice</li> <li>Compliance with ISO 45001 (occupational health and safety management system)</li> <li>Provision and promotion of our network of wellbeing support and offerings</li> </ul>

Principal risk	Description	Impact/actions
<b>2</b> <b>Legislation and regulation</b>  <b>Risk owner</b> General Counsel  <b>Board risk appetite</b> Low  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Improbable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Consistent and safe delivery</li> <li>Generate cash</li> </ul>	<b>Failure to comply with and manage effectively applicable legislation and regulation and any changes to them</b>  The sectors in which the Group operates are subject to increasing scrutiny from stakeholders, oversight from regulators and requirements including those introduced by new legislation or regulation.  <b>Risk appetite rationale</b> To operate in our chosen markets, Kier must comply with all applicable legislation and regulation. To win high quality work from our intended client base we must be able to demonstrate compliance. Therefore, it is fundamental to Kier's continued success that we remain compliant.  <b>Risk appetite statement</b> We ensure compliance with legal and regulatory requirements and continue to identify and plan for the implementation of new requirements via horizon scanning, engagement with government and subsequent policy/procedure implementation.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>Penalties for failing to adhere to legislation or regulation</li> <li>Increased operating costs of compliance</li> <li>The loss of business/undermining strategy</li> <li>Reputational damage</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>Appropriate policies that are regularly reviewed and relevant training and awareness programmes to support policy implementation</li> <li>Regular engagement with Government and Government agencies with respect to the Group's continued compliance</li> <li>Monitoring of, and planning for, the impact of new legislation and regulations</li> <li>Collaborative engagement with external stakeholders</li> <li>Supply chain due diligence, onboarding and compliance monitoring</li> </ul>

## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>3</b> <b>Funding</b>  <b>Risk owner</b> Chief Financial Officer  <b>Board risk appetite</b> Low  <b>Level of impact</b> High  <b>Level of likelihood</b> Improbable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Consistent and safe delivery</li> <li>• Generate cash</li> </ul>	<b>Failure to maintain adequate financial liquidity and/or comply with financial covenants</b>  Failure to maintain adequate financial liquidity and/or comply with financial covenants resulting in an inability to execute the Group's strategy effectively.  <b>Risk appetite rationale</b> Our risk appetite is low as having access to committed funding is critical to ensuring operational stability.  <b>Risk appetite statement</b> Ensuring the Group operates responsibly within its agreed borrowing covenants is a key component of the Group's financial planning and monitoring processes. The Group is targeting a sustainable net cash position in the medium term.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>• The loss of confidence by other stakeholders (for example, investors, clients, subcontractors, and employees)</li> <li>• Conducting existing business becomes increasingly challenging</li> <li>• The loss of future business</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>• Effective cash forecasting and working capital management in combination with continued monitoring and prudent financial planning to ensure cash generation and covenant compliance are maintained</li> <li>• Continued collaborative engagement with key stakeholders</li> <li>• Through financial planning the Group ensures that appropriate levels of headroom under committed facilities and their financial covenants are in place to accommodate reasonable downside</li> </ul>

Principal risk	Description	Impact/actions
<b>4</b> <b>Maintaining an order book within selected markets</b>  <b>Risk owner</b> Group Managing Directors  <b>Board risk appetite</b> Low  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Possible  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Generate cash</li> </ul>	<b>A general market or sector downturn materially and adversely affects the Group's ability to secure work – UK Government spending, certainty and timing, including competitiveness of the current market</b>  The Group strategy sets out specific sectors that it wishes to trade within. The pipeline of work could be adversely affected by a general or sector downturn or cause a delay to projects going to site.  <b>Risk appetite rationale</b> Low appetite to move away from our selected markets because of the higher risk of securing loss making projects and the additional costs associated with serving too many sectors.  <b>Risk appetite statement</b> We are disciplined by operating in selected markets where opportunities are right for us in terms of our skills, expertise and suitability – enabling optimal delivery and benefits for our stakeholders.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>• A failure of one or more of the Group's businesses</li> <li>• Increased competition for new work</li> <li>• A decrease in stakeholder confidence in the Group</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>• To continue to secure long-term frameworks within each of our businesses</li> <li>• Tailoring the Kier offer to meet customer needs</li> <li>• Maintaining an efficient cost base</li> <li>• Project Lifecycle Management gateway process</li> </ul>

## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>5</b> <b>Contract management</b>  <b>Risk owner</b> Group Managing Directors  <b>Board risk appetite</b> Low  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Possible  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Generate cash</li> </ul>	<b>Failure to manage contracts effectively at each stage of a project's lifecycle</b>  The business suffers a significant loss as a result of failing to adequately undertake bidding, design, mobilisation, delivery and handover (including any remediation works).  <b>Risk appetite rationale</b> The Group has a low risk appetite in relation to tender and change management because of the increased risk of a loss making project or unacceptable work in progress.  <b>Risk appetite statement</b> We are disciplined with our project selection to ensure we select projects under frameworks or with clients that provide repeat business. We then proactively manage contracts at each stage of a project's lifecycle gateway. Frameworks, policies and standards are in place and are consistently effective throughout the business.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>A failure to manage project delivery and work in progress and, ultimately, to meet the Group's financial targets</li> <li>The Group incurring losses on individual contracts</li> <li>The Group failing to win new work because of reputational impact</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>PLM sets the structure for managing projects end to end</li> <li>Tender peer review through the Group Tender Risk Committee</li> <li>Kier standards for contract amendments</li> <li>Commercial Handbook explains how we manage change</li> <li>In-built escalation to identify unacceptable levels of unagreed change</li> </ul>

Principal risk	Description	Impact/actions
<b>6</b> <b>People</b>  <b>Risk owner</b> Chief People Officer  <b>Board risk appetite</b> Medium  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Possible  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Consistent and safe delivery</li> <li>Generate cash</li> </ul>	<b>Failure to attract and retain key employees</b>  The Group's employees are critical to its ability to deliver the business plan. The Group needs to maintain a healthy culture enabling employees to thrive and attract, retain and develop people to ensure they have the right skills, experience and behaviours.  <b>Risk appetite rationale</b> While there are market fluctuations outside of our control, we do have appetite for people risk to a degree. We have strong mitigating controls and actions to ensure we have a workforce with strong competencies, skills and capabilities.  <b>Risk appetite statement</b> We develop a workforce with the required competencies, skills and capabilities to deliver our business plan. We ensure we have a compelling employee proposition to ensure people are attracted, developed and retained in order to deliver operations.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>An adverse effect on the delivery of the Group's purpose and strategy</li> <li>A lack of operational leadership, potentially leading to poor project performance</li> <li>An erosion of the Group's employer brand</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>Embed and develop the Kier culture (values and healthy behaviours) to drive high and balanced performance</li> <li>Delivering the People strategy and strategic workforce planning aligned to the business plan</li> <li>Deliver the responsible business strategy</li> <li>Deliver award-winning leadership, management and technical development offer supported by a proactive talent management process</li> <li>Employee engagement, feedback and positive action plan (Your Voice)</li> <li>Compelling and competitive employee value proposition</li> </ul>



## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>7</b> <b>Supply chain</b>  <b>Risk owner</b> Chief Financial Officer  <b>Board risk appetite</b> Low  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Possible  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Consistent and safe delivery</li> </ul>	<b>Failure to maintain effective working relationships with the supply chain, supply chain insolvencies, capacity, pricing and inflation volatility</b>  The Group relies upon its partners for the delivery of its projects. Maintaining a close working relationship is a priority for the Group.  <b>Risk appetite rationale</b> We have a low appetite to exposing ourselves to unmanageable supply chain risk because of the impact on our ability to deliver to customers.  <b>Risk appetite statement</b> We continue to have positive relationships with our supply chain and subcontractors. They are risk assessed and vetted for good financial and reputational standing.  We have a strong relationship with our suppliers and product associations and maintain a constant dialogue over the availability of products and alternatives.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>Unavailability of appropriate resources, impacting on project delivery and cost</li> <li>Use of suppliers from outside the preferred supplier list increases costs and decreases quality</li> <li>Poor relationships lead to lack of confidence in the Group and adverse publicity</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>Establish supplier financial health prior to the onboarding process and continually monitor thereafter</li> <li>Divisional Procurement Directors to deliver the supply chain management strategy</li> <li>Continued focus to meet fair payment reporting requirements</li> <li>Use of the Shared Service Centre and division resources to channel spend and reduce risk – early engagement</li> <li>Supply chain management and monitoring of compliance with Kier standards and legislative requirements</li> </ul>

Principal risk	Description	Impact/actions
<b>8</b> <b>Strategy</b>  <b>Risk owner</b> Chief Executive  <b>Board risk appetite</b> Low  <b>Level of impact</b> High  <b>Level of likelihood</b> Improbable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Consistent and safe delivery</li> <li>Generate cash</li> </ul>	<b>Failure to deliver the Group's strategy</b>  The Group fails to deliver its long-term sustainable growth plan. Potential vulnerability to Government fiscal and spending policies.  <b>Risk appetite rationale</b> Delivery of the Group's long-term sustainable growth plan is critical to delivering our investment case.  <b>Risk appetite statement</b> We have business plans that underpin the long-term sustainable growth plan. All of our operational performance management reviews are geared towards the achievement of this plan. Performance Excellence is in place to ensure we have the necessary focus on those capabilities to meet the strategic plan.	<b>Potential impact</b> <ul style="list-style-type: none"> <li>An adverse impact on the Group's net debt and liquidity</li> <li>Failure to secure positions on national and regional frameworks</li> <li>Failure to meet stakeholders' expectations may lead to a decline in confidence in the Group</li> </ul> <b>Mitigating actions</b> <ul style="list-style-type: none"> <li>Maintaining the balance sheet strength</li> <li>Maintaining a well bid order book</li> <li>Delivery of project performance</li> <li>Delivery of our Performance Excellence culture</li> <li>Continued focus on cash management</li> <li>Effective communication with stakeholders</li> </ul>

## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>9</b> <b>Digital technology, data and cyber</b>  <b>Risk owner</b> Group IT Director General Counsel  <b>Board risk appetite</b> Low  <b>Level of impact</b> Medium  <b>Level of likelihood</b> Possible  <b>Risk status</b> Increasing  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Consistent and safe delivery</li> <li>• Generate cash</li> </ul>	<p><b>Failure to appropriately use digital technology and data and to prevent unauthorised use or loss (including a cyberattack)</b></p> <p>The business increasingly uses digital technology and data in its operations including the use of artificial intelligence tools and applications. Management, integrity and retention of data are critical.</p> <p>Geopolitical events in addition to the advances in technology are also increasing the number and sophistication of cyberattacks.</p> <p><b>Risk appetite rationale</b></p> <p>The level of UK exposure to state sponsored threat actors and complex cyber incidents continues to increase, so our clients, partners and ourselves are at a heightened state of vigilance in relation to a cyberattack.</p> <p>We continue to invest in digital technology to add further value to our clients in project delivery and efficiency in our operations. In doing so we need to ensure technology is used appropriately in addition to managing client, personal and operational data.</p> <p><b>Risk appetite statement</b></p> <p>We ensure that effective governance and security are in place around the use and advancement of digital technology (including artificial intelligence) to prevent adverse outcomes and the loss of data or assets.</p> <p>Our data, IT infrastructure and systems are protected, including cyberattack counter measures and measures to recover and restore in the event of an incident.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>• Failure to leverage digital technology and use of data to enhance project delivery and operations</li> <li>• Delays in delivery of projects and operations, failure to win work</li> <li>• Loss of confidential and/or other data</li> <li>• Financial impact – including regulatory fines</li> <li>• Reputational/brand damage</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>• Data and AI policies and procedures</li> <li>• Staff mandatory training, awareness and phishing awareness campaigns</li> <li>• Control and manage access to our systems</li> <li>• ISO 27001 and Cyber Essentials Plus accreditation</li> <li>• Disaster recovery and business continuity plans</li> <li>• System alerts, patching/updates, monitoring and incident management</li> <li>• Partners and suppliers follow Group minimum standards regarding cyber, security and data</li> </ul>

Principal risk	Description	Impact/actions
<b>10</b> <b>Sustainability</b>  <b>Risk owner</b> Chief People Officer  <b>Board risk appetite</b> Low  <b>Level of impact</b> High  <b>Level of likelihood</b> Improbable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Consistent and safe delivery</li> </ul>	<p><b>Failure to identify and effectively manage sustainability risks and opportunities</b></p> <p>Our ability to win work is dependent on delivering on our environmental, social and governance (ESG) commitments.</p> <p>Our approach to sustainability aims to safeguard our business and build a resilient environment, community and profits over the long term.</p> <p>Sustainable development is a key focus within current legislation and regulation, with expectations for transparent ESG disclosure growing.</p> <p><b>Risk appetite rationale</b></p> <p>Sustainability is at the heart of our purpose and informs everything we do at Kier. To successfully win contracts, we must demonstrate we can meet environmental and social commitments, including managing the risks and opportunities associated with climate change.</p> <p><b>Risk appetite statement</b></p> <p>Our sustainability framework, 'Building for a Sustainable World' (BfaSW), ensures that we address the topics that are most important to our stakeholders across our three strategic pillars: Our People, Our Places and Our Planet.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>• Failure to win work</li> <li>• Failure to meet our BfaSW targets</li> <li>• Failure to meet contractual requirements and investor expectations or regulatory requirements</li> <li>• Not attracting or retaining people</li> <li>• Reputational damage</li> <li>• Inability to access sustainable finance</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>• Deliver against the BfaSW framework, including monitoring key metrics and progress against targets and commitments</li> <li>• Sustainability leadership forum meets quarterly and reviews progress</li> <li>• Work with our supply chain to help deliver the actions associated with our strategic pillars, upskill our supply chain and further embed product innovation, including modern methods of construction and digitalisation</li> <li>• Embed our sustainability data management systems</li> <li>• Maintain and improve performance through ESG certification, accreditation, data verification and benchmarks and continue proactive stakeholder reporting and disclosure</li> <li>• Climate scenario analysis to mitigate risks and maximise opportunities</li> <li>• Retain ISO 14001 certification and embed environmental best practice</li> <li>• Deliver our ethical labour milestone plan, including regular audits to monitor compliance in our own operations and in our supply chain</li> </ul>

## Our risk management framework continued

### Principal risks and uncertainties continued

Principal risk	Description	Impact/actions
<b>11</b> <b>Macroeconomic</b>  <b>Risk owner</b> Chief Executive  <b>Board risk appetite</b> Medium  <b>Level of impact</b> Low  <b>Level of likelihood</b> Probable  <b>Risk status</b> No change  <b>Link to strategic action</b> <ul style="list-style-type: none"> <li>• Sustainable growth</li> <li>• Consistent and safe delivery</li> <li>• Generate cash</li> </ul>	<p><b>Changes in macroeconomic conditions negatively impact on Kier, its workforce and its clients. Potential fiscal moment</b></p> <p>Our ability to win and deliver projects is impacted by developments in the UK economy which may arise from economic slowdown, taxation changes, interest rate rises, unemployment, inflation or UK political and geopolitical instability, resulting in a reduction in, or pausing of, UK Government and private sector spending in our selected markets.</p> <p><b>Risk appetite rationale</b></p> <p>Whilst economic conditions are outside of our control, our risk appetite is medium. Our selected markets offer a counter cyclical opportunity and we also have a robust tender process, operating model, financial position and a strong order book.</p> <p><b>Risk appetite statement</b></p> <p>We are disciplined by operating in selected markets and focus on business where opportunities have an acceptable risk. We continue to deliver our contracts, supported by our risk management framework, Operating Framework and Performance Excellence processes.</p>	<p><b>Potential impact</b></p> <ul style="list-style-type: none"> <li>• Reduced revenue or margins</li> <li>• Project affordability</li> <li>• Availability of labour and materials</li> <li>• Increased supply chain insolvency risk</li> </ul> <p><b>Mitigating actions</b></p> <ul style="list-style-type: none"> <li>• Use of financial derivative instruments to hedge exposure to fluctuations in interest and exchange rates</li> <li>• Various market insights and intelligence relating to pricing and lead times</li> <li>• Kier risk management framework</li> <li>• Supply chain management</li> <li>• Kier Operating Framework and Performance Excellence processes</li> <li>• Kier Commercial Standards</li> </ul>



# Non-financial and sustainability information statement and section 172(1) statement

## Non-financial and sustainability information statement

The information below summarises how we comply with non-financial performance and sustainability reporting requirements and is produced to comply with sections 414CA and 414CB of the Companies Act 2006 and signposts where in the Annual Report you can find more information.

Reporting requirements	Kier policy/standards <sup>1</sup>	Read more
<b>Anti-corruption and anti-bribery</b>	<ul style="list-style-type: none"> <li>Anti-Bribery and Corruption Policy (including Gifts and Hospitality)</li> </ul>	<ul style="list-style-type: none"> <li>Page 77</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Diversity and Inclusion Policy</li> <li>Health, Safety and Wellbeing Policy</li> <li>Real Living Wage Policy</li> <li>Whistleblowing Policy</li> </ul>	<ul style="list-style-type: none"> <li>Pages 36, 44–53 and 77</li> </ul>
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>Environmental Policy</li> <li>Sustainability Policy</li> </ul>	<ul style="list-style-type: none"> <li>Pages 30–44 and 54–59</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>Code of Conduct</li> <li>Anti-Slavery and Human Trafficking Policy</li> <li>Data Protection Policy</li> </ul>	<ul style="list-style-type: none"> <li>Page 36</li> </ul>
<b>Social matters</b>	<ul style="list-style-type: none"> <li>Sustainability Policy</li> </ul>	<ul style="list-style-type: none"> <li>Pages 30–44</li> </ul>
<b>Business model</b>	<ul style="list-style-type: none"> <li>Description of the Group's business model</li> </ul>	<ul style="list-style-type: none"> <li>Page 14</li> </ul>
<b>Non-financial KPIs</b>	<ul style="list-style-type: none"> <li>Description of the non-financial key performance indicators relevant to the Group's business</li> </ul>	<ul style="list-style-type: none"> <li>Page 21</li> </ul>
<b>Principal risks</b>	<ul style="list-style-type: none"> <li>Description of the principal risks relating to the matters set out in section 414CB(1) of the Companies Act 2006 arising in relation to the Group's operations, and how those principal risks are managed</li> </ul>	<ul style="list-style-type: none"> <li>Pages 60–68</li> </ul>
<b>Climate-related financial disclosures</b>	<ul style="list-style-type: none"> <li>TCFD report</li> </ul>	<ul style="list-style-type: none"> <li>Pages 54–59</li> </ul>

1. All the policies mentioned above are available on the Company's website.

## Implementation of policies

Online training on key policies (delivered offline where required) is carried out across the Group and is refreshed biennially. The training modules include scenarios and tests to enhance the understanding of, and compliance with, the policies by all employees.

All employees, contractors and third parties are encouraged to report any circumstances where there is a suspected or actual breach of any of the policies, applicable laws, or the standards as set out in the Code of Conduct, either through their managers, the confidential 'Speak-Up' helpline (which is run by an independent company, Safecall) or directly to the Corporate Compliance team. Further information on whistleblowing can be found on page 77. Kier views infringements of the policies, procedures and related guidance seriously and reserves the right to take disciplinary action in the event of non-compliance. All reported incidences of actual or suspected breach of any of the policies are promptly and thoroughly investigated.

The Executive Committee receives assurance via twice-yearly divisional and functional management statements confirming the extent to which employees have been provided access to our corporate policies, that appropriate training has been undertaken as required and that there are no unreported breaches.

The Board and the Risk Management and Audit Committee receive regular compliance updates from the Group General Counsel.

## Section 172(1) statement and stakeholder engagement

See page 81 for our S172 statement. This describes how the Directors have had regard to stakeholders' interests when discharging the Directors' duties set out in section 172 of the Companies Act 2006. Our engagement activities with stakeholders and the impact of those interactions are set out on pages 78 to 81.

This Strategic report on pages 1 to 69 (inclusive) was approved by the Board and signed on its behalf by:

**Andrew Davies**  
Chief Executive  
15 September 2025

**Simon Kesterton**  
Chief Financial Officer

## Chairman's introduction to corporate governance

# Strengthening foundations for sustainable growth



**“The Board will continue to monitor progress of the delivery against strategy. We will ensure that Kier has strong foundations, the resources, appropriate risk management and internal controls in place for sustainable growth.”**

**Matthew Lester**  
Chairman

The Board has continued its focus on the delivery of our strategy and long-term sustainable growth plan to deliver value for our shareholders. Environmental and social performance is at the heart of Kier's licence to operate, so requires significant Board attention. Throughout the year, the Board considered the risks, opportunities, challenges and stakeholder views to ensure Kier remains competitive and creates a platform for sustainable growth.

The key activities undertaken by the Board during the year to ensure Kier's effective performance and governance are set out on page 74.

The Board dedicated a day to a detailed review of strategy and the different components of the business that support its delivery. Further information is set out on page 75.

We continued to increase our understanding of the business and information on our training programme and the sites we visited are set out in the following pages of this Corporate governance report. In addition, the Board received an update from an external

expert on our response to cyber risks and considered the Cyber Code of Practice in the development of matters reserved for the Board relating to cyber.

### Our Board

Anne Baldock was appointed to the Board as a Non-Executive Director from 1 July 2025. As announced on 22 July 2025, Andrew Davies will be retiring from the Board with effect from 31 October 2025 and will be succeeded as Chief Executive by Stuart Togwell, currently Group MD of Construction. Further information on these Board changes can be found in the Nomination Committee report on pages 87 to 89.

### Culture and people

Each of the Non-Executive Directors carry out at least two site visits every year, providing them with an opportunity to meet our employees and hear from them directly, in addition to deepening our understanding of the business operations.

A consistent piece of feedback from each Director is that our people are very engaged and are proud to work for Kier. Our people also provided the Board with insights to improve the way we work and engage with customers. The Board recognised the great work our people are doing and concluded that the culture at Kier was supportive of our purpose and values and an enabler of long-term sustainable growth.

Further information on our culture, the outcome of employee engagement and site visits is set out in the following pages of the Corporate governance report.

### Our stakeholders

We engage with a wide range of stakeholders, all of whom are essential in enabling us to do business, thereby ensuring long-term success for Kier. The Board had a direct dialogue with one of our key customers at our Board meeting which helped the Board understand how Kier can provide further value and become a trusted supplier.

Further information on how we engage with our key stakeholders, and the outcome and impact of our engagement, can be found on pages 78 to 81.

### Annual General Meeting

Information on our Annual General Meeting (AGM) arrangements this year will be provided in the Notice of AGM and I look forward to meeting our shareholders at this in-person event.

### Our focus for the 2026 financial year

The Board will continue to monitor progress of the delivery against strategy. We will ensure that Kier has strong foundations, and the resources, appropriate risk management and internal controls in place for sustainable growth. I hope you will find this report useful in understanding our work.

**Matthew Lester**  
Chairman

## The 2018 UK Corporate Governance Code compliance

The Board considers that it has complied with the provisions of the 2018 UK Corporate Governance Code (the 2018 Code) during the year. Information on how we have applied the 2018 Code is provided in this Corporate governance report and the Directors' Remuneration report and a guide is provided in the adjacent table. The 2018 Code can be found at [www.frc.org.uk](http://www.frc.org.uk).

	Further information (pages)
<b>Board leadership and Company purpose</b>	
A. Board's role	70–81
B. Company's purpose, values, strategy and culture	1–3, 18, 19, 44, 45 and 77
C. Resources, and prudent and effective controls	71 and 83
D. Shareholder and stakeholder engagement	78–81
E. Workforce policies and practices and workforce concerns	44–53, 77, 79 and 80
<b>Division of responsibilities</b>	
F. Chairman's role	71
G. Board balance and division of responsibilities	71
H. Non-Executive Directors' time and role	71 and 77
I. Information and resources	71

	Further information (pages)
<b>Composition, succession and evaluation</b>	
J. Board appointments	87–89
K. Board and Committee composition, skills and tenure	72 and 73
L. Board evaluation	75
<b>Audit, risk and internal control</b>	
M. Policies and procedures for internal and external audit	83–85
N. Fair, balanced and understandable assessment	86
O. Risk and internal control framework, risk assessment and management	60–68 and 83
<b>Remuneration</b>	
P. Remuneration policies and practices	92–115
Q. Director and senior management remuneration	92–115
R. Independent judgement and discretion on remuneration	92–115

## The governance framework at Kier

The Group's primary decision-making body is the Board. The table below sets out the role of the Board and how it has delegated certain responsibilities to a number of Committees.





# Board of Directors

**Board Committees key:** **E** Environmental, Social and Governance **N** Nomination **R** Remuneration **RA** Risk Management and Audit **Chair of the Committee**



**Matthew Lester**  
Chairman

**Tenure on Board:** 5 years, 8 months  
**Independent:** Yes (on appointment)

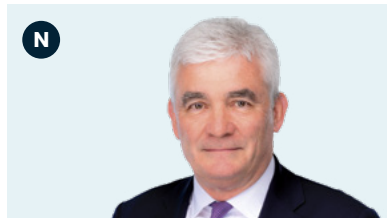
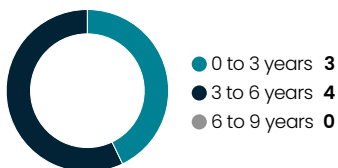
## Skills, experience and contribution

- With substantial strategic and financial experience, through senior finance roles at Diageo plc, as Group Finance Director of ICAP plc and Chief Financial Officer of Royal Mail plc, Matthew provides effective leadership to the Board in support of delivering the Group's strategic priorities
- Significant non-executive director experience at Man Group plc, Barclays PLC and Capita plc
- A chartered accountant

## Principal current external appointments

- Non-Executive Director and Chair of the Audit Committee of Intermediate Capital Group plc
- Non-Executive Chairman of Czarnikow Group Limited

**Tenure of Non-Executive Directors**  
(as at 15 September 2025)



**Andrew Davies**  
Chief Executive

(retiring from the Board on 31 October 2025)

**Tenure on Board:** 6 years, 5 months  
**Independent:** No

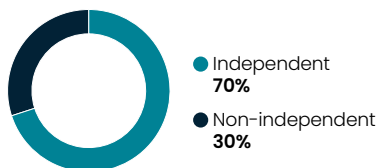
## Skills, experience and contribution

- Having a strong track record of business leadership across a number of sectors, Andrew is well-qualified to lead Kier in setting and achieving its strategic goals
- Significant experience of mergers and acquisitions and strategy development and implementation
- Significant operational and corporate experience through senior roles and over 28 years with BAE Systems plc
- Formerly Chief Executive Officer of Wates Group Limited and, until 31 January 2025, a Non-Executive Director of Chemring Group PLC, serving as Senior Independent Director
- Fellow of the Institution of Civil Engineers

## Principal current external appointments

- Non-Executive Chairman on the Eiffage, Kier, Ferrovial Construction and BAM Nuttall (EKFB) JV Board

**Board independence**  
(as at 15 September 2025)



**Simon Kesterton**  
Chief Financial Officer

**Tenure on Board:** 6 years  
**Independent:** No

## Skills, experience and contribution

- Broad range of financial, strategic and IT leadership experience in his former senior roles in the engineering and manufacturing industries
- With significant experience in the implementation of cost reduction, M&A and profitability improvement programmes, Simon has the financial expertise to help Kier continue to improve its financial performance
- Formerly Chief Financial Officer, Europe and Chief Strategic Officer at IAC Group and Group Finance Director of RPC Group plc
- A member of the Chartered Institute of Management Accountants

## Principal current external appointments

- None



**Stuart Togwell**  
Group Managing Director, Construction  
(Chief Executive from 1 November 2025)

**Tenure on Board:** 11 months  
**Independent:** No

## Skills, experience and contribution

- A people and customer-focused leader, delivering major construction, infrastructure and development projects for more than 30 years
- Stuart has a deep-rooted knowledge of the sector, working with central government, local authorities, registered providers and arm's length bodies. Notably, supporting the creation of the Construction Playbook and an advocate of early contractor involvement
- Wealth of experience means Stuart is well placed to enable Kier to support the ambitions set out in the UK Government's 10 Year Infrastructure Strategy
- A strong track record of business transformation, shaping Kier's corporate strategy, and leading and growing Kier's Construction business and market positions in public and private sector
- Formerly Group Commercial Director at Kier and Wates Group Limited
- A chartered surveyor

## Principal current external appointments

- None



**Chris Browne OBE**  
Senior Independent Director

**Tenure on Board:** 3 years  
**Independent:** Yes


## Skills, experience and contribution

- Experience of the construction sector through her former role as a Non-Executive Director of Vistry Group PLC
- With extensive commercial and operational experience through senior leadership positions in the aviation industry, Chris brings a wealth of knowledge and experience to the Board and the role of Senior Independent Director
- Previously Chief Operating Officer of easyJet plc, where she also separately served as its Non-Executive Director, Non-Executive Director of Norwegian Air Shuttle AS and Non-Executive Director of Constellation SE
- Doctorate of Science (Honorary) for Leadership in Management from the University of Ulster

## Principal current external appointments

- Senior Independent Director of C&C Group plc
- Non-Executive Director of AGS Airports Limited

## Board of Directors continued

**Board Committees key:** **E** Environmental, Social and Governance **N** Nomination **R** Remuneration **RA** Risk Management and Audit  Chair of the Committee



**Alison Atkinson FREng, MICE CEng**  
Non-Executive Director

**Tenure on Board:** 4 years, 9 months  
**Independent:** Yes

### Skills, experience and contribution

- Significant operational experience of project development and delivery of large-scale infrastructure projects in public and private sectors through her roles as Chief Projects & Development Officer at Anglo American plc and Chief Executive Officer at AWE plc, and at Halcrow
- From her in-depth experience of oversight of civil engineering and contracting, safety, diversity and inclusion, and sustainability matters, Alison is well positioned to help progress Kier's ESG agenda
- A chartered civil engineer and a Fellow of the Royal Academy of Engineering

### Principal current external appointments

- Member of the Executive Leadership Team at Anglo American plc as Chief Projects & Development Officer
- Director of De Beers plc (a subsidiary of Anglo American plc)



**Anne Baldock**  
Non-Executive Director  
(appointed on 1 July 2025)

**Tenure on Board:** 2 months  
**Independent:** Yes

### Skills, experience and contribution

- Anne's substantial experience in the infrastructure sector, from her executive career as a lawyer at Allen & Overy LLP, where she was a partner from 1990 to 2012, and from her later non-executive roles for a variety of companies operating in our sector, such as energy, nuclear and water, is of great value to Kier and enhances the sector experience of the Board
- Broad experience of business operations and of driving growth, new ways of working and culture change, particularly from her roles at Allen & Overy as Global Head of the Projects, Energy and Infrastructure Group and as a member of the Global/Main Strategic Board

### Principal current external appointments

- Senior Independent Director and Chair of the Remuneration Committee of Pantheon Infrastructure plc
- Senior Independent Director and Chair of the Investment Committee of East West Railway Company Limited



**Margaret Hassall**  
Non-Executive Director

**Tenure on Board:** 2 years, 5 months  
**Independent:** Yes

### Skills, experience and contribution

- With extensive experience of remuneration matters through her current and former appointments as chair of remuneration committees, Margaret brings strong and effective leadership to the Remuneration Committee
- An experienced non-executive director from past appointments at Phoenix Group, Tandem Bank, Nucleus Financial Group plc and One Savings Bank plc
- Broad experience in business operations, technology and large transformational change developed through senior positions across a range of different industry sectors

### Principal current external appointments

- Non-Executive Director, Chair of the Remuneration Committee and a member of the Risk and Compliance and Nomination Committees of AJ Bell plc



**Mohammed Saddiq**  
Non-Executive Director

**Tenure on Board:** 1 year, 9 months  
**Independent:** Yes

### Skills, experience and contribution

- Having in-depth knowledge and experience in operational delivery, engineering and infrastructure services through his previous roles in senior management and engineering in the water, waste and renewables sectors and from his current Non-Executive Director appointment at Bazalgette Tunnel Limited (the company delivering the Thames Tideway Tunnel project), Mohammed is of great value to the Board, particularly as the water sector is important to Kier's growth agenda
- An Executive Director at Wessex Water and Vice-Chair at Bristol University until 2022
- Associate Fellow of the Institution of Chemical Engineers, Fellow of the Chartered Institution of Water and Environmental Management and Chartered Member of the Institution of Environmental Sciences

### Principal current external appointments

- Non-Executive Director of Bazalgette Tunnel Limited
- Chair of Bristol Climate and Nature Partnership CIC
- Chair of Bristol Future Talent Partnership
- Lord-Lieutenant of the County of Somerset



**Clive Watson**  
Non-Executive Director

**Tenure on Board:** 5 years, 5 months  
**Independent:** Yes

### Skills, experience and contribution

- Clive's significant experience in financial matters, through senior finance positions both in the UK and overseas, latterly as the Group Finance Director of Spectris plc, brings depth to the Board's oversight of Kier's financial governance and risk management
- Experience of the engineering sector through his roles at Borealis AG and Spectris plc, and as a Non-Executive Director at Spirax-Sarco Engineering plc
- Detailed knowledge of systems of risk management and internal control
- A chartered accountant

### Principal current external appointments

- Senior Independent Director and Chair of the Audit Committee of Breedon Group plc
- Non-Executive Director and Chair of the Audit and Risk Committee of discoverIE Group plc
- Senior Independent Director and Chair of the Audit and Risk Committee of Trifast plc

## Corporate governance

### Board key activities

The Chairman, in conjunction with the Chief Executive, and with support from the Company Secretary, plans the Board meetings to ensure effective performance and governance of Kier.

In addition to the usual activities of monitoring progress against business performance, the order book, balanced scorecard, financial targets, culture, whistleblowing and governance matters, Board meetings also encompass chosen topics and deep dives into matters of strategic importance. The key activities undertaken by the Board during the financial year were as shown in the following table:

#### Link to strategic objectives:

- 1 Leverage our attractive market share positions in growing markets
- 2 Maintain and enhance long-term customer relationships
- 3 Resilient and well-balanced portfolio
- 4 Deliver disciplined growth, consistent profitability and cash generation

#### Link to principal risks and uncertainties:

- 1 Health and safety
- 2 Legislation and regulation
- 3 Funding
- 4 Maintaining an order book within selected markets
- 5 Contract management
- 6 People
- 7 Supply chain
- 8 Strategy
- 9 Digital technology, data and cyber
- 10 Sustainability
- 11 Macroeconomic

	Link to principal risks and uncertainties
<b>Strategy</b> 1 2 3 4	
Monitored progress against the long-term sustainable growth plan	4 6 8 11
Set a programme of regular review of strategic priorities, capital allocation policy and growth areas for Kier to ensure long-term success	4 6 8 10 11
Approved the share buyback programme	3 8
Reviewed the mergers and acquisitions pipeline	8
<b>Business and operational</b> 1 2 3 4	
Visited and received presentations from the Property and Transportation businesses to understand their opportunities and challenges and to meet the management teams	4 5 6 8 9 10
Received an update from the Group Procurement Director on the function's strategic priorities and approach to supply chain management to deliver high performance and efficiency	7
Undertook a session with an external expert to deepen our understanding of our cyber risk mitigation	9
<b>Budget and financing</b> 3 4	
Approved the budget for FY26	3
Approved the interim and final dividend for FY25	3 8
Reviewed the performance of our pension schemes	3 6 11
Approved the half-year results, full-year results and Annual Report and Accounts	2
Approved the adoption of a going concern basis of accounting in preparing the half- and full-year results	2
<b>Leadership, people and culture</b> 2 3 4	
Appointed Stuart Togwell as an Executive Director and Chris Browne as the Senior Independent Director which took effect from 1 October 2024	6
Appointed Anne Baldock as Non-Executive Director with effect from 1 July 2025	6
Received updates on the Group's people agenda including progress on diversity and inclusion, reward and benefit programmes, talent and development programmes, health and safety, and wellbeing	1 6
Monitored culture through various metrics such as the outcome of employee engagement surveys	6
<b>Governance and key stakeholders</b> 1 2 3 4	
Engaged directly with a key customer to gain a better understanding of Kier's performance and how we can collaborate and support it in its strategic objectives	4 5 8 11
Chairman carried out a shareholder engagement programme early in calendar year 2025 with top shareholders to discuss strategy, business performance and governance matters and to understand their views	3 8
Received regular feedback and sentiments from key stakeholders on Kier's performance	3 8
The Board received training on the Economic Crime and Corporate Transparency Act and Building Safety Act	2
Approved the Tax Strategy Statement and Modern Slavery Statement	2



## Corporate governance continued

### Board strategy day

<b>Purpose</b>	To monitor progress against the achievement of our long-term sustainable growth plan ensuring we continue to generate value for shareholders and other stakeholders
<b>Attendees</b>	The Board, Executive Committee members, certain senior management and an external adviser
<b>Strategic topics reviewed and discussed</b>	<ul style="list-style-type: none"> <li>Competitor analysis and Kier's competitive advantage</li> <li>Market trends and strategy, macro and political environment</li> <li>Growth accelerators</li> <li>Investors' views and priorities surrounding Kier's strategy and growth plan</li> <li>Capital allocation priorities</li> <li>Mergers and acquisitions pipeline</li> </ul>
<b>Outcomes and next steps</b>	Setting an ongoing programme of strategic questions and topics for consideration throughout FY26

### Board and Committee membership and attendance

The Board held six meetings and two calls during the year. One day was also dedicated to discussing strategy. In addition, there was one unscheduled Board call during the year.

Details of attendance by each Director at the scheduled Board and Committee meetings during the financial year are as follows:

	Board meeting	RMAC meeting	ESGCo meeting	NomCo meeting <sup>4</sup>	RemCo meeting <sup>5</sup>
Matthew Lester	6/6	n/a	n/a	3/3	4/4
Alison Atkinson <sup>1</sup>	6/6	3/4	3/3	3/3	3/4
Justin Atkinson <sup>2</sup>	1/2	1/2	1/2	1/1	1/2
Chris Browne	6/6	4/4	3/3	3/3	4/4
Andrew Davies	6/6	n/a	n/a	3/3	n/a
Margaret Hassall	6/6	4/4	3/3	3/3	4/4
Simon Kesterton	6/6	n/a	n/a	n/a	n/a
Mohammed Saddiq	6/6	4/4	3/3	3/3	4/4
Stuart Togwell <sup>3</sup>	4/4	n/a	n/a	n/a	n/a
Clive Watson	6/6	4/4	3/3	3/3	4/4

1. Alison Atkinson was unable to attend a meeting due to an unavoidable work commitment.

2. Justin Atkinson was unable to attend a meeting due to illness and he stepped down from the Board from 30 September 2024.

3. Stuart Togwell joined the Board from 1 October 2024.

4. The Nomination Committee held two additional unscheduled calls during the year.

5. The Remuneration Committee held an additional unscheduled call during the year.

### Board evaluation

#### 2024 Board evaluation

The Board has made good progress with the recommendations from last year's externally facilitated review. An update on the progress is set out below:

Feedback	Progress
<b>Customers and suppliers</b> – to hear more feedback from customers and suppliers	<p>The Board engaged directly with a key customer at one of its meetings to hear its feedback on Kier's performance and how we can strengthen our relationship and provide added value.</p> <p>The Board received an update from the Procurement function on its strategic plan and the approach to enhancing the relationship with our supply chain.</p>
<b>Effectiveness</b> – to consider utilising more of the Non-Executive Directors' skills and experience as a sounding board for management outside of formal Board meetings	This is in progress where appropriate, for example, when management is bidding for contracts in particular sectors where our Non-Executive Directors have expertise.
<b>Board succession planning</b> – to implement a more formal process for determining the priorities for the next Board appointment	An expanded Board skills matrix was used during the year for the recruitment of an additional Non-Executive Director.

#### 2025 Board evaluation

This year's Board evaluation took the form of a questionnaire and feedback was sought from all the Board members. The questionnaire sought input on a range of matters including culture, engagement with stakeholders, effective oversight of targets and objectives, quality of discussion and papers. Please see pages 83, 89, 91 and 111 for information about the effectiveness evaluation of each of the Committees conducted this year.

The outcome of the evaluation was discussed by the Board and showed that the Board is operating well. The review identified areas of focus for next year and areas that could improve the Board's performance, such as increasing focus on our actions to drive growth in the business, continual monitoring of progress with achieving our long-term sustainable growth plan and greater visibility of customer input and feedback.

The Board intends to build the feedback from the evaluation above into a set of objectives to ensure that the annual schedule of meetings enables effective discussion and monitoring of these areas.

## Corporate governance continued

### Board development and training

To ensure the Board continually updates and refreshes its skills and knowledge, ongoing training and development support is provided to the Board during the year. The Board is regularly briefed on business-related matters, governance, investor expectations and legal and regulatory matters. The Board has a series of training programmes, which comprised the following during the financial year:

- a refreshed training on safety including market trends and legislation updates
- the Economic Crime and Corporate Transparency Act and our implementation plans
- the Building Safety Act including our implementation plans, and its risks and opportunities

Both the Risk Management and Audit Committee and Remuneration Committee received updates from external advisers and management on relevant accounting and remuneration developments, evolving market trends and changing disclosure requirements.

As part of the Board's annual programme of site visits, it undertook two visits during this financial year and the details are set out on this page.

In addition, in July 2025, post the FY25 year end, the Board visited HMP Glasgow and had a briefing on the project and our work in the North and Scotland region. The Board also received a presentation from the Construction team on the transformation of the Construction business to date, future plans and growth accelerators.

#### Infrastructure that matters

### Board site visit to the A417 Missing Link Gloucester project and presentation from the Transportation team



The Board visited the A417 Missing Link project in December 2024, which is a major strategic road upgrade with specific requirements to preserve the Cotswold landscape. It was an opportunity to understand our impact from this project in the areas of social value, community and environment. The Board also learnt that it was a testing ground for an award-winning

innovation, biochar, that helps reduce our environmental impact through resource efficiency (see more information on page 42).

The Board received an update on the digital transformation programme within the Transportation business and how it is supporting customers, creating efficiencies and helping work winning.

#### Infrastructure that matters

### Board site visit to the Watford Riverwell project and business presentation from the Property team

The Board visited the Watford Riverwell project in July 2024. It gained first-hand experience of this flagship project, which is a 50-50 joint venture with Watford Borough Council.

The Property senior leadership team gave the Board an in-depth presentation covering:

- the strategic aims and objectives of the partnership
- the risks
- the financial investments and returns
- the working relationship with the joint venture partner ensuring success for the project

A representative from the joint venture partner also attended the meeting to share their perspective which the Board found invaluable. One key outcome of this visit was that the Board had a deeper dive into this exemplary project and how the Property business supports the achievement of our strategy.

## Corporate governance continued

### Conflicts of interest

The Board has a number of measures in place to manage conflicts of interest, so as to ensure that the influence of third parties does not compromise or override its judgement. For example, the Board's agreement is required before a Director may accept any additional board commitments, whether paid or unpaid, so as to ensure that potential conflicts of interest are identified at an early stage and that the relevant Director will continue to be able to dedicate sufficient time to the Group.

During the year, the Board considered all of Anne Baldock's current commitments before making a decision to appoint her as an Independent Non-Executive Director. In addition, the Board also considered the additional time requirement on Matthew Lester's appointment as the Chairman of another private company and Mohammed Saddiq's appointment as a Director of another private company and concluded that they will continue to have sufficient time to devote to Kier.

### Whistleblowing

In order that employees can report any matters of concern in confidence, the Group makes available an externally hosted, confidential 'Speak-Up' whistleblowing helpline, provided by Safecall.

**Safe  
call**

*A Law Debenture company*

During the year, the Board received reports on calls received via the Safecall helpline and via other means. The reports categorised the matters raised into a range of topics such as financial, HR, safety and compliance (including anti-bribery and corruption) and included how management had investigated them. In FY25 there were 47 calls made to Safecall (FY24: 30) and 12 reports received via other means, such as line management or directly to Group Compliance (FY24: 8).

There was an increase in reports in FY25, attributable to the consolidation of our internal and independently managed reporting lines, which made it more straightforward for our workforce to raise concerns, together with an associated awareness campaign to encourage the use of the external reporting channel. Utilisation of our whistleblowing channels remains above industry benchmarks and the Board and management remain highly attentive to all issues raised in this process.

No issues which were material in the context of the Group were reported to the helpline or via other means during the year. The Chairman will personally be informed of any issues raised concerning any members of the Board or senior management, even if not ordinarily qualifying as being regarded as material, noting that there were no such cases to be advised of in FY25.

### Culture

The Board recognises the important role that it plays in assessing and monitoring the Group's culture, so as to ensure that policy, practices and behaviours throughout the Group are aligned with its purpose, values and strategy. Our culture programme with a framework of nine healthy behaviours aligns to our values and forms the foundation of our culture.

> **Further information** about this programme and how we embed culture throughout the Group is explained in the People report from page 44

The reports to the Board (via People updates or in other reports such as the Chief Executive's reports) included matters relating to culture such as:

- employee surveys
- attrition rates
- whistleblowing and 'Speak-Up' data
- health and safety data
- Board interaction with senior management and workforce
- compliance, including the annual review of key policies
- information from the internal audit team on the impact of policies and processes



**Nordis Signs, Northamptonshire**

Ms Hassall engaging with our people during her site visit.

The Board carefully considered the above matters, plus a range of initiatives, and concluded that the culture at Kier is supportive of our purpose and values and an enabler of sustainable growth. This was supported by the direct interactions the Non-Executive Directors had when undertaking their engagement visits.

> **See Engaging with our people** on page 80 for more information

**"I have been struck by our supportive culture where we take care of our people and have a real community focus."**

**Margaret Hassall**

Chair of our Remuneration Committee



## Corporate governance continued

### Our stakeholders

We engage with a wide range of stakeholders, all of whom are essential in enabling us to do business, thereby ensuring long-term success for Kier. We connect with stakeholders in lots of different ways – from virtual and in-person meetings and conferences to reviews, forums and webcasts. The Board receives regular updates on our communications with key stakeholders and uses their feedback to inform its decision making. The Board also provides feedback and constructive challenge on activities, programmes and initiatives being considered.

The tables on this and the following page describe our key stakeholders and summarise the engagement that has been undertaken across the business during the year, including by the Board. In addition, further information on the Board's engagement with our people is set out on page 80.

### Shareholders

#### Why they matter

Our shareholders are investors in and owners of our business, providing the capital we need to grow the business.

#### Key activities

- We regularly communicate with shareholders through results announcements, trading updates, our website and Annual Reports
- There is an extensive investor relations programme throughout the year including online events for retail investors
- The Chairman held a series of meetings with key shareholders during the year
- We held a Capital Markets Day to share with investors our investment case and our plan for sustainable growth, details of which are available on our website
- Our AGM provides an opportunity for all shareholders to engage with the Board

#### Outcome/impact

Our engagement activities provide opportunities for management and the Board to communicate our strategy and performance, and to listen and understand shareholders' views and concerns. This encourages investment and so enables Kier to generate long-term sustainable shareholder returns.



➤ Scan the QR code to our website for further information on our Capital Markets Day

### Customers

#### Why they matter

Listening to our customers helps us to better understand their needs and supports our work winning and the delivery of our projects.

#### Key activities

- The Chief Executive meets key customers regularly to obtain feedback and to discuss performance and opportunities
- The Board spent significant time considering the process of gathering customer feedback. Significant enhancements were made during the year
- A key customer was invited to one of our Board meetings which provided direct engagement between the parties
- The Non-Executive Directors take opportunities to meet with customers informally and as part of Visible Leadership Tours (VLTs)

#### Outcome/impact

Our engagement enabled the Board to understand the importance of continuing to meet customers' expectations (that we deliver projects on time and to budget) and provide value in order to grow our business.

### UK Government

#### Why they matter

As a strategic supplier to the UK Government, policies on infrastructure spending and investment and delivery of social and environmental benefit, all have an impact on how we operate and the potential to grow our business.

#### Key activities

- Regular engagement with the Cabinet Office
- Held the first One Government Day delivered by a construction contractor, attended by around 90 stakeholders from across 28 Government departments and agencies
- Participation in stakeholder events, workshops, round tables, site visits and official site opening ceremonies with representatives of UK Government departments, agencies and local government
- Kier plays its part in a number of industry bodies and working groups within the infrastructure services, construction and property sectors and wider business sectors

#### Outcome/impact

The engagement activities help with building strategic partnerships and ensure we invest in skills and capabilities, and can structure projects in alignment with the UK Government's priorities. It also ensures we work collaboratively across the sector, supply chain and wider business community to ensure we can support the delivery of UK growth, the drive to net zero and positive social value delivery in communities.

## Corporate governance continued

### Our people

#### Why they matter

Kier's performance depends upon our ability to attract and retain highly skilled and motivated employees.

#### Key activities

- The Board carried out site visits to engage directly with our people (see page 80 for more information)
- We held online meetings for all our people, including ExCo live, which provided the opportunity for colleagues to engage with and feed back to our Executive Committee
- We refreshed our employee network groups
- We continued to invest in learning and development programmes (see more on pages 51 to 53)
- We carried out two employee engagement surveys
- We reviewed and improved our employee policies, benefits and wellbeing initiatives (see more from page 47)

#### Outcome/impact

We continued to operate a number of programmes to keep our people safe, well connected and productive. For example, our 'You said we did' campaign that informs our employees on how management has considered their feedback and explained the actions taken to address any matters raised.

Our most recent employee engagement score of 80.5% demonstrates that our people continue to feel that they are contributing to the Group and are engaged and fulfilled in their work.

### Supply chain partners

#### Why they matter

We cannot conduct or grow our business without the products, expertise, advice and support of our suppliers.

#### Key activities

- The Board had an update from the Group Procurement function to understand its strategic plan, and the activities being undertaken to strengthen our relationships with strategic suppliers
- We introduced 360 feedback with our strategic supply chain partners, which allows us to set mutual objectives and to further align our activities
- We started communicating our results announcements and key messages with our supply chain and this was well received
- We invested in our supply chain partners' training through the Supply Chain Sustainability School

#### Outcome/impact

The Group's average payment days were 34 days (HY25: 33 days). The percentage of payments made to suppliers within 60 days was 91% (HY25: 92%).

By leveraging third-party supplier relationships we are able to be more agile which helps us meet ever-changing customer demands.

Regular engagement helps suppliers to optimise their own supply chains.

### Banks, lenders, sureties, insurers and bond holders

#### Why they matter

The services these partners provide are essential to the day-to-day operation of the Group and the success of the long-term sustainable growth plan.

#### Key activities

- We held a webcast for bond holders after each set of financial results
- We continued to undertake quarterly reviews, prepare monthly management accounts and monitor our financial position daily to ensure effective cash forecasting and working capital management
- We renewed our annual insurance programme, after a review, to ensure it meets current business activities and requirements
- We monitored covenant compliance obligations as a key control and reported compliance to lenders every six months

#### Outcome/impact

We demonstrated our commitment to generate cash from operations, strengthen the balance sheet and meet our covenant obligations, in order to benefit from continued support from our financial partners which helps us to achieve our long-term sustainable growth plan.

Kier operates to a high professional standard, protecting our insurers from unreasonable loss.

### Joint venture partners

#### Why they matter

Our joint venture partners (both from the public and private sectors) are critical in supporting Kier to effectively deliver projects, and to achieve our strategy.

#### Key activities

- A regular communication programme and meetings with joint venture partners ensure that we are delivering the agreed project outcomes
- 11 joint ventures in the Property business enable us to deploy more capital, and over time to generate returns, supporting our long-term sustainable growth

#### Outcome/impact

We are able to offer our customers the most effective project delivery solutions, particularly on complex large scale infrastructure projects.

The Group continues to successfully deliver our section of HS2 through our EKFB joint venture with Eiffage, Ferrovial and BAM.

New and long-standing joint ventures in the Property business, such as our joint venture with Cervidae to develop industrial sites and our Solum joint venture with Network Rail to build new homes and facilities around railway stations, support the achievement of our target return on capital employed of 15% and our long-term sustainable growth plan.

Risks are shared and mitigated.

## Corporate governance continued

### Engaging with our people

The Board decided not to introduce any of the three methods of workforce engagement suggested in the 2018 Code, but to develop an approach which built on the mechanism that we already had in place. Due to the nature and locations of the business and Kier's workforce comprising individuals with a wide range of skills and experiences, the Board concluded that it is more effective for each Board member to have responsibility for engaging with our people across the different sectors and locations of the business. Each Board member utilises their personal knowledge and expertise when gathering the views of our people and developing a deeper understanding of the culture within the Group to inform Board discussion and decision making.

During the financial year, the Chairman and Non-Executive Directors undertook a total of 32 employee engagement visits (FY24: 22). We structured these visits, which we call Visible Leadership Tours (VLTs), in such a way as to allow the Directors to get an overview of the project, speak directly to our employees by way of question-and-answer sessions and to provide visible leadership to the people on site. Each Board member had the opportunity to listen to employees' views on a wide range of areas, such as Kier's performance, people development programme, communication, employee reward and benefits. The VLTs also enabled the Board to look for demonstration of our nine healthy behaviours under our culture programme and how well they have been embedded. A summary of feedback was reported back to the Board. Management considered the feedback carefully and acted as appropriate. The table below sets out the discussion topics, key feedback and outcomes of the engagement.

#### Schedule of VLT discussion topics, key feedback and outcomes of Non-Executive Directors' engagement with our people

VLT discussion topics	Safety	Strategy and communications	Senior management and career progression	Pride in working for Kier	Prioritising people and respecting others
<b>Key feedback from the Non-Executive Directors' engagement</b>	Strong safety culture evident across sites, with clear signage and a safety focus at all operative levels	Enthusiasm from our people for opportunities to hear directly from leadership and to be able to openly share their views	Strong focus on good performance and engagement, leading to progression achieved safely and respectfully for our people	Our people demonstrating passion for our business and our culture through encouraging others to join the business	Positive atmospheres and collaborative working evident throughout the business and into local communities
	Evidence of the 5 SHE Basics being promoted on sites in novel ways, enhancing engagement	Good knowledge amongst our people of their projects' purpose and the goals in our strategy	Teams demonstrating an understanding of how their work contributes to the wider business, but some colleagues would welcome increased insight regarding this from management	Examples of colleagues proud to have long service or excited to have returned to the business from alternative employment	Training opportunities within the business enabling relationship-building and developing our people
	Thorough safety briefings demonstrating a strong understanding of the importance of safety on site	Our people would like more communication in areas such as positive colleague development, knowledge-sharing, lessons learned and rewards and benefits	Our people would appreciate more transparency and guidance on how to achieve career progression in certain areas of the business, which could address challenges in retaining our skilled people	Our inclusive, open and caring culture was regarded highly by our people, and is evident throughout the colleague lifecycle	Some of our people identified specific areas in which more training would be invaluable
	High standards of housekeeping and set-up across sites			IT systems led to challenges for operatives, on occasion impacting the pride that our people feel	Our people feel valued and rewarded, but that work-life balance needs to remain in focus
<b>Outcomes of the Non-Executive Directors' engagement</b>	We continued to focus on improving our PPE range for all our people's needs	We enhanced the use of internal communication channels to provide more information in the areas of importance to our people	We reviewed and enhanced our opportunities for career progression within the business	We introduced smarter IT systems to simplify platforms for better performance and scalability	We are reviewing opportunities to provide further training in areas requested by our people
	We ran campaigns to encourage our people to ensure correctly fitting PPE is used at all times	We improved onboarding and induction experiences through new induction programmes, revised welcome information, such as our offerings on rewards and benefits	We continued to develop Your Kier to help our people gain more understanding of the wider business  We improved internal recruitment services by developing relationships with hiring managers	We elevated our IT service by improving speed and reliability through intelligent automation  We empowered our people by equipping teams with digital tools and skills to innovate and excel, for example by using AI to boost insights and decision making	We continue to review our processes and procedures across the business to balance efficiency with internal controls  We introduced a Workplace Adjustments Policy to help support work-life balance



## Corporate governance continued



Capital Markets Day, London.

### Engaging with our shareholders

The Board engages with shareholders throughout the year in many different ways. The Chairman met our top shareholders during the year to hear their views on Kier's strategy, progress against our long-term sustainable growth plan, financial performance and governance matters. A summary of feedback was provided to the Board which guides its decision making and focus areas.

We operate a structured investor relations programme, based around our formal announcements and the publication of the full-year and half-year results. Following our final results announcement last year, we held a presentation aimed at retail investors. It is our intention to continue with this programme. The Board is kept regularly apprised of the investor relations programme and receives a detailed report including the specifics of investor feedback following key engagements. Our corporate brokers also attend Board meetings as required to give their perspective on institutional shareholder sentiment.

During the year, we held a Capital Markets Day, which is an important opportunity for Kier to share our vision with investors as well as setting out Kier's investment case and our plan for sustainable growth. On the day, our experienced senior management team showcased our operational excellence and integrated 360 approach. The presentations made at the Capital Markets Day are available on our website.

Details of the 2025 AGM are set out in the Notice of AGM. Shareholders may submit proxy votes and any questions either electronically or by post.

### Other capital providers

The Chief Financial Officer and Head of Group Treasury met periodically with our committed lending banks, debt investors and ratings agencies. In addition, we also held webcasts for our bond holders after our financial results announcements. Updates are provided to the Board on their feedback so as to guide its decision making when necessary.

### S172 statement

The Board recognises the importance of effective stakeholder engagement and that stakeholders' views should be considered in its decision making. We see stakeholder engagement as key to the delivery of our purpose, strategy and long-term sustainable growth plan. Although there are often competing interests and priorities involved, having an understanding of what matters to our stakeholders allows the Board to consider a wide range of factors. During the year, the Directors believe that they have acted to promote the long-term success of the Group as set out in section 172(l) (a) to (f) of the Companies Act 2006.

Examples of how the Board took account of stakeholder views and the matters set out in section 172 of the Companies Act 2006 in Board discussions and decision making are summarised below.

### Annual strategy review

Each year the Board carries out a review of the Group's strategy, in addition to reviews of the business and enabling functions throughout the year. At the Board's annual strategy day, the Directors spent time considering the steps which Kier needs to take to support our growth ambitions so that we can continue to promote the long-term sustainable success of Kier and continue to generate value for all stakeholders. These discussions focused on the long-term interests of the Group, the interests of shareholders, employees, customers, suppliers and the impact of the Group's operations on the environment and the communities we operate in. Based on feedback received from key stakeholders, the Board evolved its capital allocation policy.

### Share buyback programme

The Board announced a £20m share buyback programme on 21 January 2025 to return capital to its shareholders. Given the significant progress the Group made in FY24 in deleveraging its balance sheet and the strong cash generation and conversion, the Board believes that the Group has a strong stable and flexible balance sheet capable of supporting growth opportunities which is consistent with our evolved capital allocation policy. The Board listened to feedback from investors and brokers, and considered that it is in the interest of its shareholders to commence a share buyback programme.

### Dividend

The Board recognises the importance of dividends to shareholders and has intended to move to a sustainable dividend policy of c.3 times adjusted earnings over the cycle and in a payment ratio of approximately one-third interim dividend and two-thirds final dividend. With the significant progress of our deleveraging, the Board recommended an increased interim dividend for the six months to 31 December 2024 of 2.0p per share (FY24: 1.7p) and has proposed a final dividend of 5.2p per share (FY24: 3.5p).

As well as the cash dividend option, shareholders are offered a Dividend Reinvestment Plan (DRIP).

## Risk Management and Audit Committee report

# Enhancing risk management, internal controls and audit effectiveness



### Chairman's introduction

I am pleased to present the work of the Risk Management and Audit Committee (the RMAC or the Committee) for the year.

The role of the RMAC is to establish formal and transparent arrangements for considering how it should apply corporate reporting, risk management and internal control principles, and for maintaining an appropriate relationship with the Company's external auditors. Further details of the Committee's responsibilities are set out in the Terms of Reference which can be found on the Company's website.

The Committee updated its Terms of Reference to reflect the activities it has started undertaking during the year, such as reviewing our insurable risks and providing oversight to interactions with the Financial Reporting Council.

The Committee has put in place processes to meet the 2024 UK Corporate Governance Code (the 2024 Code) provision on risk management and internal controls which applies to the Group from 1 July 2026. These include a review of the Group's material controls, the mapping of assurance across the lines of defence

and external corporate reporting, and fraud risk reporting aligned to the principal risk format to further increase visibility and demonstrate compliance with the 2024 Code requirements.

In the last year, the Committee has reviewed all significant matters, accounting judgements and disclosures on key accounting matters for the interim and full-year results. The RMAC continues to look to PwC for constructive challenge and efficiencies in our audit. FY25 is the first year of KPMG's appointment as our internal audit co-source partner and the team is working well to support our internal audit function and provide subject matter expertise in selected areas.

The monitoring of the Group's fraud and detection processes has remained a priority for the Committee, with continued focus on reviewing cyber risk management and IT resilience.

### Looking forward

For the year ahead, the Committee will continue its focus on readiness for the 2024 Code and enhancement of the already effective control environment for fraud prevention and detection.

This, alongside a proactive response to the outcomes of the FY25 Committee evaluation, will enable the Committee to support the Group's progress through ongoing compliance and transparency.

Information on the following pages sets out in detail the composition of the Committee, its activities and its priorities for the year ahead. I hope that you will find this report useful in understanding our work.

### Clive Watson

Chairman of the Risk Management and Audit Committee

### Committee composition and meetings

In accordance with the 2018 Code recommendations, all members of the Committee are independent Non-Executive Directors and have been appointed to the Committee based on their individual financial and commercial experience.

As Chairman of the Committee, Clive Watson has recent and relevant financial experience through his previous role as a Finance Director of a listed company and his experience as Audit Committee Chairman of other listed companies.

Attendance of the members is set out on page 75. The Chairman, Chief Executive, Chief Financial Officer, Group MD, Construction (an Executive Director), Group Financial Controller, Head of Risk and Internal Audit, General Counsel and other relevant people from the Group attend when appropriate. External meeting attendees have included representatives from PwC as external auditors and KPMG as the Group's co-sourced internal audit services partner. The secretary of the Committee is the Company Secretary.

**"The Committee has put in place processes to meet the 2024 UK Corporate Governance Code provision on risk management and internal controls which applies to the Group from 1 July 2026."**

### Clive Watson

Chairman of the Risk Management and Audit Committee

## Risk Management and Audit Committee report continued

Outside of the formal meetings, the Chairman of the Committee held discussions with members of management (including the Chief Financial Officer, the Group Financial Controller and the Head of Risk and Internal Audit) and with PwC without management present. PwC and the Head of Risk and Internal Audit also met privately with the independent Non-Executive Directors during the year. No concerns were raised regarding matters discussed in these private meetings in respect of FY25.

### Annual evaluation

This year's evaluation was performed by way of a questionnaire and feedback was requested from Committee members and regular attendees. The questionnaire sought input on a range of matters including effective oversight of targets and objectives, and quality of discussion and papers. The outcome of this evaluation concluded that the Committee remains effective, and identified areas of focus and priorities for next year, such as the developing cyber risk landscape, AI risks and opportunities, and a more detailed examination of the principal risks and uncertainties.

### Risk management and internal control framework

The Board has ultimate responsibility for the Group's risk management and internal control framework (the Framework) to identify, manage and monitor risks. The Board has delegated the responsibility for overseeing management's implementation of these systems to the RMAC.

The Head of Risk and Internal Audit reports to the Committee on strategic risk issues and oversees the Framework. The Group Risk Committee, chaired by the General Counsel, provides executive management leadership and oversight of the Framework, whilst acting as the link between the Committee and the business in relation to the management of risk.

Information on how the Group identifies, manages and monitors risks, including a description of the principal aspects of the Framework, is set out from page 60.

As the Group's risk management and internal control processes mature, the Committee will continue to review the adequacy and effectiveness of the Framework. In particular, the RMAC has overseen the development of an Audit and Assurance Policy and assurance in readiness for the 2024 Code provisions on risk management and internal control which take effect from 1 July 2026.

### Annual review of the effectiveness of the systems of risk management and internal control

The Board conducted its formal annual review of the effectiveness of the Group's systems of risk management and internal control following management's assessment of the key elements of these systems, in line with the related 2018 UK Corporate Governance Code provision. The review in respect of FY25 covered existing risk management practice and processes; risk appetite and culture; consideration of the review of the operation of the three lines of defence; the Operating Framework and its policies, minimum standards and procedures in relation to managing technical, commercial, legal and financial risks; compliance controls;

and financial monitoring, reporting and internal control processes. It was concluded that there were no material breakdowns or weaknesses identified in the Group's risk management and internal control systems.

### Fraud prevention and detection processes

With the implementation of the Economic Crime and Corporate Transparency Act 2023 (ECCTA), work has been ongoing throughout FY25 to review our control environment and to respond to the 'failure to prevent fraud' offence under the ECCTA. The Committee has received regular updates on the key workstreams that have been set up to ensure that the Group is compliant with this requirement.

As a Group, we believe that we have an effective control environment to prevent financial misstatement or manipulation of our financial systems. We manage the risk of fraud in terms of prevention, deterrence and detection. Our people undertake training on our Code of Conduct, which sets clear expectations of honesty and integrity for every employee at all levels within the Group.

### Financial reporting

The Group has clear policies and procedures which are designed to ensure the reliability and accuracy of financial reporting, including the process for preparing the Group's interim and annual financial statements. The Group's financial reporting policies and procedures cover financial planning and reporting, the preparation of financial information, and the monitoring and control of capital expenditure. The Group's financial statements preparation process includes reviews at business division and Group levels. The Committee reviewed the

accounting judgements, assumptions and estimates as set out in the RMAC papers prepared by management and determined, with external auditor input, the appropriateness of these assumptions and estimates. The significant issues considered by the Committee in relation to this year's financial statements are listed on page 85.

### Internal audit

During the year, the Committee approved the FY25 internal audit plan and monitored progress, including the work of KPMG as co-source partner. Before each internal audit, the scope of the audit, timetable and resources required were agreed with management. Updates were provided to management and the Committee on the status of ongoing audits at RMAC meetings during the year.

The FY25 internal audits undertaken reflected the size of the Group and covered a wide range of areas that included, but were not limited to:

- Contract management
- Group Delegated Authorities
- Operating Framework and Operating Assurance Statement
- Compliance policies
- Financial systems
- Cyber security and IT resilience
- Health and safety
- Sustainability
- Recruitment and onboarding
- Published non-financial information metrics



## Risk Management and Audit Committee report continued

### Group's financial reporting calendar to RMAC

#### September

- Management updates the Committee on the key accounting issues and judgements for approval by the Committee and for recommendation to the Board in respect of the full-year results
- External auditors present the findings of their audit, together with their auditors' report, and provide confirmation of their independence
- The Committee considers and makes a recommendation to the Board on whether the annual report and financial statements are fair, balanced and understandable
- The Committee considers the proposed reappointment of the external auditors at the AGM

#### December

- Management updates the Committee on the outcome of the external auditors' effectiveness review
- The Committee considers the interim financial statements review plan
- The Committee considers the auditors' engagement letter in respect of the interim financial statements

#### July

- Management provides the Committee with an overview of the key accounting issues and judgements in respect of the full-year results
- The Committee receives an update on the audit strategy, plan and fee
- The Committee reviews the Non-audit services policy
- The Committee reviews the Adjusting items policy
- The Committee considers the Group tax strategy for recommendation to the Board

#### March

- Management updates the Committee on the key accounting issues and judgements for approval by the Committee and for recommendation to the Board in respect of the interim financial statements
- Management presents the interim financial statements
- External auditors present their interim review memorandum, together with their external auditors' report, and confirmation of their independence
- The Committee review the external auditors' independence
- The Committee considers the full-year audit strategy, plan, fee and engagement letter

Results from these audits were discussed and noted by the Committee, together with the follow-up actions taken by management. Overall, the results of audits completed in the period demonstrate Kier's continued commitment to improving an already strong control environment.

The Committee received, considered and approved the annual internal audit plan for FY26 which has taken into account the continually increased maturity of the Group's risk management processes and control environment. Overall, the FY26 internal audit plan aligns to our principal risks and uncertainties. The areas for audit are selected on a risk and rotational basis, with rotational audits typically on a three-year cycle, unless there are significant changes to a business division or process.

The co-source partner continues to carry out or support internal audits where subject matter expertise is required (for example, cyber security and sustainability). The co-source partner also provides back-up in the event of a shortage of in-house resource. On this basis, the Committee confirmed that the internal audit function had sufficient experienced resources to deliver the plan.

#### Internal audit function effectiveness

The RMAC Terms of Reference state, in relation to internal audit, that the Committee will, inter alia, monitor, assess and annually review the effectiveness of the internal audit function. The Committee commissioned an External Quality Assessment (EQA) of the internal audit function in FY24. This was carried out by KPMG internal audit specialists with the results of the EQA discussed at the July 2024 Committee meeting. Based on the results, the internal audit function has developed a Quality Assurance and

Improvement Programme (QAIP) to further enhance the function's effectiveness. The Committee will monitor progress of the actions including a specific focus on the use of digital technology and data analytics.

#### External audit

##### FY25 audit

The Committee has taken the following key steps in overseeing the FY25 PwC external audit:

- Reviewed the PwC FY25 audit plan, resources and audit risk assessments
- Agreed the materiality level for the audit
- Reviewed and agreed the timetable for the FY25 Annual Report and audit plans for the Group and specific business divisions, including the key areas of focus
- Agreed and approved the FY25 audit fee
- Discussed and reviewed the going concern and viability statements
- Discussed and reviewed the audit findings, significant issues and other accounting judgements
- Approved the management representation letter, following a review by management, and noted PwC's independence

## Risk Management and Audit Committee report continued

### External auditor effectiveness and audit quality

The 2018 Code requires the RMAC to undertake an annual assessment of the effectiveness of the external audit. This was performed through the use of a questionnaire which was issued to key stakeholders, including members of the Committee and those involved in the FY24 audit.

The review and qualitative assessment focused on feedback and insights, planning and communication, and the quality and experience of the audit team. The Committee considered the feedback received and its wider knowledge and concluded that the external audit process for FY24 was effective and that PwC provided an appropriate independent challenge to management. The feedback received was used for continuous improvement in respect of the FY25 audit.

The Committee will formally assess PwC's performance in relation to the FY25 audit following its completion.

### Significant matters and accounting judgements relating to the financial statements

The Committee reviewed the following significant matters and other accounting judgements relating to the FY25 financial statements. These included:

<b>Contract accounting</b>	<p>The Group has significant long-term contracts in the Infrastructure Services and Construction businesses. Accounting for long-term contracts has continued to be a key area of focus for the FY25 audit.</p> <p>An assessment of the likely profit on long-term contracts requires significant judgement because of the inherent uncertainty in preparing estimates of the forecast costs and revenue. Recoverability of work-in-progress on long-term contracts involves significant estimates, including an estimate of the end-of-life outcome of the projects.</p> <p>In relation to FY25, management's assessments of the forecast costs of, and revenues from, certain of the Group's long-term contracts were reviewed and the Committee discussed PwC's audit of management's assessment of the performance of certain of the Group's contracts so as to satisfy itself as to the positions taken in the FY25 financial statements.</p>
<b>Presentation of the Group's financial performance</b>	<p>As stated in the accounting policy, the Group uses alternative performance measures (APMs) which are consistent with the measures used by management to assess the Group's financial performance and aid the understanding of the performance of the Group.</p> <p>The Committee (i) reviewed the policy wording during the year and confirmed its ongoing application, (ii) reviewed the individual items excluded from the adjusting operating profit, and (iii) agreed the classification of, and disclosures relating to, the adjusting items presented in the FY25 financial statements, ensuring that the APMs are presented with equal or lesser prominence than statutory figures and on a consistent basis year-on-year.</p>
<b>Going concern/viability statement</b>	<p>In conjunction with PwC, the Committee reviewed and assessed the work undertaken to support the adoption of the going concern basis for the FY25 financial statements and the viability statement, which included an assessment of continued bank covenant compliance throughout the review period.</p> <p>In particular, the Committee and the Board reviewed the Group's cash flow forecasts over the period ending 31 December 2026 in assessing the going concern basis, and over a period of three years from 30 June 2025 for the viability statement, which are included in the Group's three-year strategic plan together with the assumptions on which such forecasts are based. The Committee also considered the stress-testing of these forecasts for severe but plausible downside scenarios that could have an impact on the Group and the availability of mitigating actions, as required, in the event that such scenarios occurred.</p> <p>For further information on the work to support the going concern basis of preparation for the FY25 financial statements, please see 'Going concern' on page 29 and further information on the work to support the viability statement can also be found on page 29.</p>
<b>Carrying value of investments in Kier Limited and recoverability of balances owed by subsidiary undertakings</b>	<p>In light of the carrying value of the Company's investment in its principal operating subsidiary, Kier Limited, and the carrying value of balances owed by subsidiary undertakings, relative to the Company's market capitalisation, the carrying value of these balances was identified as a key area of focus for the FY25 audit.</p> <p>Following management's review, with which PwC concurred, the Committee concluded that no impairment was required against either the carrying value of the investment held by the Company in Kier Limited or the balances owed by subsidiary undertakings.</p>
<b>Retirement benefit obligations</b>	<p>The Group operates a number of defined benefit pension schemes.</p> <p>The Committee reviewed the assumptions made by management in determining the defined benefit surplus at 30 June 2025. This included considering the advice from independent qualified actuaries and the views of PwC's pension specialists. The Committee concluded that the assumptions were appropriate.</p>

## Risk Management and Audit Committee report continued

### Provision of non-audit services

During the year, PwC provided certain non-audit services to the Group. The Committee monitors these services to ensure that the associated fees are not of a level that would affect PwC's independence and objectivity. The Chief Financial Officer has authority to approve up to £50,000 on individual assignments. For non-audit fees above £50,000, these must be approved in advance by the Committee. If approval is required urgently, this may be provided by the Chairman of the Committee with subsequent reporting of the approval to the Committee. The Committee reviewed the Non-audit fee policy for PwC as the external auditors during the year and confirmed it remained appropriate.

The Company's Non-audit services policy reflects the FRC's revised Ethical Standard for Auditors (2024). The policy provides that the Committee expects that the level of non-audit fees in any one financial year will not exceed 15% of the audit fees payable in relation to the previous year. The Committee may approve non-audit fees in excess of this figure, up to 70% of the average of audit fees paid in the previous three years, subject to the Committee being satisfied that (i) there is clear evidence that the auditors' skills and experience make them the most appropriate firm to provide the relevant services and (ii) the auditors' independence and objectivity would not be compromised by the appointment.

The total non-audit fees paid to PwC in FY25 were £194,000 (FY24: £430,000). These non-audit fees related to PwC's work in relation to their review of the Group's FY25

interim results and subscription to its financial reporting and assurance information service. The total non-audit fees subject to the FRC's 70% non-audit fee cap, which excluded amounts attributable to public reporting workstreams required by legislation, was £194,000. This represented 6% of the average audit fees over the previous three years.

### External auditor independence

The Committee concluded that PwC's independence and objectivity were not compromised by the provision of these services. As part of the FY25 audit, PwC confirmed that it was independent within the meaning of applicable regulatory and professional requirements. Taking this into account and having considered the steps taken by PwC to preserve its independence, the Committee concluded that PwC continues to demonstrate appropriate independence and objectivity. A resolution to re-appoint PwC as the external auditors will be proposed at the 2025 Annual General Meeting.

### Tenure

PwC was originally appointed as our external auditors in 2014, for the financial year ended 30 June 2015. Following a formal tender process in 2023, PwC was reappointed as our external auditors at the 2023 AGM. Darryl Phillips was appointed as the audit partner from FY24. The Committee confirms that the Company has complied with regard to the requirements of the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

### Annual Report and Accounts 2025 (the Annual Report) – fair, balanced and understandable statement

The Board and Committee discussed the 'fair, balanced and understandable' statement and the work undertaken to support it, which included:

Who	How assurance was provided
<b>Annual Report working group</b>	<p>The working group comprised individuals involved in the drafting of the Annual Report.</p> <p>Material disclosure items were discussed by the working group.</p> <p>The working group members reviewed the sections drafted by them in light of the 'fair, balanced and understandable' requirement.</p>
<b>Key contributors to the Annual Report</b>	<p>Certain key contributors to sections of the Annual Report (for example, the Group Managing Directors and Finance Directors of our business divisions) were asked to confirm the accuracy of the information provided.</p>
<b>External review</b>	<p>Ellason, the Remuneration Committee's independent adviser, reviewed the Directors' Remuneration report.</p> <p>Energise, our climate consultant, supported us with our climate-related reporting, including TCFD.</p> <p>These external reviews were undertaken to enhance the quality of our reporting.</p> <p>Feedback was provided by PwC on the overall Annual Report.</p>
<b>The Committee and the Board</b>	<p>Drafts of the Annual Report were circulated individually to Board members, the Committee and the full Board for review.</p>

The Directors consider that this Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.



## Championing future talent and a diverse pipeline



**“The Committee was pleased to announce the appointment of Anne Baldock with effect from 1 July 2025. We have met all the UK Listing Rules targets.”**

**Matthew Lester**  
Chairman of the Nomination Committee

### Chairman’s introduction

I am pleased to report the work of the Nomination Committee (the Committee) for the year. The key role of the Committee is to provide a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to maintain an effective succession plan for the Board and senior management and to oversee the development of a diverse pipeline for succession to these bodies. Further details of the Committee’s responsibilities are set out in its Terms of Reference which can be found on the Company’s website.

The members of the Committee comprise all the Non-Executive Directors and the Chief Executive. Anne Baldock joined the Committee on 1 July 2025 when she was appointed to the Board as a Non-Executive Director. Further information on Anne’s skills and experience are provided in her biography on page 73 and details of the selection process we followed and our approach to Board and senior leadership succession are provided later in this report.

Following Anne Baldock’s appointment, we have met the UK Listing Rules target of 40% women on the Board. The other two targets have also been met with Chris Browne acting as our Senior Independent Director and Mohammed Saddiq appointed as a Non-Executive Director.

We have also announced the retirement of our Chief Executive, Andrew Davies, with effect from 31 October 2025, and the appointment from 1 November 2025 of Stuart Togwell, currently Group Managing Director (GMD) Construction and an Executive Director, as Andrew’s successor. The Committee was supported by Lygon Group<sup>1</sup> for this search. For the coming year, the Committee will focus on overseeing the transition of Stuart to Chief Executive and his replacement as GMD Construction.

The attendance of Committee members is set out on page 75. The Chief People Officer also attended the Committee’s meetings during the year by invitation. The secretary of the Committee is the Company Secretary.

The following pages explain the work of the Committee during the year and provide more details of how the Committee fulfils its role and responsibilities. The Committee will continue its focus on maintaining an effective succession plan for the Board and senior management and overseeing the development of a diverse pipeline.

**Matthew Lester**  
Chairman of the Nomination Committee

### Succession planning

The Committee is responsible for effective and orderly succession planning for the Board and senior management. It monitors the tenure of Directors to ensure that it plans sufficiently in advance of retirements from the Board to ensure orderly succession of Non-Executive Directors. All the Directors stand for election or re-election at our Annual General Meeting.

Along with considering Board succession, the Committee oversees the development of a strong pipeline of diverse and talented individuals below Board level. It regularly reviews the quality of the senior management team as it recognises the importance of creating and developing a suitably talented, diverse pipeline of leaders ready to serve as the next generation of Executive Directors and senior management.

The Chief Executive, supported by the Chief People Officer, presents to the Committee on senior management succession planning and the talent development programme for the wider workforce. For Executive Directors and for roles in senior management, plans are in place for both sudden, unforeseen absences, and for longer-term succession. These form the basis of development plans for our most talented people and will ensure that, looking forward, we have the right people to deliver our strategy.

We encourage regular contact between senior management and the Board. This may be by way of presentations to the Board, joint Visible Leadership Tours or one-to-one sessions with Non-Executive Directors to discuss a specific issue.

1. Lygon Group has no other connection with Kier or any individual Directors and it is a signatory of the Voluntary Code of Conduct of Executive Search Firms.

## Nomination Committee report continued

Direct reports to the Executive Committee that are women (FY24: 47%)

# 46%

Total workforce that are women (FY24: 25%)

# 25%

### Diversity and Inclusion Policy

The Board recognises the benefit and value of diversity in its broadest sense and believes that having a workforce and leadership that reflect the communities Kier supports is integral to our culture. The Chairman leads the Board diversity agenda and aims to continuously improve diversity generally, including the gender, ethnic and cognitive balance, which ultimately leads to more constructive discussion and effective decision making.

The People report sets out the progress against our Diversity and Inclusion roadmap, and the programmes and initiatives that Kier is implementing. The Nomination Committee continues to focus on diversity matters for the Board and its sub-Committees, the Executive Committee and senior management.

Kier was placed first in the Construction and Materials sector and 23rd overall for the FTSE 250 in the latest FTSE Women Leaders Review.

The Board Diversity Policy, which is available on the Company's website, has been implemented throughout the search and appointment process for new Directors. Search firms are instructed to take diversity into account when compiling a shortlist of candidates to put forward for consideration and diversity will be considered by the Committee during the interview and selection process. In the final selection decision, all Board appointments are made on the basis of merit and relevant experience, against the criteria identified by the Committee, with regard to the benefits of diversity in the widest sense.



> Find out more about our Board Diversity Policy

### UK Listing Rules and Disclosure Guidance and Transparency Rules

As at 30 June 2025, 33% of the Board and 30% of executive management are women. There is one Board member and one member of executive management each from an ethnic minority background. Executive management is defined as the members of the Executive Committee including the Company Secretary.

Following the appointment of Anne Baldock with effect from 1 July 2025, we have met the UK Listing Rules target of 40% women on the Board. The other two targets have also been met with Chris Browne acting as our Senior Independent Director and Mohammed Saddiq as a Non-Executive Director.

### Gender

#### Reporting table on sex/gender representation as at 30 June 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management <sup>1</sup>	Percentage in executive management <sup>1</sup>
Female (including those self-identifying as female)	3 <sup>2</sup>	33% <sup>2</sup>	1	3	30%
Male (including those self-identifying as male)	6	67%	3	7	70%
Not specified/prefer not to say	–	–	–	–	–

- Executive management is defined as members of our Executive Committee including the Company Secretary.
- Following the appointment of Anne Baldock as a Non-Executive Director on 1 July 2025, there will be four female Board members (40%).

### Ethnicity

#### Reporting table on ethnicity representation as at 30 June 2025

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, CFO and SID)	Number in executive management <sup>1</sup>	Percentage in executive management <sup>1</sup>
White British or other White (including minority White groups)	8	89%	4	9	90%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	11%	–	1	10%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

- Executive management is defined as members of our Executive Committee including the Company Secretary.

The Company collects the above data used for the purposes of making this disclosure from Directors on a voluntary basis. The data of our Non-Executive Directors is captured via questionnaire and data of our executive management is captured via the Company's internal HR system on a voluntary basis.

## Nomination Committee report continued

### Appointment process of Anne Baldock as a Non-Executive Director

The Chairman led the search together with support from the Chief People Officer, the General Counsel and the Company Secretary. Below is a summary of the process, the outcome of which culminated in the recommendation to the Board to approve the appointment of Anne Baldock as a Non-Executive Director. Her biography can be found on page 73.

#### Role requirements

A set of objective criteria for the role, including the skills, experience, in particular from relevant sectors of the construction and infrastructure market in which Kier operates, and attributes required was prepared. An expanded Board skills matrix was utilised for this search with the aim of enhancing the skills and experience of the Board.



#### Candidate search

Russell Reynolds was then instructed to facilitate the search and identify a diverse longlist of potential candidates. Russell Reynolds has no other connection with Kier or any individual Directors and it is a signatory of the Voluntary Code of Conduct of Executive Search Firms.



#### Interview process

A shortlist of candidates was selected who undertook an interview process with a combination of the Chairman, the Senior Independent Director, a Non-Executive Director, all the Executive Directors and the Chief People Officer. The interviewees provided feedback to the Chairman.



#### Approval

Due diligence, conflict checks and references were also carried out. Time commitments of the candidates were also considered so as to ensure the candidates would have sufficient time to devote to Kier. The Nomination Committee recommended its preferred candidate to the Board for approval. The Company Secretary was then tasked with the formalities.

### Induction process

The Company Secretary devised an induction programme in consultation with the Chairman and Chief Executive to assist Anne in becoming effective in her role as quickly as possible after her appointment on 1 July 2025. The programme is built around a series of meetings with the Board, the Executive Committee, the Company Secretary and members of senior management (for example, the Group Financial Controller, Head of Risk and Internal Control, Head of Group Treasury, Corporate Development Director, Group IT Director and Group Health, Safety & Wellbeing Director), as well as site visits to understand our business operations.

Anne received tailored training from external legal advisers on the legal and regulatory framework of a director of a listed company.

Board and Committee papers, the Committee Terms of Reference, the paper presented at the Board's annual strategy review day and the Capital Markets Day presentations, together with internal corporate policies, such as the Code of Conduct and Operating Framework, were made available on the Board portal for Anne to read before her first Board meeting.

Her induction programme will continue as we progress during FY26 and she will be expected to complete online training on Kier's Code of Conduct, Inside Information Policy and Share Dealing Code.

### Annual evaluation

Following the outcome of last year's effectiveness review, the Committee refreshed its Board skills matrix and used that as a starting point for the search for an additional Non-Executive Director. This resulted in the recommendation to appoint Anne Baldock.

This year's evaluation was performed by way of a questionnaire and feedback was requested from Committee members and regular attendees. The questionnaire sought input on a range of matters including the effective oversight of succession planning for Board and Executive Committee members and the appointment process. The outcome of this evaluation concluded that the Committee remains effective, and that it will continue to focus on succession planning and diversity across all levels.

The Senior Independent Director led the review of the performance of the Chairman which included getting feedback from the Board. The outcome of the review was reported to the Chairman.



## Environmental, Social and Governance Committee report

# Progressing safety, environmental and social sustainability



### Chair's introduction

I am pleased to set out the work of the Environmental, Social and Governance Committee (the Committee) for the year. The key role of the Committee is to oversee the strategy for environmental, social and governance (ESG) matters, including the implementation of that strategy by management, to review the Group's exposure to ESG risks and to monitor performance against ESG targets. Further details of the Committee's responsibilities are set out in the Terms of Reference which can be found on the Company's website.

The members of the Committee comprise all the Non-Executive Directors. Attendance of the members is set out on page 75. The Chairman, Chief Executive, Chief Financial Officer, Group MD Construction (with effect from his appointment as an Executive Director on 1 October 2024), Chief People Officer, General Counsel and Group Health, Safety & Wellbeing Director also attended the Committee's meetings during the year by invitation. The secretary of the Committee is the Company Secretary.

**"As a Committee, we have maintained focus on health, safety and wellbeing, seeking to treat these aspects holistically to strengthen our overall safety performance."**

#### Alison Atkinson

Chair of the Environmental, Social and Governance Committee

### Health, safety and wellbeing

There has been continued focus on our safety performance. The Group's 12-monthly rolling Accident Incident Rate of 115 represents a decrease of 25.8% compared to 155 in FY24. It equates to 32 RIDDOR reportable incidents in FY25 compared to 41 in FY24. As a Committee, we have maintained focus on health, safety and wellbeing, seeking to treat these aspects holistically to strengthen our overall safety performance. We received updates on the actions taken by management to strengthen our safety performance, such as: embedding our culture and behavioural safety programmes; the work undertaken by the Incident Review Boards to understand the root causes of incidents, and to implement actions and learnings to prevent recurrence; the roll out of training programmes for operational supervisors; and the continuation of the Safety, Health and Environment Management System simplification. Other safety indicators, such as observation rates and Lost-time Injury Frequency Rate are also monitored to provide visibility of our safety performance for a full range of incidents. More information on our health, safety and wellbeing performance is set out in the People report.

The Board, which includes all members of the Committee, had an update on health and safety legislation, key risks in the sector and enforcement trends from an external legal counsel during the year.

We invest in our people's health and wellbeing to ensure they feel safe, energised, valued and supported at work, which, in turn, drives strong business performance, including our safety performance. The Committee received updates on activities designed to strengthen support, such as our trained communities of mental health first aiders and wellbeing champions.

We continued to advocate for flexible working to support our people to manage their work/life balance. Moving through May is another key Kier annual event whereby our people get active by walking, cycling and running to raise money for the Kier Foundation. Further information on Moving through May and our wellbeing programmes is given in the People report.

### Building for a Sustainable World

During the year, the Committee approved the milestone plan for nature following a nature and biodiversity materiality exercise that is aligned to the Taskforce on Nature-related Financial Disclosure LEAP methodology. As a major construction business, we understand our responsibility to protect, restore and enhance habitats and biodiversity across our value chain. Our strategy, the risks and opportunities, metrics and targets to manage nature are summarised in our Climate & Nature report, which is available on our website.



**> Go online to read our Climate & Nature report**

The Committee received updates on the progress against our sustainability-related milestone plans and targets for climate action, resource efficiency, ethical labour, social impact and social mobility, all of which are on track. Our carbon targets are validated by the Science Based Targets initiative (SBTi) and the British Standards Institution provides assurance for our reported carbon footprint using the ISO 14064-1 standard, as well as for selected sustainability metrics.

## Environmental, Social and Governance Committee report continued

Details on the scope of our assurance can be found on page 32. We are pleased with our progress to reduce our Scope 1 and 2 emissions, which decreased by 4.3% (FY24: 9%).

Scope 3 emissions decreased by 13% (FY24: 13%). More information on projects implemented to manage our carbon footprint, such as the use of hydrotreated vegetable oil, and to build climate resilience are detailed in the Sustainability report.

Our resource efficiency milestone plan recognises the importance of transitioning to more sustainable materials and applying circular economy principles where practicable, in particular reuse and prevention, to the construction sector. Key deliverables have included a continued focus on the application of modern methods of construction, the use of innovative materials and processes, and enhanced data collation systems to better track progress and focus action. This year our waste generation was 16.3 tonnes/£1m revenue (FY24: 16.8 tonnes/£1m).

The Committee also received updates on how Kier is supporting its clients, including the UK Government and regulated companies, to meet their decarbonisation and climate adaptation priorities. We do this by delivering buildings which are net zero in operation, and infrastructure which is resilient to the impacts of climate change. At our recent Capital Markets Day, we showcased our projects and capabilities in these areas, to deepen our investors' understanding of the leading role we are playing in our industry in addressing the impact of climate change and leaving a positive lasting legacy in the communities in which we operate.

Social mobility is important in work winning and to address the skills shortage in our industry. Data collection was key during the year, which enabled us to devise a strategy and action plan going forward. The Committee approved the milestone plan for social mobility, which includes actions to strengthen our apprenticeship offering, as well as inclusive recruitment practices, which deliver social mobility outcomes and are managed as part of the wider People strategy. Details of our work in this area can be found in the Sustainability and People reports.

As a strategic supplier to the UK Government, we are committed to tackling modern slavery in government supply chains. Following a gap analysis in our current approach, processes and systems, we have developed an ethical labour strategy and an action plan to strengthen our processes, which focuses on risk assessments, audits, training and awareness. We are working with our supply chain partners to deliver the plan. In parallel, we are developing a standard on how we would carry out audits of our supply chain in partnership with our audit peers.

For LTIP and bonus awards to be granted in FY26, the Committee has continued to recommend the same carbon reduction target, aligned with the SBTi (for LTIP awards) and the same safety targets (for bonus awards) as for FY25.

For more information on our work on the Building for a Sustainable World framework, progress against our targets and how we create social value, please see pages 30 to 44.

### Governance

In addition to the usual updates on activities to ensure compliance with corporate policies, and as reported last year, we performed a review of the effectiveness of the implementation of major corporate policies, with support from external advisers as appropriate. The purpose of this review was to ensure the implementation, which is in the second year of a three-year programme, is 'fit for purpose'. During the year, the outcome of the review of Kier's Anti-Fraud Policy was reported. It was concluded that the policy and its implementation remained effective with some recommendations to improve their effectiveness, such as providing some examples that are relevant to the roles of the operatives. Following the update the Board received on the measures planned by the Company to ensure compliance with the Economic Crime and Corporate Transparency Act, the Committee will review progress of implementation over the coming year. An assessment of the understanding of our employees on Competition Law was also performed. The risk assessment found that our control environment was well balanced, and the risks and controls were adequately understood by the business and functions.

The Committee has continued its focus on ESG reporting by way of improving consistency and quality of data across each of the business divisions. The ESG reporting manual, which sets out the standards and principles for ESG reporting across Kier to support our disclosures, has continued to mature. As mentioned last year, the transition to Rio AI, an enterprise environmental data platform, has now completed. This is supporting Kier to streamline and enhance the interrogation and reporting of environmental performance across our business.

### ESG performance ratings

Our approach to external agencies' rating of our ESG performance was also reviewed to ensure we disclose relevant, key information to our stakeholders. The scores from the agencies inform our approach to strengthening our management of ESG risks and opportunities and enable us to develop an improvement plan for our disclosures in future reporting years. A high-level summary of our ESG performance reported by external rating agencies during FY25 is available on our website.

### Annual evaluation

This year's evaluation was performed by way of a questionnaire and feedback was requested from Committee members and regular attendees. The questionnaire sought input on a range of matters including effective oversight of targets and objectives, quality of discussion and papers. The outcome of this evaluation concluded that the Committee remains effective, and identified areas of focus for next year, such as getting an external expert to update the Committee on market trends and best practice.

### Looking forward

Our safety performance is our licence to operate, and the Committee will continue to monitor and challenge its management, as part of our commitment to remain at the forefront of our industry in this area. Maintaining focus on our ESG performance and monitoring progress against the milestone plans as described above will ensure Kier builds a resilient environment and community and achieves long-term sustainable success.

**Alison Atkinson**  
Chair of the Environmental,  
Social and Governance Committee

## Directors' Remuneration report

# Aligning pay with our long-term sustainable growth plan



### Chair's introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration report which is divided into three principal sections:

- my annual statement, which summarises the activities and decisions of the Remuneration Committee (the Committee) during the year
- the annual report on remuneration, which provides details of the remuneration paid to the Board in FY25 and to be paid in FY26
- a summary of the Directors' Remuneration Policy (the Policy) which was approved at the 2023 AGM.

### Business and strategic context

As set out in this Annual Report, the Group has delivered another year of strong revenue and operating profit growth with material debt reduction. Performance highlights included:

- A year-end order book of £11bn (£10.8bn in FY24)
- Adjusted operating profit (AOP) of £159.1m (£150.2m in FY24)
- A year-end net cash position of £204.1m (£167.2m in FY24)

- Average month-end net debt of £(49.2)m (£(116.1)m in FY24)
- Operating free cash flow of £199.2m (£217.1m in FY24)
- Adjusted earnings per share (EPS) of 21.6p (20.6p in FY24)

The Committee continued to monitor progress towards the long-term sustainable growth plan (see below) and is comfortable that our incentive structures remain aligned with the Group's strategy.

Long-term sustainable growth plan	Progress to date
Revenue: GDP + growth through the cycle	<ul style="list-style-type: none"> <li>• FY25: Annual revenue of £4.1bn</li> <li>• FY24: £4.0bn</li> </ul>
Adjusted operating profit margin: c.4–4.5%	<ul style="list-style-type: none"> <li>• FY25: Margin of 3.9%</li> <li>• FY24: 3.8%</li> </ul>
Cash conversion of operating profit: c.90%	<ul style="list-style-type: none"> <li>• FY25: Adjusted free cash flow conversion: 125%</li> <li>• FY24: 145%</li> </ul>
Balance sheet: Average month-end net cash with investment of surplus cash	<ul style="list-style-type: none"> <li>• FY25: Average month-end net debt £(49.2)m</li> <li>• FY24: £(116.1)m</li> </ul>
Sustainable dividend policy: c.3x earnings cover through the cycle	<ul style="list-style-type: none"> <li>• A dividend of 7.2p per share being paid for FY25</li> </ul>

### Shareholder experience

For FY25, the dividend has increased with an interim payment of 2.0p per share in June 2025 and a final dividend of 5.2p to be paid in December, subject to approval at the 2025 AGM.

A £20m share buyback programme (the buyback programme) was announced in January 2025 and the Group's share price has increased significantly from 132p at the end of FY24 to 209p at the end of FY25.

The Committee ensures that remuneration and incentive structures align Executive Directors' (Executives) interests with those of shareholders. Metrics are directly linked to the Group's strategic priorities and targets are set with significant stretch to drive short and long-term performance.

### Employee experience

The Group continued to review and make improvements to employee benefits and wellbeing initiatives with a new neonatal care leave policy above the statutory level introduced during the year. The planned levelling up of holiday entitlement also continued, ensuring fairness and consistency, and supporting our colleagues to enjoy a positive work-life balance.

All-employee share plans continue to be popular and over 4,400 employees participated in the Group's Sharesave scheme and Share Incentive Plan during the year. It is pleasing to see so many of our employees sharing in our success alongside our shareholders.

The Committee noted the continued strong results of the Group's employee engagement index, which formed part of the FY25 annual bonus plan targets for the Executives. See page 45 for more information.

I was pleased to once again attend the Group's Reward & Employee Benefits Forum with a number of colleagues in different roles across the Group. We discussed the work of the Committee during the year,

**"The Committee continued to monitor progress towards the long-term sustainable growth plan and is comfortable that our incentive structures remain aligned with the Group's strategy."**

**Margaret Hassall**  
Chair of the Remuneration Committee



## Directors' Remuneration report continued

Kier's approach to executive pay as well as all-employee share schemes. It was great to see the level of interest and engagement across all the topics we covered in our meeting.

### FY25 outcomes

#### Annual bonus

The FY25 annual bonus targets related to AOP, average month-end net debt, health and safety, and personal objectives.

#### AOP

40% of the FY25 annual bonus was based on AOP. A stretching range of targets was set with the threshold (£150.2m) requiring performance commensurate with FY24 actual, on-target (£159.0m) requiring out-performance of analyst consensus at the time the targets were set and stretch performance (£170.0m) requiring 13% growth on FY24 actual and 10% out-performance of analyst consensus at the time the targets were set.

The AOP achieved was £159.1m, which was an increase of 6% for the year and slightly above on-target.

The Committee determined a payout of 50.5% of the maximum for the AOP element.

#### Group average month-end net debt

40% of the FY25 annual bonus was based on average month-end net debt. Threshold (£70.0m) required a significant improvement on FY24 with on-target (£58.7m) aligned with market consensus at the time the target was set. Maximum (£29.0m) required stretching improvement in average month-end net debt of almost £30m better than market consensus.

The average month-end net debt achieved was £(49.2)m, resulting in a payout of 66% of the maximum for this element.

### Health and safety

10% of the FY25 annual bonus was based on health and safety. The safety target required an Accident Incident Rate (AIR) result of 84 for threshold achievement and 79 or less for maximum achievement. Although our 12-month rolling AIR decreased by 25.8%, the threshold level was not met and therefore no payment was made for this element. See page 45 for more information.

### Personal objectives

10% of the FY25 annual bonus was based on the achievement of personal objectives, which was based on the Group's employee engagement index. Threshold required an engagement index of 74% which was aligned with external benchmarking for the construction industry and higher than the benchmark for companies that are a comparable size to Kier. Maximum required an increase in Kier's engagement index to 80%.

Two all-employee surveys were carried out during the year with significant levels of participation across the Group. The weighted average of the two surveys confirmed an employee engagement index of 80.5%.

Performance against the balanced scorecard was an additional reference point for the Committee during FY25 and the progress against key metrics was noted.

The Committee reviewed the extent to which the Executives had satisfied their personal objectives and after due consideration, was supportive of 100% payment for this element of the bonus plan.

### Share buyback

The Committee considered if it was necessary to adjust the target ranges for both the FY25 annual bonus and 2022 Long Term Incentive Plan (LTIP) award following the introduction of the buyback programme in the second half of FY25.

The Committee reviewed the impact of the buyback programme on the Group average month-end net debt (bonus) and EPS (LTIP) metrics and concluded that it had not had a material impact on the performance outcomes. As such, the Committee determined that no adjustment was required.

The Committee will continue to monitor the impact of the buyback programme on the in-flight 2023 and 2024 LTIP awards.

### Bonus outcome

In light of the business and stakeholder context set out above, the Committee believes the overall bonus outcome of 56.6% of maximum opportunity is fair and appropriate.

The FY25 bonuses will be delivered in a combination of cash and share awards (which will not be released until a three-year holding period is complete). The proportion of bonus to be deferred in shares is 40% until the share ownership requirement is achieved, reducing to 33% once an Executive has met their share ownership requirement.

➤ **Further detail** on the FY25 annual bonus outcome can be found on page 100

### 2022 LTIP award

The targets for the 2022 LTIP award were adjusted EPS, with a weighting of 50%, total shareholder return (TSR) with a weighting of 25% and adjusted free cash flow (FCF) with a weighting of 25%.

### Performance

The financial targets were aligned with delivering the medium-term value creation plan which was launched in 2021. This required EPS of 19.2p to 22.6p in FY25 (equivalent to 4.6% to 10.4% p.a. growth over FY22) and adjusted free cash flow of £120.1m to £142.6m.

In addition, Kier's TSR needed to match or outperform the FTSE 250 (excluding investment trusts).

Actual adjusted EPS performance in FY25 was 21.6p resulting in 77.9% of the maximum vesting for this element.

Average adjusted free cash flow was 199.2m and TSR was above upper quartile, resulting in full vesting of the FCF and TSR elements. The overall vesting outcome for the award was 88.97%.

### Share buyback

The Committee determined that the buyback programme had not had a material impact on the EPS performance outcome and therefore no adjustment to the EPS element was required.

### Windfall gains

When considering the 2022 LTIP vesting outcome, the Committee recognised that the share price had fallen significantly prior to grant of the award, giving rise to the potential for windfall gains on vesting given the subsequent share price growth over the performance period.

## Directors' Remuneration report continued

The number of shares granted had been based on the spot price on the date of grant of 61.9p. For subsequent awards (2023 LTIP grant onwards), the Committee has used a three-month average share price when determining the number of shares to be granted. To mitigate the potential for windfall gains arising on the vesting of the 2022 LTIP grant, the Committee determined to apply retrospectively the same approach to the 2022 LTIP grant, i.e. using a three-month average share price, which would have resulted in a grant price of 71.4p. Applying this approach results in a 13% reduction to the number of shares under award. The reduced number of shares will be subject to the 88.97% vesting outcome of the performance conditions. The Committee considers this to be an equitable outcome for the Executives and reflects the share price concerns raised by shareholders at the time of grant.

The Committee reserves the discretion to reconsider the 13% reduction in the event of a material change in the share price by the date of vest on 21 October 2025.

The net shares vesting will be subject to a two-year holding period for the Chief Executive and Chief Financial Officer before being made available to them. The award vesting to the Group Managing Director Construction is not subject to a post-vest holding period as the award was granted prior to his appointment to the Board.

➤ **Further detail** on the vesting can be found on page 101

### Looking forward – FY26

#### Board changes

As announced in July, Andrew Davies will be retiring as Chief Executive and stepping down from the Board on 31 October 2025. Andrew will be succeeded by Stuart Togwell, Group Managing Director Construction.

Andrew will continue to receive salary, benefits and pension until the end of his contractual notice period (21 July 2026). He remains eligible for a bonus in respect of FY25 performance and will be eligible to receive a pro-rated annual bonus in respect of his period of employment (including worked notice period) for FY26. Reflecting his long service and contribution to the business, Andrew's outstanding deferred bonus share awards will be released on cessation of employment. His outstanding LTIP awards will, subject to pro-rating for time and to satisfaction of the applicable performance targets, vest on their normal vesting dates. The post-vest holding period will continue to apply as per the LTIP rules. Full details of Andrew's departure terms will be disclosed on the Company's website in due course in compliance with Section 430(2B) of the Companies Act 2006.

Stuart will be eligible to receive a salary of £710,000 with effect from 1 November 2025. In his role as Chief Executive, he will be eligible for a maximum annual bonus of 150% of salary and an LTIP award of 175% of salary. The Committee considers that the remuneration package is appropriate and aligns with the requirements of the CEO role, the external market and the experience of the individual.

The remuneration arrangements for Andrew and Stuart have been set in accordance with the shareholder approved Policy.

#### Base salary

The Committee decided that Simon Kesterton would receive a salary increase of 3%, which is aligned with the average increase that will be applied to the majority of the wider workforce. The increase will be effective from the normal review date of 1 October 2025.

#### Annual bonus

The maximum bonus opportunity is unchanged at 150% of base salary. Andrew Davies will be eligible for a pro-rata bonus in respect of his period of employment (including any worked notice period). Stuart Togwell will be eligible for a maximum bonus of 125% of base salary for his role as Group Managing Director Construction (to 31 October 2025), and which will be increased to 150% of salary upon his appointment to the role of Chief Executive (with effect from 1 November 2025).

The FY26 bonus targets will continue to be based on AOP (40%), average month-end net debt/cash (40%), Group health and safety (10%) and personal objectives (10%).

The Committee has considered a range of factors to ensure targets are stretching. Significant outperformance will be required to achieve maximum pay out. Full details of the performance targets will be provided in the 2026 Directors' Remuneration report.

#### LTIP awards

The LTIP award level is unchanged at 175% of base salary for the Chief Executive and Chief Financial Officer. Andrew Davies will not participate in the 2025 LTIP award cycle.

Stuart Togwell will receive an award of 175% of base salary following his appointment to Chief Executive.

The 2025 LTIP grant will use a grant price of the three-month average share price leading up to the date of grant. The performance conditions will continue to be EPS (40%), TSR outperformance (25%), FCF (25%) and reductions in the Group's Scope 1 and 2 carbon emissions (10%). The targets are set out on page 109.

#### Remuneration Policy

The Committee noted that the Policy remained broadly aligned with FTSE market practice and whilst there had been some updates to governance guidelines and shareholder views over the past year, there was no need to make immediate changes to the Policy, or its implementation for FY26.

The Policy is due to be put to shareholders for re-approval at the AGM to be held in November 2026. During the course of FY26, the Committee will undertake a review of the Policy to ensure that it remains fit for purpose and will consult with major shareholders if any significant changes are proposed.

As Committee Chair, I would like to reiterate my appreciation for the valuable feedback from shareholders and I hope to receive your support for the 2025 Directors' Remuneration report at the AGM in November.

#### Margaret Hassall

Chair of the Remuneration Committee

## Directors' Remuneration report continued

### Remuneration at a glance

# Approach to remuneration at Kier

#### Align with strategy and incentivise and reward performance:

Over two-thirds of the Executives' maximum remuneration opportunity is variable and relates to the Group's performance against its strategic priorities.

#### Align Executives' interests with those of shareholders:

Approximately half of the Executives' maximum remuneration opportunity is satisfied in shares and the Executives are encouraged to build up shareholdings in the Company of 200% of base salary over a period of up to five years.

#### Support the delivery of the Group's strategy and promote its long-term success:

To achieve this aim, the Group needs to attract and retain talented management. The Committee therefore considers practices in comparable businesses to ensure that remuneration at Kier remains competitive, enabling it to attract and retain talented individuals, but without paying more than is necessary.

### Remuneration framework

There are three elements to the framework for the Executives' remuneration:

#### Fixed element

Comprises base salary, taxable benefits (private medical insurance and a company car or car allowance) and pension contributions.

#### Short-term element

An annual bonus, which incentivises and rewards the delivery of a balanced selection of financial and non-financial targets in a financial year, with payments being settled at least one-third in shares which are deferred for three years and subject to malus, and the balance paid in cash and subject to clawback.

#### Long-term element

Performance share awards which incentivise and reward the delivery of sustainable, long-term performance and align the interests of Executives with those of shareholders. Shares vest after three years subject to the achievement of a scorecard of financial, TSR and ESG-based measures. Shares (net of tax) must be held for a further two years post-vesting and remain subject to clawback.

### Strategic alignment of remuneration

For the Executives and senior management, a significant part of the total remuneration opportunity is performance related, and the performance targets are directly linked to the delivery of the Group's strategy and long-term returns. The following table illustrates how that is achieved:

#### Strategic actions

Sustainable growth

Consistent and safe delivery

Generate cash

#### Long-term sustainable growth plan

Revenue: GDP + growth through the cycle

Adjusted operating profit margin: 4-4.5%

Cash conversion of operating profit: c.90%

Balance sheet: Average month-end net cash with investment of surplus cash

Sustainable dividend policy: c.3x earnings cover through the cycle

#### How strategy links to remuneration

Annual bonus targets for FY26

Adjusted operating profit

40%

Average month end net debt/cash

40%

Health, safety and wellbeing

10%

Personal objectives

10%

LTIP performance conditions for FY26

Group adjusted earnings per share

40%

Group free cash flow

25%

Total shareholder return

25%

Carbon emissions reduction

10%



## Directors' Remuneration report continued

### Remuneration at a glance continued

#### Target setting and determining incentive outcomes

##### Strategic measure selection

###### Measures are strategic, taking into account budget and long-term forecasts

###### FY25 annual bonus:

Metrics included AOP (40%), average month-end net debt (40%), AIR (10%) and personal objectives (10%).

The financial targets were directly linked to the Group's strategic priorities and to the achievement of the long-term sustainable growth plan.

The non-financial targets reflected the priorities around health and safety performance and employee engagement.

###### 2022 LTIP:

Metrics included adjusted EPS (50%), TSR (25%) and adjusted FCF (25%).

When the Committee selected performance metrics in 2022, the Group's financial position was strengthening but profitability and cash generation remained of primary importance and consequently long-term performance in these key areas was prioritised.

##### Set stretching targets

###### The Committee considers a range of factors to ensure targets are stretching

We take into account the long-term sustainable growth plan, the annual budget, analysts' forecasts (consensus), economic conditions that impact revenue or margin including cost inflation, individuals' areas of responsibilities and the Board's expectations over the relevant period.

Significant outperformance of target is required to achieve maximum pay out.

##### Take account of wider circumstances

###### The Committee takes a big picture approach

The Committee believes that the range of measures used to drive the annual bonus and LTIP ensures performance is assessed using a balanced and strategic approach. The Committee also considers the wider workforce remuneration and policies when making decisions on executive remuneration.

Given the Group's performance and after considering the impact of the commencement of the buyback programme, and making a downward discretionary adjustment to mitigate the potential for windfall gains arising on the LTIP vesting, the Committee is satisfied that the FY25 bonus and 2022 LTIP outcomes represent a fair reward for performance delivered.

##### Apply discretion if required

###### Depending on circumstances, the Committee may exercise judgement in determining the level of achievement

The Committee has full discretion to override formulaic outcomes. Deferred bonus shares and unvested LTIP awards are subject to a 'malus' provision during the three-year deferral/performance period. This allows the Committee to apply a reduction in certain circumstances including a material misstatement of the Group's financial statements, a material error in determining the satisfaction of a performance condition, a participant deliberately misleading the Company, the market and/or shareholders, material reputational damage to the Group, gross misconduct and any other circumstances similar in nature.

Clawback applies to the cash element of the annual bonus and during the two-year holding period that applies to LTIP awards post-vesting. The circumstances in which clawback applies are the same (or substantially the same) as for malus. The Committee has the right to apply the malus and clawback on an individual or on a collective basis.

The Committee exercised its discretion during the year to reduce the number of shares vesting under the LTIP 2022 award to reflect the fall in the share price prior to the date of grant and thus mitigate the potential for windfall gains to arise over the vesting period given the recent growth in the share price.

# Directors' Remuneration report continued

## Remuneration at a glance continued

### Summary of the Executive Directors' FY25 remuneration outcome

#### FY25 bonus performance

##### AOP:

£159.1m (50.5% of max)

##### Average month-end net debt:

£(49.2)m (66% of max)

##### Reduction in Group's AIR:

0% achieved

##### Personal objectives:

100% achieved

#### 2022 LTIP performance

##### Adjusted EPS:

21.6p (77.9% of max)

##### TSR:

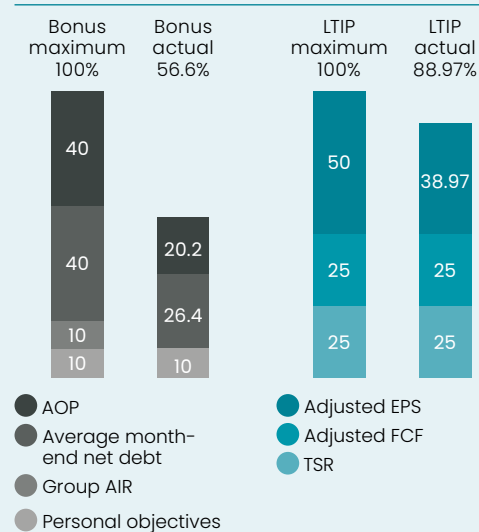
above upper quartile (100% of max)

##### Adjusted FCF:

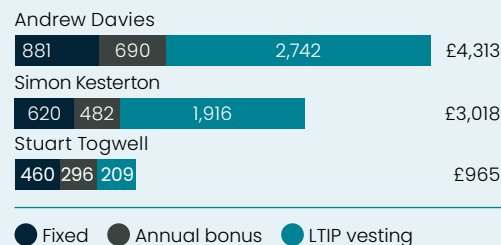
£199.2m (100% of max)

**Note:** A discretionary reduction in the number of shares under award to recognise the potential for windfall gains was applied to the vesting outcome (see page 101).

#### Pay out as a % of max



#### FY25 Remuneration (£000s)



#### Notes

- For Andrew Davies and Stuart Togwell, calculated on a full-year basis, excluding any pro-rata.
- 'Fixed' remuneration comprises base salary, taxable benefits and a pension contribution/cash allowance.
- The 'on-target' remuneration assumes an annual bonus payment of 50% of the maximum opportunity (150% of base salary) and a 'threshold' LTIP vesting of 25% of the maximum opportunity (175% of base salary). For the Stuart Togwell illustration to 31/10/2025, 125% of base salary is assumed for annual bonus and 150% for LTIP.
- The 'maximum' remuneration assumes maximum

performance is achieved and therefore awards under the annual bonus and the LTIP pay out or vest at their maximum levels.

- The 'maximum +50% share price growth' assumes maximum performance is achieved and therefore the annual bonus and the LTIP pay out or vest at their maximum levels and at a share price which is 50% higher than the share price on the date of grant.
- No dividend equivalents are included and no value is assumed for participation in the Sharesave or the Share Incentive Plan.

### Summary of the Executive Directors' FY26 remuneration framework

#### Base salary

##### Andrew Davies (CEO):

£813,141 (no change)

##### Simon Kesterton (CFO):

£585,198 (+3%)

##### Stuart Togwell

£557,600 to 31/10/2025

£710,000 from 01/11/2025

#### Annual bonus

##### Maximum:

Andrew Davies and Simon Kesterton: 150% of salary, Stuart Togwell: 125% of salary to 31/10/2025 and 150% of salary from 01/11/2025

##### Targets

AOP (40%), average month-end net debt (40%), Group AIR (10%) and personal objectives (10%)

#### LTIP

##### Maximum:

Simon Kesterton and Stuart Togwell: 175% of salary, Andrew Davies: no award

##### Targets:

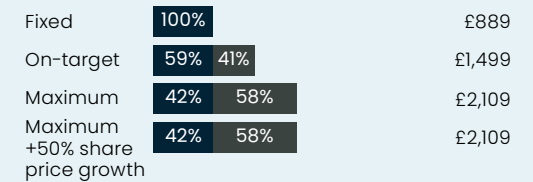
EPS (40%), FCF (25%), TSR (25%), carbon emissions reduction (10%)

#### Pension

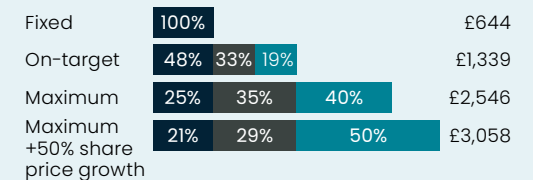
7.5% of base salary

#### Illustration of application of Remuneration Policy in FY26 (£000s)

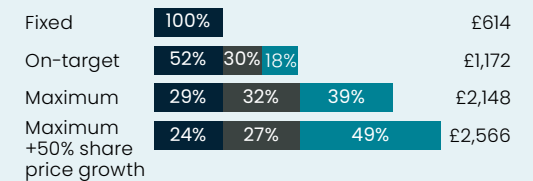
##### Andrew Davies



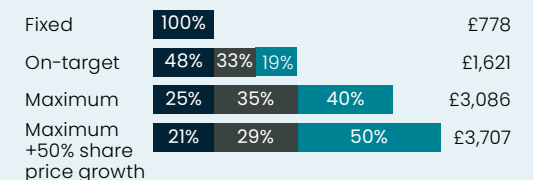
##### Simon Kesterton



##### Stuart Togwell (to 31/10/2025)



##### Stuart Togwell (from 01/11/2025)



● Fixed ● Annual bonus ● LTIP vesting

See notes 1–6 opposite.

## Directors' Remuneration report continued

### Remuneration at a glance continued

#### FY26 pay and reward framework

Element of remuneration		All employees	Executive Directors
<b>Salary</b>		Pay review boundaries approved by the Committee	Increases typically in line with average awarded to wider workforce
<b>Annual bonus</b>	Participants	Grade related (over 1,000 employees)	CEO, CFO and GMD Construction
	Opportunity	Grade related (between 10%–100% of salary)	125%–150% of salary
	Measures	Profit; average month-end net debt; health and safety; personal objectives	Profit; average month-end net debt; health and safety; personal objectives
	Deferral	Executive Committee: 25% of net bonus payment deferred for three years	33% of net bonus deferred for three years (40% if share ownership guidelines not met)
<b>LTIP</b>	Participants	Leadership and strategic senior managers	CEO, CFO and GMD Construction
	Opportunity	Grade related (between 25%–75% of salary)	150%–175% of salary
	Holding period	No post-vesting holding period	Two years post-vesting holding period
	Measures	Earnings per share; total shareholder return; adjusted free cash flow; reduction in carbon emissions	
	Performance period	Not less than 3 years	
<b>Pension</b>	Employer contributions	7.5% of base salary	
<b>Holiday</b>	Annual leave	26 days plus service increments	
<b>Health</b>	Group private medical insurance	Single person cover provided to employees at specific grades	
<b>Car</b>	Group car policy	Car or car allowance provided to employees at specific grades	
<b>All-employee share plans</b>	Sharesave scheme	Up to £6,000 p.a. (three year saving period)	
	Share Incentive Plan	Up to £1,800 p.a. (Group-funded matching shares provided on 1:2 basis up to a cap)	
<b>Life assurance</b>	Lump sum payment to beneficiary	4x base salary with minimum payment of £40,000	
<b>Wellbeing</b>	Employee Assistance Programme	24/7 confidential counselling service	
	Virtual GP	24/7 free access to GP services for employees and their family members	
<b>Benefits</b>	Competitive range of benefits	Access to a range of benefits including salary sacrifice green car scheme, health and insurance plans, cycle to work, spreading the cost of buying tech, furniture and car maintenance, discounted gym membership, free mortgage advice and DIY stores trade discounts	
<b>Kier Rewards</b>	Shopping discounts and cashback	All employees have access to savings at more than 850 retailers	



## Directors' Remuneration report continued

### Annual report on remuneration

#### Directors' remuneration for the 2025 financial year (audited)

The following table provides details of the Directors' remuneration for the 2025 financial year, together with their remuneration for the 2024 financial year.

	Fixed Pay								Variable Pay						Total	
	Salary/fee (£000)		Taxable benefits <sup>1</sup> (£000)		Pension <sup>2</sup> (£000)		Total fixed pay (£000)		Bonus (£000)		LTIP vesting (£000)		Total variable pay (£000)		Total (£000)	
	2025	2024	2025	2024	2025	2024	2025	2024	2025 <sup>3</sup>	2024	2025 <sup>4</sup>	2024 <sup>5</sup>	2025	2024 <sup>5</sup>	2025	2024 <sup>5</sup>
<b>Executive Directors</b>																
Andrew Davies	806	773	15	15	60	58	881	846	690	965	2,742	2,032	3,432	2,997	4,313	3,843
Simon Kesterton	563	542	15	15	42	41	620	598	482	674	1,916	1,365	2,398	2,039	3,018	2,637
Stuart Togwell <sup>6</sup>	418	–	11	–	31	–	460	–	296	–	209	–	505	–	965	–
<b>Non-Executive Directors<sup>7</sup></b>																
Alison Atkinson	71	69	–	–	–	–	71	69	–	–	–	–	–	–	71	69
Justin Atkinson <sup>8</sup>	17	69	–	–	–	–	17	69	–	–	–	–	–	–	17	69
Chris Browne	68	57	–	–	–	–	68	57	–	–	–	–	–	–	68	57
Margaret Hassall	79	77	–	–	–	–	79	77	–	–	–	–	–	–	79	77
Matthew Lester	260	248	–	–	–	–	260	248	–	–	–	–	–	–	260	248
Mohammed Saddiq	59	29	–	–	–	–	59	29	–	–	–	–	–	–	59	29
Clive Watson	71	69	–	–	–	–	71	69	–	–	–	–	–	–	71	69
<b>Total</b>	<b>2,412</b>	<b>1,933</b>	<b>41</b>	<b>30</b>	<b>133</b>	<b>99</b>	<b>2,586</b>	<b>2,062</b>	<b>1,468</b>	<b>1,639</b>	<b>4,867</b>	<b>3,397</b>	<b>6,335</b>	<b>5,036</b>	<b>8,921</b>	<b>7,098</b>

All figures in the above table have been rounded to the nearest £1,000.

1. Comprises the value of benefits and allowances including private medical insurance and a car or car allowance.
2. Comprises the payment of employer pension contributions and/or a cash allowance.
3. 33% of the total net bonus payment will be deferred into shares for three years. No bonus deferral will be applied to the payment to Andrew Davies for 2025 due to his retirement from the Board on 1 November 2025 (see page 94 for more details).
4. The estimated value of the LTIP award that was granted in respect of the 2023–25 performance period is included in the table above, based on a share price of 158.6p (the three-month average share price for the period ending 30 June 2025). The award will vest in October 2025 and the shares held by Andrew Davies and Simon Kesterton will then be subject to a two-year holding period. For Andrew Davies, £1,431,159 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £139,444 have been included. For Simon Kesterton, £999,969 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £97,430 have been included. For Stuart Togwell, the estimated value is prorated to the period of the award's performance period from 1 October 2024 to 30 June 2025 and £109,150 of the estimated value of the LTIP is attributable to share price growth and dividend equivalents of £10,633 have been included.
5. The figures in these columns have been restated, compared to the estimated values included in the 2024 Annual Report, to reflect the Company's share price on the vesting date for the 2021 LTIP award of 143.2p.
6. Stuart Togwell joined the Board on 1 October 2024 and the figures in the table are for the period from 1 October 2024 to 30 June 2025.
7. All the Non-Executive Directors were members of the Remuneration Committee for the 2025 financial year (or until they left the Board).
8. Justin Atkinson resigned from the Board on 30 September 2024.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Pension entitlements (audited)

The Executives are eligible to participate in the Kier Retirement Savings Plan, a defined contribution plan. The employer pension contributions are aligned with those made available to the majority of the workforce. The contributions payable on behalf of the Executives are subject to the annual allowance, with the balance being payable as a cash allowance. Cash allowances are subject to tax and national insurance deductions and are excluded when determining annual bonus and long-term incentive arrangements.

The pension contributions paid on behalf of, and the cash allowances paid to, the Executives in respect of the 2025 financial year were:

Director	Employer pension contribution	Pension contribution	Cash allowance	Total
Andrew Davies	7.5% of salary	–	£60,434	£60,434
Simon Kesterton	7.5% of salary	–	£42,226	£42,226
Stuart Togwell <sup>1</sup>	7.5% of salary	–	£31,365	£31,365

1. For the period from 1 October 2024 to 30 June 2025.

#### Annual bonus – 2025 financial year (audited)

Details of the annual bonus target setting process are set out on page 96. Bonus outcomes for the Executive Directors in respect of the 2025 financial year were:

#### Financial performance (weighting: 80%)

Target	Weighting	Threshold <sup>1</sup>	Target <sup>1</sup>	Maximum <sup>1</sup>	Actual performance	Actual performance as a % of bonus element
AOP	40%	£150.2m	£159.0m	£170.0m	£159.1m	50.5%
Group average month-end net debt	40%	£(70.0)m	£(58.7)m	£(29.0)m	£(49.2)m	66.0%

1. Bonus payment opportunity was 0% for threshold performance, 50% for target performance and 100% for maximum performance.

#### Health, Safety and Wellbeing (weighting: 10%)

Target	Weighting	Threshold	Maximum	Actual performance	Actual performance as a % of bonus element
Reduction in the Group's AIR <sup>1</sup>	10%	84	79	115	0%

1. Bonus payment opportunity was 50% for threshold performance and 100% for maximum performance. Further information is set out on page 93.

#### Personal objectives (weighting: 10%)

Target	Weighting	Threshold	Maximum	Actual performance	Actual performance as a % of bonus element
Employee engagement index <sup>1</sup>	10%	74	80	80.5	100%

1. Bonus payment opportunity was 50% for threshold performance and 100% for maximum performance. Further information is set out on page 93.

As noted in the Chair's Statement, the Committee considered the impact of the buyback programme on the outcome of the annual bonus. The impact was not material, as such, the Committee determined that no adjustment to the outcome was required. The Committee determined that the overall outcome of 56.6% was a fair reflection of the performance of the Company during the year.



## Directors' Remuneration report continued

## Annual report on remuneration continued

## Total outcome of annual bonus

Director	Bonus payable as % of opportunity	Maximum opportunity as % of salary	Bonus payable as % of salary	Total bonus
Andrew Davies	56.6%	150%	84.90%	£690,357
Simon Kesterton	56.6%	150%	84.90%	£482,362
Stuart Togwell <sup>1</sup>	56.6%	125%	70.75%	£295,877

1. For the period from 1 October 2024 to 30 June 2025.

In accordance with the Policy, Simon Kesterton and Stuart Togwell (having met the required shareholding levels) will have 33% of the net bonus payment deferred into shares. The deferred shares will be held for three years and malus provisions apply. As Andrew Davies is retiring on 31 October 2025, there will be no deferral of his 2025 bonus.

## LTIP award – performance period ended 30 June 2025 (audited)

The three-year performance period for the LTIP award granted in 2022 ended on 30 June 2025. Achievement against the performance conditions for the LTIP award was as follows:

Performance conditions	Weighting	Targets	Actual performance	Level of vesting as % of target <sup>1</sup>	Level of vesting as % of opportunity
Adjusted EPS <sup>2</sup>	50%	<ul style="list-style-type: none"> <li>0% vesting if less than 19.2p</li> <li>25% vesting if equal to 19.2p</li> <li>100% vesting if 22.6p or above</li> <li>Straight-line vesting between these points</li> </ul>	21.6p	77.9%	38.97%
TSR vs FTSE 250 excluding investment trusts	25%	<ul style="list-style-type: none"> <li>0% vesting for below median performance</li> <li>25% vesting for at median performance</li> <li>100% vesting for upper quartile performance or above</li> <li>Straight-line vesting between these points</li> </ul>	Above upper quartile	100%	25%
Adjusted FCF <sup>2</sup>	25%	<ul style="list-style-type: none"> <li>0% vesting if less than £120.1m</li> <li>25% vesting if equal to £120.1m</li> <li>100% vesting if £142.6m or more</li> <li>Straight-line vesting between these points</li> </ul>	£199.2m	100%	25%
Total					88.97%

1. Expressed as a percentage of maximum opportunity. 2. For the financial year ended 30 June 2025.

As noted in the Chair's Statement, the Committee determined that the share buyback programme had not had a material impact on the EPS performance outcome and therefore no adjustment to the EPS outcome was required.

When considering the 2022 LTIP vesting outcome, the Committee recognised that the share price had fallen significantly prior to grant of the award, giving rise to the potential for windfall gains on vesting, given the subsequent share price growth over the performance period. The number of shares granted had been based on the spot price on the date of grant of 61.9p. For subsequent awards (2023 LTIP grant onwards), the Committee has used a three-month average share price when determining the number of shares to be granted. To mitigate the potential for windfall gains arising on the vesting of the 2022 LTIP grant, the Committee determined to retrospectively apply the same approach to the 2022 LTIP grant (i.e. using a three-month average share price). The three-month average share price was 71.4p. Applying this approach results in a 13% reduction to the number of shares under award. The reduced number of shares will be subject to the 88.97% vesting outcome of the performance conditions. The Committee considers this to be an equitable outcome for the Executives and reflects the share price concerns raised by some shareholders at the time of grant. The Committee reserves the discretion to reconsider the 13% reduction in the event of a material change in the share price by the date of vest on 21 October 2025.



## Directors' Remuneration report continued

### Annual report on remuneration continued

The vesting of the LTIP awards granted in 2022 will result in the allocation of the following number of shares:

Director	Estimated number of shares due to vest <sup>1,2</sup>	Value <sup>3</sup>
Andrew Davies	1,729,159	£2,742,446
Simon Kesterton	1,208,185	£1,916,181
Stuart Toggwell <sup>4</sup>	131,876	£209,155

1. The vesting date is 21 October 2025.

2. The estimated number of shares due to vest reflects the 13% reduction agreed by the Committee to mitigate the prospect of windfall gains arising on vesting (see page 101) and includes an estimate of the additional shares to be added at vesting from dividend equivalents. Following vesting, the shares allocated to Andrew Davies and Simon Kesterton are subject to a mandatory two-year holding period. Awards are subject to clawback provisions.

3. The value of the shares has been calculated using the average share price for the three-month period ended 30 June 2025 which was 158.6p.

4. The number of shares vesting and value shown is for 1 October 2024 to 30 June 2025.

### Share awards granted during the 2025 financial year (audited)

The following share awards were granted to those persons who, during the 2025 financial year, served as a Director:

Award <sup>1</sup>	Basis of award	Director	Shares awarded	Face value <sup>2</sup>	Award for threshold performance	Performance period	Vesting date	Performance measures
LTIP	Percentage of base salary for the year ended 30 June 2025	Andrew Davies	956,315	£1,422,997	25%	1 July 2024 – 30 June 2027	11 October 2027	The performance conditions are set out below.
		Simon Kesterton	668,190	£994,267				
		Stuart Toggwell	562,096	£836,399				
Deferred Shares	Percentage of the net bonus for the year ended 30 June 2024	Andrew Davies	119,075	£170,515	n/a	n/a	28 October 2027	n/a
		Simon Kesterton	83,199	£119,141				
		Stuart Toggwell	45,465	£65,106				

1. The LTIP awards were granted as conditional awards, based on 175% of base salary for Andrew Davies and Simon Kesterton and 150% of base salary for Stuart Toggwell. On vesting, the LTIP awards are subject to a two-year mandatory holding period. The deferred shares are Ordinary Shares with a holding period of three years. The amount of deferral of the net bonus was 33% for Andrew Davies and Simon Kesterton and 25% for Stuart Toggwell (as the performance period was prior to joining the Board).

2. For the LTIP awards, the face value of the shares has been calculated using the average share price for the three-month period preceding the date of grant, which was 148.8p. For the deferred shares, the face value has been calculated using the share price on 25 October 2024, which was 143.2p.

No Directors received awards under the Share Incentive Plan during 2025.

### LTIP 2024 grant – performance conditions (audited)

The performance measures and targets for the LTIP awards that were granted during the 2025 financial year are set out in the table below (and page 128 of the 2024 Annual Report). The performance period is three years and the awards will, subject to the satisfaction of the performance conditions, vest on the third anniversary of the grant date (11 October 2027). In setting the EPS and FCF targets, the Committee considered a range of internal and external reference points, including the Group's operating and strategic plans, and analyst consensus to reflect market expectations. The targets were aligned with the ambition set out in the Group's long-term sustainable growth plan.

The EPS target represents a 2.8% growth per annum increase at threshold and 9.6% growth per annum increase at maximum compared to the 2024 financial year. The FCF target is a 4% (£5.4m) increase at threshold and a 4% (£6.8m) increase at maximum compared to the range set for the 2023 LTIP grant. The carbon emission target is the emission total for Scope 1 and 2 at FY27 being 5% below the straight lined FY23 position to 2030 near-term target (as validated by SBTi) at threshold and 10% below at maximum.

## Directors' Remuneration report continued

### Annual report on remuneration continued

The Committee is satisfied that the performance targets represent the right balance between incentivising management and alignment with shareholder interests.

Performance conditions	Weighting	Targets <sup>1</sup>		
Adjusted EPS <sup>2</sup>	40%	• 0% vesting for below 22.4p	• 25% vesting for 22.4p	• 100% vesting for 27.1p
TSR vs FTSE 250 excluding investment trusts	25%	• 0% vesting for below median	• 25% vesting at median	• 100% vesting for upper quartile
Adjusted FCF <sup>2</sup>	25%	• 0% vesting for below £135.8m	• 25% vesting for £135.8m	• 100% vesting for £169.8m
Reduction in carbon emissions <sup>2,3</sup>	10%	• 0% vesting for above 26,804 tCO <sub>2</sub> e	• 25% vesting at 26,804 tCO <sub>2</sub> e	• 100% vesting for 25,394 tCO <sub>2</sub> e or below

1. Straight-line vesting between threshold (25% achievement) and maximum (100% achievement).

2. For the financial year ending 30 June 2027.

3. Measured over the period 1 April 2026–31 March 2027 to align with carbon reporting periods.

### Directors' shareholdings and share interests (audited)

The Committee encourages the Executives to build up a shareholding in the Company of at least two years' base salary, to be accumulated over a period of up to five years. Executives are therefore encouraged to retain any shares allocated to them as part of the annual bonus arrangements, and upon the vesting of LTIP awards, until this shareholding level has been reached. The Executives are required to retain shares equal in value to 200% of base salary for a period of two years from the date on which employment is terminated (or if the number of shares owned at such date is less than such value, the shares then owned).

The following table sets out details, as at 30 June 2025 (or the date on which the relevant individual left the Board), of the shareholdings and share interests of those persons (together with, where relevant, the shareholdings and share interests of their connected persons) who, during the 2025 financial year, served as a Director:

	Shares held			Options held				
	Owned outright or vested <sup>1</sup>	Vested but subject to a holding period <sup>2</sup>	Unvested and subject to performance conditions <sup>3</sup>	Vested but not exercised	Unvested and subject to continued employment <sup>4</sup>	Shareholding guideline (% of salary)	Current shareholding (% of salary) <sup>5</sup>	Guideline met?
<b>As at 30 June 2025</b>								
Alison Atkinson	18,928	–	–	–	–	n/a	n/a	n/a
Justin Atkinson	89,308	–	–	–	–	n/a	n/a	n/a
Chris Browne	20,325	–	–	–	–	n/a	n/a	n/a
Andrew Davies	740,246	1,664,920	4,459,293	–	10,506	200%	489%	Yes
Margaret Hassall	18,877	–	–	–	–	n/a	n/a	n/a
Simon Kesterton	589,043	1,103,799	3,115,768	–	10,506	200%	623%	Yes
Matthew Lester	166,131	–	–	–	–	n/a	n/a	n/a
Mohammed Saddiq	–	–	–	–	–	n/a	n/a	n/a
Stuart Togwell	417,360	151,023	1,711,717	–	2,506	200%	213%	Yes
Clive Watson	103,784	–	–	–	–	n/a	n/a	n/a

1. Comprising shares held legally or beneficially by the relevant Director or their connected persons.

2. Comprising shares allocated following the vesting of LTIP awards (after the payment of tax) and subject to a holding period, and deferred shares allocated to the relevant Director in connection with annual bonuses.

3. Comprising unvested LTIP awards.

4. Comprising options under the Sharesave schemes. See pages 104 and 105.

5. Calculated by reference to (i) shares owned outright or vested by the Director or their connected persons, (ii) shares vested but subject to a holding period, using the closing market price of a share in the capital of the Company on 30 June 2025 of 209p and the gross base salaries for the year ended 30 June 2025.

There have been no changes in the interests of the Directors (or their connected persons) in the Ordinary Shares in the capital of the Company since 30 June 2025.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### LTIP awards, deferred shares and Sharesave options (audited)

The table below summarises the LTIP awards, deferred shares and Sharesave options held by the Executive Directors.

<b>Andrew Davies</b>	As at 30 June 2024	Awards granted during the year	Awards vested during the year <sup>1</sup>	Awards lapsed during the year	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	<b>As at 30 June 2025</b>	Date of grant <sup>2</sup>	Grant price at date of award <sup>3,4</sup>	Market price on date awards exercised	End of performance period <sup>5</sup>	End of holding period <sup>6</sup>
<b>LTIP</b>													
2021	1,383,763	–	1,436,181	17,531	1,418,650	751,884	–	–	28/10/2021	108.4p	143.2p	30/06/2024	28/10/2026
2022	2,120,355	–	–	–	–	–	–	<b>2,120,355</b>	21/10/2022	61.9p	–	30/06/2025	21/10/2027
2023	1,382,623	–	–	–	–	–	–	<b>1,382,623</b>	17/11/2023	99.2p	–	30/06/2026	17/11/2028
2024	–	956,315	–	–	–	–	–	<b>956,315</b>	11/10/2024	148.8p	–	30/06/2027	11/10/2029
<b>Deferred Shares<sup>7</sup></b>													
2021	109,092	–	–	–	–	–	109,092	–	29/10/2021	108.4p	–	–	29/10/2024
2022	309,808	–	–	–	–	–	–	<b>309,808</b>	31/10/2022	61.7p	–	–	31/10/2025
2023	151,809	–	–	–	–	–	–	<b>151,809</b>	30/10/2023	99.5p	–	–	30/10/2026
2024	–	119,075	–	–	–	–	–	<b>119,075</b>	28/10/2024	143.2p	–	–	28/10/2027
<b>Sharesave<sup>8</sup></b>													
2021	5,625	–	–	–	5,625	–	–	–	29/10/2021	96p	–	–	–
2022	4,909	–	–	–	–	–	–	<b>4,909</b>	02/11/2022	55p	–	–	–
2023	3,091	–	–	–	–	–	–	<b>3,091</b>	31/10/2023	90p	–	–	–
2024	–	2,506	–	–	–	–	–	<b>2,506</b>	29/10/2024	111p	–	–	–

<b>Simon Kesterton</b>	As at 30 June 2024	Awards granted during the year	Awards vested during the year <sup>1</sup>	Awards lapsed during the year	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	<b>As at 30 June 2025</b>	Date of grant <sup>2</sup>	Grant price at date of award <sup>3,4</sup>	Market price on date awards exercised	End of performance period <sup>5</sup>	End of holding period <sup>6</sup>
<b>LTIP</b>													
2021	929,667	–	964,883	11,777	953,106	505,146	–	–	28/10/2021	108.4p	143.2p	30/06/2024	28/10/2026
2022	1,481,520	–	–	–	–	–	–	<b>1,481,520</b>	21/10/2022	61.9p	–	30/06/2025	21/10/2027
2023	966,058	–	–	–	–	–	–	<b>966,058</b>	17/11/2023	99.2p	–	30/06/2026	17/11/2028
2024	–	668,190	–	–	–	–	–	<b>668,190</b>	11/10/2024	148.8p	–	30/06/2027	11/10/2029
<b>Deferred Shares<sup>7</sup></b>													
2021	98,702	–	–	–	–	–	98,702	–	29/10/2021	108.4p	–	–	29/10/2024
2022	138,761	–	–	–	–	–	–	<b>138,761</b>	31/10/2022	61.7p	–	–	31/10/2025
2023	106,070	–	–	–	–	–	–	<b>106,070</b>	30/10/2023	99.5p	–	–	30/10/2026
2024	–	83,199	–	–	–	–	–	<b>83,199</b>	28/10/2024	143.2p	–	–	28/10/2027

For notes see page 105.

## Directors' Remuneration report continued

### Annual report on remuneration continued

<b>Simon Kesterton</b>	As at 30 June 2024	Awards granted during the year	Awards vested during the year <sup>1</sup>	Awards lapsed during the year	Awards exercised during the year	Net shares received after income tax and NIC deduction	Shares released during the year	<b>As at 30 June 2025</b>	Date of grant <sup>2</sup>	Grant price at date of award <sup>3,4</sup>	Market price on date awards exercised	End of performance period <sup>5</sup>	End of holding period <sup>6</sup>
<b>Sharesave<sup>8</sup></b>													
2021	5,625	–	–	–	5,625	–	–	–	29/10/2021	96p	–	–	–
2022	4,909	–	–	–	–	–	–	<b>4,909</b>	02/11/2022	55p	–	–	–
2023	3,091	–	–	–	–	–	–	<b>3,091</b>	31/10/2023	90p	–	–	–
2024	–	2,056	–	–	–	–	–	<b>2,056</b>	29/10/2024	111p	–	–	–
<b>Stuart Togwell</b>													
<b>LTIP</b>													
2021	355,166	–	368,619	4,500	364,119	192,982	–	–	28/10/2021	108.4p	143.2p	30/06/2024	28/10/2026
2022	646,849	–	–	–	–	–	–	<b>646,849</b>	21/10/2022	61.9p	–	30/06/2025	21/10/2027
2023	502,772	–	–	–	–	–	–	<b>502,772</b>	17/11/2023	99.2p	–	30/06/2026	17/11/2028
2024	–	562,096	–	–	–	–	–	<b>562,096</b>	11/10/2024	148.8p	–	30/06/2027	11/10/2029
<b>Deferred Shares<sup>7</sup></b>													
2021	28,276	–	–	–	–	–	28,276	–	29/10/2021	108.4p	–	–	29/10/2024
2022	50,891	–	–	–	–	–	–	<b>50,891</b>	31/10/2022	61.7p	–	–	31/10/2025
2023	54,667	–	–	–	–	–	–	<b>54,667</b>	30/10/2023	99.5p	–	–	30/10/2026
2024	–	45,465	–	–	–	–	–	<b>45,465</b>	28/10/2024	143.2p	–	–	28/10/2027
<b>Sharesave<sup>8</sup></b>													
2024	–	2,056	–	–	–	–	–	<b>2,056</b>	29/10/2024	111p	–	–	–

1. Includes additional shares added at vesting to reflect the dividends that would have been payable during the award period (dividend equivalents).

2. The LTIP awards vest on the third anniversary of the date of grant and are subject to a two year post-vesting holding period.

3. For LTIP awards and deferred shares, this is the market price of a share from the business day immediately prior to the date of the award or exercise, other than for the LTIP 2023 award (see note 4 below). For Sharesave, it is the exercise price.

4. The grant price for the LTIP 2023 and LTIP 2024 awards was the average share price for the three-month period immediately prior to the date of the grant.

5. See 'LTIP Award – Performance Period ended 30 June 2025' on page 101 for vesting outcome. The performance conditions for the LTIP 2023 and 2024 awards are set out on page 134 of the 2023 Annual Report and page 121 of the 2024 Annual Report.

6. For LTIP, the post-vesting holding period is two years. For deferred shares, the holding period is three years subject to early release for 'good leavers' and upon a Change of Control (see Remuneration Policy for further information).

7. The amount of net bonus allocated as deferred shares for Andrew Davies and Simon Kesterton was FY22: 50% (Andrew Davies) and 33% (Simon Kesterton), FY23 and FY24: 33%. For Stuart Togwell, the deferral amounts for the FY22-FY24 allocations were 25%.

8. Assumes saving at the current rate for the three-year savings period. The exercise period for each Award is six months commencing three years after date of Sharesave contract.

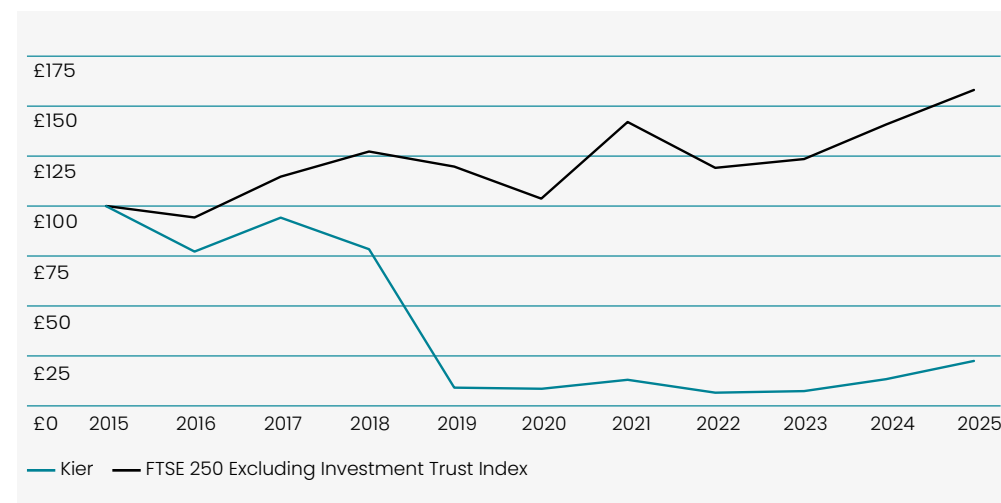


## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Total shareholder return

The graph adjacent shows the value, at the end of each financial year, of £100 invested in shares in the capital of the Company on 30 June 2015, compared with the value of £100 invested in the FTSE 250 (excluding investment trusts). The FTSE 250 was chosen because it includes companies of a similar size and complexity to the Group and is the comparator used for the LTIP TSR performance target.



#### CEO's remuneration

The table below sets out the total remuneration of the CEO paid with respect to each financial year indicated:

Year	2016	2017	2018	2019 <sup>1</sup>	2019 <sup>1</sup>	2020 <sup>2</sup>	2021	2022	2023	2024	2025 <sup>3</sup>
CEO	Haydn Mursell	Haydn Mursell	Haydn Mursell	Haydn Mursell	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	Andrew Davies	<b>Andrew Davies</b>
CEO single figure of remuneration (£000) <sup>4</sup>	£1,311	£1,199	£1,459	£423	£140	£613	£1,323	£2,119	£2,334	£3,843	<b>£4,313</b>
Annual bonus pay-out against maximum opportunity (%)	90	48	75	–	–	–	90	78.8	91.2	82.1	<b>56.6</b>
LTIP vesting against maximum opportunity (%)	34	29	24	–	–	–	–	75	54.3	98.75	<b>88.97</b>

1. Haydn Mursell stood down as CEO on 22 January 2019 and Andrew Davies was appointed with effect from 15 April 2019.

2. Includes the temporary reduction in base salary and employer pension contributions and/or a cash allowance in response to COVID-19.

3. A 13% reduction was applied to the maximum LTIP shares under award prior to the application of the vesting outcome.

4. All figures are rounded to the nearest £1,000.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Executive Directors' external appointments

Andrew Davies was a non-executive director of Chemring Group plc until 31 January 2025 and is entitled to retain the fees that he received for this role.

#### Payments for loss of office (audited)

No payments were made for loss of office during the 2025 financial year.

#### Payments to past Directors (audited)

No payments were made to past Directors during the 2025 financial year.

#### Percentage change in Directors' remuneration

The table below shows the percentage change in base salary or fees, taxable benefits and annual bonus of each Director in the financial year indicated, compared to previous financial years, together with the approximate comparative average figures for those employees who were eligible for salary reviews on 1 October of each year and who were not subject to collective agreements. In respect of the 2025 financial year, this section of the employee population (comprising approximately 6,075 individuals across a number of levels) is considered to be the most appropriate group for comparison purposes, as its remuneration is controlled by the Group and is subject to similar external market forces as those that relate to the Executives' remuneration. Approximately 1,025 employees are eligible to receive a bonus.

	Base salary/fee <sup>1,2</sup>					Taxable benefits <sup>1</sup>					Annual bonus <sup>3</sup>				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
<b>Executive Directors</b>															
Andrew Davies	<b>3.75%</b>	4.5%	0%	26.1%	6.7%	<b>0%</b>	0%	0%	7.1%	7.7%	<b>(28.5)%</b>	12.9%	15.7%	10.5%	n/a
Simon Kesterton	<b>3.75%</b>	4.5%	4%	3.5%	8.2%	<b>0%</b>	0%	0%	7.1%	7.7%	<b>(28.5)%</b>	12.9%	20.4%	(18.2)%	n/a
Stuart Togwell	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
<b>Chairman</b>															
Matthew Lester	<b>3.75%</b>	7.7%	0%	0%	4.9%	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
<b>Non-Executive Directors</b>															
Alison Atkinson	<b>3.75%</b>	0%	0%	8.1%	–%	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Justin Atkinson	<b>3.75%</b>	0%	0%	8.1%	6.9%	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Chris Browne	<b>3.75%</b>	0%	0%	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Margaret Hassall	<b>3.75%</b>	0%	0%	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Mohammed Saddiq	<b>3.75%</b>	0%	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Clive Watson	<b>3.75%</b>	0%	0%	8.1%	8.1%	<b>n/a</b>	n/a	n/a	n/a	n/a	<b>n/a</b>	n/a	n/a	n/a	n/a
Other employees <sup>4,5</sup>	<b>6.16%</b>	7.17%	7.12%	6.56%	4.73%	<b>(12.26)%</b>	(9.21)%	(8.0)%	(6.6)%	(0.57)%	<b>(29.0)%</b>	29.0%	48.7%	8.0%	n/a

1. Base salary/fee and taxable benefits as shown in the table on page 99 and the 2024, 2023, 2022 and 2021 Annual Reports.

2. Calculated on an annualised basis where base salary/fee or taxable benefits paid for part of financial year.

3. 'Other employees' percentage change calculated for employees subject to Group bonus targets.

4. Includes relevant employees of subsidiaries of Kier Group plc as there are no employees other than the Executives in Kier Group plc.

5. The change in taxable benefits is primarily due to company cars with lower emissions.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Pay ratio of CEO to average employee

The table below shows the ratio of the CEO's total remuneration using the information set out in the single total figure table, compared to the total remuneration of a lower quartile, median and upper quartile employee of the UK workforce.

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile
<b>2025</b>	<b>Option B</b>	<b>121:1</b>	<b>89:1</b>	<b>55:1</b>
2024	Option B	121:1	86:1	57:1
2023	Option B	77:1	52:1	34:1
2022	Option B	89:1	61:1	36:1
2021	Option B	50:1	36:1	22:1
2020	Option B	24:1	20:1	10:1

Further details of the remuneration of the CEO in the 2025 financial year and those individuals whose remuneration in the 2025 financial year was at the 25th percentile, median and 75th percentile amongst UK-based employees are as follows:

	CEO	25th percentile	Median	75th percentile
Salary	£805,793	£31,200	£43,730	£67,500
Total remuneration	£4,313,594	£35,779	£48,332	£78,034

The median, lower and upper quartile figures used to determine the above ratios were calculated by reference to the full-time equivalent, annualised remuneration (as at 30 June 2025) of the Group's UK-based employees (comprising salary, benefits, pension, annual bonus and share-based and other incentives), based on the Group's gender pay gap data at April 2025, to determine 'best equivalents' in accordance with Option B in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended). The Committee selected this calculation methodology as it was considered to be the most efficient method of calculating the pay ratio given it utilises pre-existing data available to Kier.

The CEO's remuneration package is more heavily weighted to variable pay components than is the case for the general employee population (consistent with market practice), leading to an increase in the ratio when bonus and LTIPs vest at high levels following strong performance, as is the case for FY24 and FY25. The Committee considers that the median pay ratio for 2025 disclosed in the above table is consistent with the pay, reward and the progression opportunities available to UK-based employees across the business.

#### Relative importance of spend on pay

The graph below shows the total employee remuneration and dividends paid between FY24 and FY25:

##### Total employee remuneration (£m)



##### Dividend (£m)



Employee remuneration is remuneration paid to or receivable by all employees of the Group and the dividends are those paid in the 2024 and 2025 financial years as stated in notes 8 and 11 to the 2025 consolidated financial statements on pages 150 and 156 respectively.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Implementation of the Remuneration Policy in 2025 and 2026

Remuneration element	Implementation in the 2025 financial year		Implementation in the 2026 financial year	
Executive Directors' base salary	Effective from 1 October 2024:	<ul style="list-style-type: none"><li>• Andrew Davies: £813,141</li><li>• Simon Kesterton: £568,153</li><li>• Stuart Togwell: £557,600</li></ul>	With effect from 1 October 2025, salaries will be:	<ul style="list-style-type: none"><li>• Andrew Davies: £813,141 (no change)</li><li>• Simon Kesterton: £585,198 (+3%)</li><li>• Stuart Togwell: £557,600 (to 31/10/25) £710,000 (from 01/11/25)</li></ul>
			The base salaries for the majority of the workforce are ordinarily reviewed in August with any increase effective from 1 October. The wider workforce increase for FY26 is c.3%.	
Annual bonus	The maximum opportunity for Andrew Davies and Simon Kesterton was 150% of salary (75% of salary at target) and for Stuart Togwell was 125% of salary (62.5% of salary at target).		The award opportunity for Andrew Davies and Simon Kesterton is unchanged. Any payment due to Andrew Davies will be reduced pro rata for the period of employment during FY26.	
	The performance measures and their weighting as a percentage of maximum opportunity were:	<ul style="list-style-type: none"><li>• Group AOP: 40%</li><li>• Average month-end net debt: 40%</li><li>• Group health and safety: 10%</li><li>• Personal objectives: 10%</li></ul>	The award opportunity for Stuart Togwell will be 150% of salary with effect from 1 November 2025.	
	Group AOP and average month-end net debt pay-out ranges were as follows (as a percentage of maximum opportunity):	<ul style="list-style-type: none"><li>• Threshold performance: 0%</li><li>• On-target performance: 50%</li><li>• Maximum performance: 100%</li></ul>	No change to measures or their weighting. The performance targets are considered to be commercially sensitive and will be disclosed, on a retrospective basis, in the 2026 Annual Report.	
LTIP	The LTIP awards made to Andrew Davies and Simon Kesterton were at 175% of salary and for Stuart Togwell the award was at 150% of salary.		The level of award for Simon Kesterton and Stuart Togwell will be 175% of salary. No award will be granted to Andrew Davies. No change to the length of performance period and post-vesting holding period.	
	The performance conditions (and respective weightings) and targets for the LTIP awards are set out on pages 102 and 103.		The performance conditions for the award are below. See notes on page 110.	
	The performance period is three years and the awards will, subject to the satisfaction of the performance conditions, vest on the third anniversary of the grant date.		Adjusted EPS <sup>1,2</sup> (40% weighting)	<ul style="list-style-type: none"><li>• 0% vesting for below 24.1p</li><li>• 25% vesting for 24.1p</li><li>• 100% vesting for 29.4p</li></ul>
	A two-year holding period will apply to any vested awards.		TSR outperformance <sup>2,3</sup> (25% weighting)	<ul style="list-style-type: none"><li>• 0% vesting for below median</li><li>• 25% vesting at median</li><li>• 100% vesting for upper quartile</li></ul>
			Adjusted FCF <sup>1,2</sup> (25% weighting)	<ul style="list-style-type: none"><li>• 0% vesting for below £155.2m</li><li>• 25% vesting for £155.2m</li><li>• 100% vesting for £194.0m or higher</li></ul>
			Reduction in carbon emissions <sup>2,4,5</sup> (10% weighting)	<ul style="list-style-type: none"><li>• 0% vesting for above 22,547 tCO<sub>2</sub>e</li><li>• 25% vesting for 22,547 tCO<sub>2</sub>e</li><li>• 100% vesting for 21,360 tCO<sub>2</sub>e or below</li></ul>



## Directors' Remuneration report continued

### Annual report on remuneration continued

Remuneration element	Implementation in the 2025 financial year	Implementation in the 2026 financial year
Pensions	The pension contributions or cash allowances payable on behalf of or to the Executive Directors are 7.5% of salary. This is aligned with the pension benefit available to the majority of the workforce.	No change
Benefits	The Executives receive private medical insurance and either a company car or a car allowance, which will be £13,900 per annum.	No change
All-employee share plans	The Executives are entitled to participate in the all-employee share plans on the same terms as all other eligible employees.	No change
Shareholding requirements	200% of salary. The deferral allocation of any net bonus payment into shares increases from 33% to 40% until the shareholding requirements are met.  Post-employment: the Executives are required to retain the lower of the shares held at cessation of employment or shares to the value of 200% of base salary for a period of two years.	No change
Non-Executive Directors' fees		With effect from 1 October 2025, the base fees will be increased by 3% which is aligned with the increase for the wider workforce. The additional fees increase by £1,000 (other than Chair of Remuneration Committee which is unchanged).
	With effect from 1 October 2024:	
	Chair of the Board £262,488	Chair of the Board £270,363
	Base fee for Non-Executive £59,138	Base fee for Non-Executive £60,912
	Additional fees:	Additional fees:
	Chair of Environmental, Social and Governance Committee £12,000	Chair of Environmental, Social and Governance Committee £13,000
	Chair of Nomination Committee –	Chair of Nomination Committee –
	Chair of Remuneration Committee £20,000	Chair of Remuneration Committee £20,000
	Chair of Risk Management and Audit Committee £12,000	Chair of Risk Management and Audit Committee £13,000
	Senior Independent Director £12,000	Senior Independent Director £13,000

1. For the financial year ending 30 June 2028.

2. Straight-line vesting between threshold (25% achievement) and maximum (100% achievement).

3. The comparator group comprises FTSE 250 Index excluding investment trusts.

4. Kier's ESG performance metrics are set out on page 43.

5. Measured over the period 1 April 2027–31 March 2028 to align with carbon reporting periods.



## Directors' Remuneration report continued

### Annual report on remuneration continued

#### Annual evaluation

This year's evaluation was performed by way of a questionnaire and feedback was requested from Committee members and regular attendees. The questionnaire sought input on a range of matters including effective oversight of targets and objectives, quality of discussion in the meeting and quality and effectiveness of supporting papers. The outcome of this evaluation concluded that the Committee remains effective, and identified appropriate areas of focus for next year, such as preparation for the renewal of the Policy and continual review to ensure alignment between strategic goals and executive remuneration.

#### Advisers

During the 2025 financial year, Ellason LLP acted as the Committee's independent adviser. Ellason is a signatory of and adheres to the Code of Conduct for Remuneration Consultants which has been developed by the Remuneration Consultants Group. There are no connections between Ellason and either the Company or any of the Directors. The Committee was satisfied that the advice it received from Ellason was objective and independent. During the year, fees paid to Ellason for advice to the Committee were £100,010 (excluding VAT). The fees were charged on a time spent basis.

#### Shareholder voting

The Directors' Remuneration report was subject to a shareholder vote at the AGM held on 14 November 2024. The results of the vote on the resolution were:

##### Directors' Remuneration report

Votes for <sup>1</sup>	Percentage votes for	Votes against <sup>2</sup>	Percentage votes against	Votes withheld
246,637,458	96.42%	9,145,511	3.58%	113,297

1. Includes those votes for which discretion was given to the Chairman.

2. Does not include votes withheld.

The Policy was subject to a shareholder vote at the AGM held on 16 November 2023. The results of the vote on the resolution were:

##### Remuneration Policy

Votes for <sup>1</sup>	Percentage votes for	Votes against <sup>2</sup>	Percentage votes against	Votes withheld
158,612,472	61.40%	99,696,433	38.60%	9,860,396

1. Includes those votes for which discretion was given to the Chairman.

2. Does not include votes withheld.

The Board remains sensitive to the issue of executive remuneration and engages directly with key investors on this matter. Please refer to the Chair's statement on pages 92 to 94 for more information.

## Directors' Remuneration report continued

### Annual report on remuneration continued

#### How the Remuneration Policy aligns with the UK Corporate Governance Code

The Policy is available at [www.kier.co.uk/who-we-are/corporate-governance](http://www.kier.co.uk/who-we-are/corporate-governance). The Committee has determined the Policy in line with the UK Corporate Governance Code 2018 (the 2018 Code) as set out below:

Principle		Committee approach
<b>Clarity</b>	Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Group's remuneration arrangements are clearly communicated to shareholders through this Directors' Remuneration report. The Board actively engages with shareholders and the Chair discussed the arrangements with workforce representatives through the Group's Reward & Employee Benefits Forum.
<b>Simplicity</b>	Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	The remuneration structures are straightforward with a small number of performance measures which are linked to the Group's strategy.
<b>Risk</b>	Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The reputational and other risks that may result from excessive rewards are clearly understood. The Committee has the discretion to adjust annual bonus payments and vesting levels of LTIPs to address this issue. Wide-ranging malus and clawback provisions apply to the incentives.
<b>Predictability</b>	The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the Policy.	The Committee maintains caps on the maximum incentive opportunities as reflected in the Policy.
<b>Proportionality</b>	The link between individual awards, the delivery of strategy and the long-term performance of the Group should be clear. Outcomes should not reward poor performance.	Discretion can be applied in relation to variable remuneration to ensure that rewards reflect the long-term performance of the Group; and the performance measures attached to awards are carefully chosen.
<b>Alignment to culture</b>	Incentive schemes should drive behaviours consistent with the Group's purpose, values and strategy.	The Committee reviews the incentive schemes to ensure alignment with the strategy and long-term sustainable growth plan.

#### Compliance statement

This Directors' Remuneration report complies with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the Listing Rules of the Financial Conduct Authority and applies the main principles relating to remuneration which are set out in the 2018 Code.

## Directors' Remuneration report continued

### Directors' Remuneration Policy

#### Introduction

The Company's Remuneration Policy received shareholder approval at the AGM held in November 2023 and a summary of the key features is set out below. The full Policy can be found on pages 144 to 153 of the 2023 Annual Report.

Element and link to strategy	Operation	Opportunity	Performance measures
<b>Base salary</b> To attract and retain Executive Directors of the calibre required to deliver the Group's strategy	Salaries are reviewed annually by reference to a number of factors, including an individual's experience, performance and role within the Group, the external market (including FTSE companies of a similar size and sector peers) and any increase awarded to the wider employee population.	<ul style="list-style-type: none"> <li>Any increase will typically be in line with those awarded to the wider employee population. The Committee has discretion to award higher increases in circumstances that it considers appropriate, such as a material change in the complexity of the business or an individual's responsibility.</li> <li>Details of salary changes will be disclosed in the Annual Report.</li> </ul>	Not applicable.
<b>Benefits</b> To provide benefits which are competitive with the market	Benefits are reviewed from time to time and typically include, but are not limited to, a company car or car allowance, private health insurance and life assurance.	<ul style="list-style-type: none"> <li>Benefits are set at a level which the Committee considers appropriate in light of the market and an individual's circumstances.</li> </ul>	Not applicable.
<b>Save As You Earn ('SAYE') schemes</b> To encourage ownership of the Company's shares	One or more HMRC-approved schemes allowing all employees, including Executive Directors, to save up to the maximum limit specified by HMRC rules. Options are granted at up to a 20% discount.	<ul style="list-style-type: none"> <li>The maximum amount that may be saved is the limit prescribed by HMRC (or such other lower limit as determined by the Committee) at the time employees are invited to participate in a scheme. Typically, employees are invited to participate on an annual basis.</li> </ul>	Not applicable.
<b>Share Incentive Plan</b> To encourage ownership of the Company's shares	An HMRC-approved scheme which is open to all UK tax resident employees of participating Group companies. Executive Directors are eligible to participate.  The Company may match shares purchased with an award of free shares. Matching shares may be forfeited if employees leave within three years of their award, in accordance with the SIP rules.	<ul style="list-style-type: none"> <li>Participants can purchase shares up to the prevailing limit approved by HMRC (or such other lower limit as determined by the Company) at the time they are invited to participate.</li> <li>The Company currently offers to match purchases made through the plan at the rate of one free share for every two shares purchased but may increase this to the prevailing limit approved by HMRC.</li> </ul>	Not applicable.



## Directors' Remuneration report continued

### Directors' Remuneration Policy continued

Element and link to strategy	Operation	Opportunity	Performance measures
<b>Pension</b> To provide a retirement benefit which is competitive with the market	Executive Directors participate in a defined contribution scheme.	<ul style="list-style-type: none"> <li>The maximum employer contribution for the Executive Directors is aligned with those made available to the workforce, being, at the date of this policy, 7.5% of pensionable salary.</li> <li>Executive Directors may elect to receive all or part of the employer contribution as a taxable cash supplement.</li> </ul>	Not applicable.
<b>Annual bonus</b> To reward the delivery of short-term performance targets and business strategy	<ul style="list-style-type: none"> <li>The Company operates a discretionary bonus scheme.</li> <li>Whether a bonus is awarded and the amount (if any) of bonus awarded will be determined at the Committee's discretion.</li> <li>The Committee may determine that it is appropriate to adjust the bonus outcome taking into account such factors it considers relevant, including but not limited to: (i) the performance of the Company or of any member of the Group; (ii) the conduct or performance of a participant; and/or (iii) any circumstances or events which have occurred in the year.</li> <li>Payments under the bonus scheme are based on an assessment of performance against targets over the year.</li> <li>One-third of any net payment is satisfied by an allocation of Kier Group plc shares, which is deferred for three years (subject to early release for good leavers and upon a change of control).</li> <li>The proportion of the net payment to be allocated into Kier Group plc shares is increased to 40% until the Executive Director share ownership guideline is achieved.</li> <li>Dividend payments accrue on deferred bonus shares over the deferral period.</li> <li>Malus and, in the case of the cash element of a bonus, clawback will apply.</li> </ul>	<ul style="list-style-type: none"> <li>The maximum potential bonus for the Executive Directors is 150% of base salary.</li> <li>'Threshold' performance, for which an element of bonus may become payable under each component of the annual bonus, is set by the Committee each financial year.</li> <li>The level of bonus for achieving threshold performance varies by performance target, and may vary for a target from year to year, to ensure that it is aligned with the Committee's assessment of the degree of difficulty (or 'stretch') in achieving it.</li> <li>No payment is made for a performance outcome below the threshold target. The outcome for achieving on-target performance would be 50% of maximum bonus opportunity.</li> </ul>	<ul style="list-style-type: none"> <li>The Committee determines the bonus targets and their relative weightings each year. The weighting towards non-financial targets will be no higher than 20% of the maximum potential bonus.</li> <li>Actual bonus targets (and performance against each of these targets), and any use by the Committee of its discretion with respect to bonus payments, will be disclosed in the Annual Report immediately following the end of the relevant performance period.</li> </ul>

## Directors' Remuneration report continued

### Directors' Remuneration Policy continued

Element and link to strategy	Operation	Opportunity	Performance measures
<b>LTIP awards</b> To reward the sustained strong performance by the Group over the longer term	<ul style="list-style-type: none"> <li>Awards are granted annually and will typically vest, subject to the achievement of performance conditions, on the third anniversary of the date of grant. The performance period will be no less than three years. A two-year post-vesting holding period applies.</li> <li>A malus provision applies to awards pre-vesting and a clawback provision applies to the post-vesting holding period.</li> <li>Dividend equivalents may apply to awards.</li> <li>The awards are subject to the LTIP rules and the Committee may adjust or amend the awards only in accordance with the LTIP rules.</li> <li>The LTIP rules permit the Committee to exercise its discretion to modify any performance condition(s) when it deems it fair and reasonable to do so. Any use of Committee discretion with respect to modifying any performance condition(s) will be disclosed in the relevant Annual Report.</li> <li>The Committee may adjust the number of shares which will vest if, in its discretion, it determines that it would be appropriate to do so in order to override the formulaic outcome of any performance condition, taking into account such factors as it considers relevant, including but not limited to: (i) the performance of the Company or of any member of the Group; (ii) the conduct or performance of a participant; and/or (iii) any circumstances or events which have occurred since the award was granted.</li> </ul>	<ul style="list-style-type: none"> <li>The maximum award is 200% of base salary.</li> <li>The Committee may grant awards of up to the maximum permitted in exceptional circumstances. It considers 175% to be the normal annual grant level but shall reduce this level where it considers it appropriate to do so.</li> <li>On achieving the threshold performance level for each element of the award, 25% of the relevant element of the award will vest.</li> <li>Vesting is on a straight-line basis between threshold and maximum levels of performance.</li> </ul>	<ul style="list-style-type: none"> <li>Prior to granting an award, the Committee sets performance conditions which it considers to be appropriately stretching.</li> <li>The performance conditions relating to an award, and their respective weightings, will be disclosed in the Annual Report immediately following its grant.</li> </ul>

### Non-Executive Director remuneration policy

#### General

The Non-Executive Directors' remuneration (including that of the Chairman) reflects the anticipated time commitment to fulfil their duties. Non-Executive Directors do not receive bonuses, long-term incentive awards, a pension or compensation on termination of their appointments. The policy on Non-Executive Directors' remuneration is as follows:

Element and link to strategy	Operation	Opportunity	Performance measures
<b>Fees</b> To attract and retain Non-Executive Directors of the calibre required and with appropriate skills and experience	<ul style="list-style-type: none"> <li>Fee levels are reviewed annually with reference to individual experience, the external market and the expected time commitment required of the Director.</li> <li>Additional fees are payable to the Chairs of the Board's Committees and to the Senior Independent Director.</li> </ul>	<ul style="list-style-type: none"> <li>Fees may be increased in line with the outcome of the annual review and will not normally exceed the increase awarded to the wider employee population. Higher increases may be awarded should there be a material change to the requirements of the role, such as additional time commitment.</li> <li>Any changes to fees will be disclosed in the annual report on remuneration for the relevant year.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
<b>Benefits</b> To reimburse Non-Executive Directors for expenses	<ul style="list-style-type: none"> <li>Reasonable and necessary expenses are reimbursed, together with any tax due on them.</li> </ul>	<ul style="list-style-type: none"> <li>Expenses (including, without limitation, travel and subsistence) incurred in connection with Kier business and any tax payable thereon.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>

## Directors' report

### Introduction

For the purposes of section 463 of the Companies Act 2006 (the Act), the Directors' report of Kier Group plc for the year ended 30 June 2025 comprises pages 70 to 120 (inclusive).

This Directors' report and the Strategic report on pages 1 to 120 (inclusive) together comprise the 'management report' for the purposes of Disclosure Guidance and Transparency Rule 4.1.8R.

The information required to be included in the Directors' report that is provided in other appropriate sections of this Annual Report and the financial statements is shown in table 1 below and is incorporated into this Directors' report by reference, in accordance with section 414C(11) of the Act.

#### 1. Information incorporated by reference

Information	Reported in	Pages
Directors	Board of Directors Directors' shareholdings and share interests	72–73 (inclusive) 103–105 (inclusive)
Employee engagement	People report Our key stakeholders Engaging with our people	44–53 (inclusive) 79 77, 79 and 80
Employment of disabled persons	People report	49–50 (inclusive)
Engagement with suppliers, customers and others	Our key stakeholders	78–79 (inclusive)
Financial instruments	Consolidated financial statements – note 27	172–174 (inclusive)
Going concern	Financial review	29
Greenhouse gas emissions	Energy and carbon reporting	43
Important events since the end of the financial year	n/a	n/a
Likely future developments	Chief Executive's review	7–13 (inclusive)
Results and dividends	Chief Executive's review Financial review	7–13 (inclusive) 25–28 (inclusive)

Table 2 below sets out the location of information required to be disclosed under UK Listing Rule 6.6.1R, where applicable.

#### 2. Disclosures required under UK Listing Rule 6.6.1R

Information required to be disclosed	Page(s)
(1) Amount of interest capitalised	n/a
(2) Publication of unaudited financial information	n/a
(3) Long-term incentive schemes	n/a
(4)–(10) Miscellaneous	n/a
(11)–(12) Waiver of dividends	117 and 118
(13) Agreement with controlling shareholders	n/a

### Results and dividends

The Group's results and performance highlights for the year are set out on pages 7 to 13 and on pages 25 to 28. An interim dividend of 2.0p per Ordinary Share of 1p each (Ordinary Share) in the capital of the Company (FY24: 1.7p) was paid on 2 June 2025. The Directors propose a final dividend of 5.2p per Ordinary Share (FY24: 3.5p). Subject to approval at the 2025 Annual General Meeting (2025 AGM), the final dividend will be paid on 3 December 2025 to shareholders on the register of members at close of business on 31 October 2025. As well as the cash dividend option, shareholders are offered a Dividend Reinvestment Plan (DRIP). The final election date for the DRIP in respect of the FY25 final dividend is 14 November 2025. For further information on the DRIP, see Dividend information within the Investors section of the Company's website.

### Share capital

As at 30 June 2025, the issued share capital of the Company was £4,528,753.90, comprising of 452,875,390 Ordinary Shares, and the Company held 4,552,151 Ordinary Shares in treasury, representing 1.0% of the issued shares, excluding treasury shares. As at 12 September 2025, the issued share capital of the Company was £4,528,753.90, comprising of 452,875,390 Ordinary Shares, and the Company held 6,371,936 Ordinary Shares in treasury, representing 1.4% of the issued shares, excluding treasury shares.

## Directors' report continued

### Share issues and powers of the Directors

The Directors were granted authority at the AGM held on 14 November 2024 (the 2024 AGM) to allot shares in the Company (i) up to an aggregate nominal amount of £1,509,012; and (ii) up to an aggregate nominal amount of £3,018,024 in connection with a rights issue. The Directors were also granted authority to allot shares (i) non-pre-emptively and wholly for cash up to an aggregate nominal amount of £452,703; and (ii) for the purposes of financing an acquisition or other capital investment up to a further nominal amount of £452,703.

In addition, at the 2024 AGM, the Directors were granted authority in connection with follow-on offers, up to a maximum amount of £181,081. The concept of follow-on offers was introduced by the latest institutional shareholder guidelines, including the Pre-Emption Group's Statement of Principles which were updated in November 2022 to help existing and retail investors to participate in equity issues.

During FY25, the Company issued 741,638 Ordinary Shares in connection with the exercise of options under the Kier Group plc Sharesave Scheme 2024 (formerly the Kier Group plc Sharesave Scheme 2016) (the Scheme) with an aggregate nominal value of £7,416.38 (FY24: 5,819,317 Ordinary Shares with an aggregate nominal value of £58,193.17). Between 1 July 2025 and 12 September 2025, no Ordinary Shares were issued in connection with the exercise of options under the Scheme (FY24: 488,694 Ordinary Shares with an aggregate nominal value of £4,886.94 were issued between 1 July 2024 and 10 September 2024). Further details of changes to the Ordinary Shares issued and of options and awards granted during the year are set out in the Consolidated statement of changes in equity and in note 25 to the consolidated financial statements.

Subject to the provisions of the articles of association of the Company (the Articles) and prevailing legislation, shares may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, if the Company has not so determined, as the Directors may decide.

### Share buyback

The Company was granted authority at the 2024 AGM to make market purchases of up to 45,270,364 Ordinary Shares (representing 10% of its the Company's issued shares, excluding treasury shares, as at 19 September 2024) up until the earlier of the conclusion of the 2025 AGM and close of business on 31 December 2025.

On 21 January 2025, the Company announced a share buyback programme of up to £20m (the Buyback Programme), such Buyback Programme to end on the date on which the total purchase price of all Ordinary Shares purchased pursuant to the Buyback Programme is equal to, or as close as possible to (but not exceeding), £20m (the Completion Date). The purpose of the Buyback Programme was to return capital to shareholders.

As at 30 June 2025, the Company had purchased 4,552,151 Ordinary Shares under the Buyback Programme with an aggregate nominal value of £45,521.51 and for a total purchase price of £6,326,368 (FY24: £nil), representing 1.0% of the issued shares, excluding treasury shares, as at that date. The Company therefore had 89.9% of the authority to purchase its own shares received from shareholders at the 2024 AGM remaining as at 30 June 2025.

Between 1 July 2025 and 12 September 2025, the Company purchased 1,819,785 Ordinary Shares under the Buyback Programme with an aggregate nominal value of £18,197.85 for a total purchase price of £3,637,689 (FY24: £nil). Therefore, as at 12 September 2025, a total of 6,371,936 Ordinary Shares had been purchased by the Company under the Buyback Programme with an aggregate nominal value of £63,719.36 for a total purchase price of £9,964,057, representing 1.4% of the issued shares, excluding treasury shares, as at that date. The Company therefore had 85.9% of the authority to purchase its own shares received from shareholders at the 2024 AGM remaining as at 12 September 2025.

As announced, all of the Ordinary Shares purchased under the Buyback Programme are held in treasury.

The rights of treasury shares are restricted in accordance with the Act and, in particular, the voting and dividend rights attached to these shares are automatically suspended.

The Directors intend to continue with the Buyback Programme until the Completion Date utilising the authority granted to the Company at the 2024 AGM (as the contract to implement the Buyback Programme was executed prior to the expiry of that authority). The Company proposes to seek at the 2025 AGM renewal of its authority to make market purchases of up to 10% of its issued shares as at the latest practicable date prior to the publication of the Notice of AGM. The Directors have no present intention of exercising this renewed authority but wish to have the flexibility to do so in the future.

### Substantial holdings

The information in table 3 on page 118 has been provided as at 29 August 2025 under requests made to shareholders under section 793 of the Act. As such this information is regarded by the Company as providing an up-to-date representation of our major shareholders' interests.

In addition, we have included in table 4 on page 118 the interests in the share capital of the Company which have been notified to the Company as at 30 June 2025 and as at 12 September 2025 under Rule 5.1 of the Disclosure Guidance and Transparency Rules. The information in table 4 is based on the latest notifications that have been made to the Company by the relevant shareholders; accordingly, it may not accurately represent the actual interests of the relevant shareholders in the share capital of the Company.



## Directors' report continued

### 3. Substantial holdings – section 793 information

Shareholder	Interest as at 29 August 2025
BlackRock, Inc	6.0%
Oasis Management Company Ltd.	5.9%
JTC Employer Solutions Trustee Limited	4.9%
Aberdeen	4.5%
Hargreaves Lansdown Asset Management	4.5%
Perpetual Limited	3.8%
M&G Investments	3.4%

### 4. Substantial holdings – DTR disclosures

Shareholder <sup>1</sup>	Interest as at 30 June 2025 <sup>2</sup>	Interest as at 12 September 2025 <sup>2</sup>
BlackRock, Inc.	5.3%	5.2%
Oasis Management Company Ltd.	5.2%	5.2%
Brewin Dolphin Limited	5.0%	5.0%
Charles Stanley Group plc	5.0%	5.0%
Lombard Odier Asset Management (Europe) Limited	5.0%	5.0%
M&G Plc	5.0%	5.0%
Pendal Group Limited	5.0%	5.0%
Perpetual Limited	5.0%	5.0%
Rathbone Investment Management Limited	4.9%	4.9%
Schroders plc	4.9%	4.9%
Aviva plc	4.8%	4.8%
Jupiter Fund Management PLC	4.8%	4.8%
Norges Bank	3.0%	3.0%

1. The most recent notification received by the Company from Woodford Investment Management Limited (WIM) in July 2019 indicated a shareholding of 22,901,145 shares, which would represent 5.1% of the Company's issued share capital, excluding treasury shares, as at 12 September 2025. Although the Directors of the Company believe that the number of shares held by WIM has decreased significantly since that time, as they understand that the funds managed by WIM are in the process of being closed down, the Company has not received an updated notification of change in shareholding pursuant to the Disclosure Guidance and Transparency Rules.

2. Subject to rounding.

### Rights under employee share schemes

As at 30 June 2025, JTC Employer Solutions Trustee Limited (JTC), as the trustee of the Kier Group 1999 Employee Benefit Trust, owned 9,944,522 Ordinary Shares (2.2% of the Company's issued share capital, excluding treasury shares, at that date). These shares are made available to satisfy share-based awards granted to senior management under the Group's remuneration arrangements and may be used to satisfy the exercise of options granted under all-employee share plans. JTC does not exercise any voting rights in respect of these shares and waives any dividends payable.

In addition, as at 30 June 2025, JTC held 1,437,389 Ordinary Shares (0.3% of the Company's issued share capital, excluding treasury shares, at that date) in a nominee capacity on behalf of senior management in connection with the Company's deferred bonus arrangements. JTC votes to the extent instructed by the holders of the beneficial interests in these shares (the Beneficial Holders) and distributes any dividends received to the Beneficial Holders.

As at 30 June 2025, Equiniti Limited (Equiniti) held 10,906,470 Ordinary Shares (2.4% of the Company's issued share capital, excluding treasury shares, at that date) on trust for the benefit of members of the Kier Group plc Share Incentive Plan. Equiniti does not exercise any voting rights in respect of the shares held by the trust (although beneficiaries may authorise Equiniti to vote in accordance with their instructions). Equiniti distributes dividends received to beneficiaries under the trust.

### Restrictions on transfer of securities in the Company

There are no restrictions on the transfer of securities in the Company, other than those that are set out in the Articles or apply as a result of the operation of law or regulation. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities in the Company.

## Directors' report continued

### Securities carrying special rights

No person holds securities in the Company carrying special rights with regard to control of the Company.

### Restrictions on voting rights

No shareholder will, unless the Board otherwise determines, be entitled to vote at any general meeting if any calls or other sums then payable by the shareholder in respect of that share are unpaid or if that shareholder has been served with a disenfranchisement notice.

The Company is not aware of any agreements between holders of securities that may result in restrictions on voting rights.

### Appointment and replacement of Directors

Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office until the next AGM of the Company after his/her appointment and is then eligible to stand for election.

Each of the Directors will stand for election or re-election by shareholders at the 2025 AGM (except for Andrew Davies, who is retiring from the Board on 31 October 2025). Further information about the Directors' skills, experience and contribution can be found on pages 72 and 73.

The Company may by ordinary resolution, of which special notice has been given, remove any Director before the expiry of the Director's period of office.

### Directors' insurance and indemnities

The Directors have the benefit of the indemnity provisions contained in the Articles and the Company maintains Directors' and officers' liability insurance for the benefit of the Directors and the Company's officers. The Company and Kier Limited have also entered into qualifying third-party indemnity arrangements in a form and scope which comply with the Act. Each of these arrangements were in place during the year ended 30 June 2025 for the relevant Directors and remain in force for the current Directors as at the date of this Annual Report.

### Powers of the Directors

Subject to the Articles, applicable law and any directions given by shareholders, the Company's business is managed by the Board, which may exercise all the powers of the Company.

### Amendment of Articles

The Articles may be amended by a special resolution of the Company's shareholders.

### Change of control

The Group's senior borrowing facilities, being: (i) a bank funded £150m revolving credit facility; and (ii) the £250m 2024 Senior Notes, each contain provisions under which, in the event of a change of control of the Company, the Company may be required to repay all outstanding amounts borrowed.

Certain of the Group's commercial arrangements, including certain of its joint venture agreements, contract bond agreements and other commercial agreements entered into in the ordinary course of business, include change of control provisions.

Certain of the Group's employee share schemes or remuneration arrangements contain provisions relating to a change of control of the Company. Outstanding awards or options may become exercisable or vest upon a change of control.

There are no agreements between the Company and the Directors providing for compensation for loss of office that occurs as a result of a takeover bid (other than those referred to above).

### Subsidiaries and branches

A list of the Group's subsidiaries and the branches through which the Group operates are listed in note 30 to the consolidated financial statements.

### Political donations

The Company made no political donations during the year (FY24: nil).

### Research and development

The Group undertakes research and development activities when providing services to its clients. The total amount of the direct expenditure incurred by the Group when undertaking such activities is not readily identifiable, as the investment is typically included in the relevant project.

### Auditors

The Board has decided that PricewaterhouseCoopers LLP will be proposed as the Group's auditors for the financial year ending 30 June 2026. A resolution relating to this re-appointment will be proposed at the 2025 AGM.

### AGM

The Company's 2025 AGM is scheduled to be held on 13 November 2025. Please see the Notice of AGM for further information.

This Directors' report was approved by the Board and signed on its behalf by:

#### Jaime Tham

Company Secretary  
2nd Floor, Optimum House,  
Clippers Quay, Salford, M50 3XP  
15 September 2025

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 2025 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements of the Group (comprising of Kier Group plc (the Company) and its subsidiaries (the Group) and the Group's interest in joint arrangements) in accordance with UK-adopted international accounting standards and the financial statements of the Company in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

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

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

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

## Directors' confirmations

The Directors consider that the Annual Report and Accounts 2025, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Governance section, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic report and the Directors' report include a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

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

**Andrew Davies**  
Chief Executive  
15 September 2025

**Simon Kesterton**  
Chief Financial Officer

# Independent auditors' report to the members of Kier Group plc

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Kier Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2025 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2025 (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 30 June 2025; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated statement of cash flows for

the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Risk Management and Audit Committee.

### Basis for opinion

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

### Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 4, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- The Group is primarily UK based and we performed audit work across all four of the Group's operating segments. In doing so, we have achieved coverage of over 98% (2024: 97%) of the Group's revenues

#### Key audit matters

- Contract accounting (Group)
- Carrying value of investments in Group companies and recoverability of amounts owed by subsidiaries (Company)

#### Materiality

- Overall Group materiality: £24.4m (2024: £13.7m) based on 0.6% of Group revenue (FY24: 0.35%).
- Overall Company materiality: £21.3m (2024: £20.5m) based on 1% of total assets. For certain balances/ transactions, we use a lower materiality level of £10.0m (2024: £4.4m).
- Performance materiality: £18.3m (2024: £10.2m) (Group) and £16.0m (2024: £15.3m) (Company).

#### The scope of our audit

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

## Key audit matters

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

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

Impairment of Goodwill (Group), which was a key audit matter last year, is no longer included in the current year. Whilst the Infrastructure Services goodwill value is significant at £523.1m, the Directors' impairment assessment calculated a recoverable amount that was £343.0m above the Infrastructure Services carrying value and has consistently shown significant headroom in recent years, thus reducing the risk of recoverability. The increased headroom means goodwill recoverability is less sensitive to changes in key assumptions and therefore was less of an audit focus in the current year. In addition, we considered the Group's improving financial performance and recent record of delivering to budget. Otherwise, the key audit matters below are consistent with last year.



# Independent auditors' report to the members of Kier Group plc continued

## Report on the audit of the financial statements continued

### Our audit approach continued

### Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
<p><b>Contract accounting (Group)</b></p> <p>Refer to page 85 (Risk Management and Audit Committee report) and page 136 (Accounting policy).</p> <p>The Group has significant long-term contracts in its Infrastructure Services and Construction businesses. The recognition of revenue in relation to long-term contracts is in accordance with IFRS 15 where for the majority of contracts revenue is recognised over time. Where this is the case the measure of progress is based on the 'input method' which is based on the stage of completion of contract activity. This is determined based on the actual costs incurred to date compared to the estimated forecast costs at completion. For certain contract arrangements, including for cost plus and schedule of rates contracts, revenue is not sensitive to estimated costs at completion and therefore these do not form part of our significant risk assessment.</p> <p>Contracts accounted for on a stage of completion basis involve estimation uncertainty as management are required to accurately forecast the costs to come for each project. Estimates also include the determination of the expected recovery of costs arising from, for example, variations to the contract requested by the customer, and claims made both by and against the Group for delays or other additional costs arising or projected to arise.</p> <p>An error in the contract cost forecast could result in a material variance in the amount of profit or loss (including for any onerous contracts) recognised to date and, therefore, the current financial year.</p> <p>The Group's accounting policy is to recognise additional contractual revenue from customers only to the extent that is highly probable that a significant reversal will not occur.</p> <p>On the basis of the significant estimates, judgements and inherent uncertainty involved in determining the appropriate revenue recognition and associated profit, we have identified Contract Accounting (for contracts accounted for on a stage of completion basis) as a Key Audit Matter and are particularly focussed on the existence/occurrence and accuracy of revenue recognition due to the estimation of costs to complete and ensuring any variable elements of revenue are recognised to the extent is highly probable that a significant reversal will not occur.</p>	<p>Our work focused primarily on those contracts that fit the significant risk criteria with the greatest estimation uncertainty over the final contract values and costs and, therefore, profit or loss outcome. We selected a risk based sample of contracts for our testing, based on both quantitative and qualitative risk criteria, including (for example):</p> <ul style="list-style-type: none"> <li>• contracts with high levels of revenue recognised in the year, in particular where there are large amounts of variable revenue;</li> <li>• low margin or loss making contracts;</li> <li>• contracts with significant work in progress balances and/or other balances sheet exposure; and</li> <li>• contracts identified through our discussions with management, review of Board minutes, review of legal reports and review of publicly available information.</li> </ul> <p>Our audit procedures were then tailored according to the specific risk profile of each contract and included, but were not limited to, the following procedures:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the relevant contractual clauses and terms and conditions and agreeing forecast revenue to signed contracts, signed variations, or other corroborative and supporting documentation;</li> <li>• challenging management's forecasts, in particular assessing the appropriateness of the key assumptions, which included forecast costs, any claims and the expected recovery of variations from clients;</li> <li>• substantively testing a sample of actual costs incurred (not part of the significant risk) to date to ensure these had been recorded accurately;</li> <li>• performing a margin analysis of the end of life forecasts (ELFs) to assess the consistency of the performance of the contract portfolios year-on-year;</li> <li>• inspecting correspondence and meeting minutes with customers concerning variations, claims and reviewing third party assessments of these from legal or technical experts contracted by the Group, where applicable, to assess whether this information was consistent with the estimates made;</li> <li>• reconciling revenue recognised with amounts certified by clients and agreeing on a sample basis to cash received;</li> <li>• agreeing forecast costs to complete to supporting evidence (such as orders signed with subcontractors, performing look back testing and assessing the appropriateness of forecast run rates); and</li> <li>• attending certain contract review meetings virtually and inspecting minutes of meetings that considered value cost reconciliations (VCRs) in order to understand, but not rely upon, the controls operated by management.</li> </ul> <p>For a sample of the residual significant risk contract population (the tail), we performed targeted risk based procedures including, for example, testing costs to complete, material unagreed variations, reviewing the contract forecast for unusual items and recalculating the percentage of completion.</p> <p>We also assessed the impact of other identified risks including the impact of climate change, the current economic environment and the associated impact on the forecast cost at completion.</p> <p>Based on the evidence obtained from the above procedures we concluded on the appropriateness of the recognition of contract revenues and profits/losses and of the amounts held as contract assets and liabilities. Given the degree of estimation, we also reviewed the disclosures regarding significant judgements and estimates included in note 1 to the financial statements.</p>

## Independent auditors' report to the members of Kier Group plc continued

### Report on the audit of the financial statements continued

#### Our audit approach continued

#### Key audit matters continued

Key audit matter continued	How our audit addressed the key audit matter continued
<p><b>Carrying value of investments in Group companies and recoverability of amounts owed by subsidiaries (Company)</b></p> <p>Refer to page 85 (Risk Management and Audit Committee report) and page 186 (Accounting policy).</p> <p>The Company holds investments in subsidiaries of £669.7m (2024: £455.5m) and net amounts owed by subsidiary undertakings of £1,413.3m (2024: £1,534.7m).</p> <p>IAS 36 'Impairment of assets' requires management to consider whether there are any indicators of impairment in respect of non-financial assets. Due to the quantum of the carrying amount and the market capitalisation of the Group, this was an area of focus for the audit of the Company.</p> <p>The Directors' assessment of the carrying value of investments was that no impairment was required. Similarly, all amounts owed by subsidiary undertakings were assessed as being recoverable.</p>	<p>We audited the Directors' impairment assessment of the carrying value in subsidiaries and net amounts owed by subsidiary undertakings.</p> <p>In respect of the investment in Kier Limited (the only material investment), we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• we obtained the Board-approved three year forecasts which formed the basis of the model used in the Directors' impairment calculation. We considered whether the planned growth rates and expected operating margins in the impairment model were consistent with the Board-approved cash flows;</li> <li>• we tested certain contracts in the Group's order book to provide evidence of the associated revenue forecast in the cash flow model;</li> <li>• we challenged managements' forecasts and compared future cash flow performance to historical levels, as well as to industry forecasts as part of our assessment as to whether the planned performance was considered achievable;</li> <li>• we challenged the assumption within the forecasts that the business's cash flows would be earned into perpetuity, including considering whether the impact of climate change posed a risk to the Group's long-term operations and associated impairment assessments; and</li> <li>• we tested the discount rate and long-term growth rate applied with the support of our internal valuation experts.</li> </ul> <p>We verified that the amounts owed by subsidiary undertakings were recoverable based on counterparty cash balances and/or expected future cash flows.</p> <p>As a result of these procedures, we were satisfied with the Directors' conclusion that no impairment was required against the carrying value of the investments in subsidiaries or the net amounts owed by subsidiary undertakings.</p>

## Independent auditors' report to the members of Kier Group plc continued

### Report on the audit of the financial statements continued

#### Our audit approach continued

#### How we tailored the audit scope

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

The Group's operations and reporting processes are structured into four segments comprising; Infrastructure Services, Construction, Property and Corporate. The Group audit partner is supported by other component engagement leaders who are responsible for the audit of elements of these segments. The four segments include a number of statutory entities/reporting units in the Group's consolidation, each of which is considered to be a financial component.

The Group's operations are largely within the UK. Our audit approach was designed to obtain coverage over 98% of the Group's revenue. We are satisfied that we obtained appropriate audit coverage over the Group's income statement, balance sheet and cash flows through our audit work.

### The impact of climate risk on our audit

As part of our audit we made enquiries with management to understand the extent of the potential impact of climate change risk on the Group's financial statements.

Management concluded that there was no material impact on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks (and opportunities) could impact the assumptions made in areas such as the recoverability of contract assets and the carrying value of investment in Group companies and amounts owed by subsidiaries (see key audit matters above) as well as the goodwill impairment assessment and the valuation of investment property. We also considered the consistency of the disclosures in relation to climate change in the other information within the Annual report with that of the financial statements and our knowledge from our audit.

### Materiality

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

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

	Financial statements – Group	Financial statements – Company
<b>Overall materiality</b>	£24.4m (2024: £13.7m)	£21.3m (2024: £20.5m)
<b>How we determined it</b>	0.6% of Group revenue (FY24: 0.35%)	1% of total assets. For certain balances/transactions we use a lower materiality of £10.0m (2024: £4.4m).
<b>Rationale for benchmark applied</b>	Consistent with the prior year, we have determined that revenue remains the most appropriate benchmark as it is considered to be a reflection of the underlying operating activities of the Group. In the current year we have increased the rule of thumb to 0.6% (FY24: 0.35%). We have taken into consideration a combination of factors, including the performance of the business over the last few years and the overall scale of the business  Based on our professional judgement, we concluded that an amount of £24.4m was appropriate representing 0.6% of the Group's revenue.	The Company primarily holds intercompany receivables, investments in subsidiaries and debt. Accordingly, we considered that total assets is the primary measure for shareholders when assessing the financial statements of the ultimate holding Company of the Group.

# Independent auditors' report to the members of Kier Group plc continued

## Report on the audit of the financial statements continued

### Our audit approach continued

#### Materiality continued

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1.2m and £17.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £18.3m (2024: £10.2m) for the Group financial statements and £16.0m (2024: £15.3m) for the Company financial statements.

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

We agreed with the Risk Management and Audit Committee that we would report to them misstatements identified during our audit above £1.2m (Group audit) (2024: £0.6m) and £1.1m (Company audit) (2024: £0.6m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- auditing the Directors' going concern paper to ensure it was based upon the latest Board approved forecasts and that the cash flow assumptions were consistent with our understanding of the outlook for the Group's businesses and the wider market;
- testing, on a sample basis, significant contracts in the Group's pipeline to obtain evidence in support of the revenue forecasts in the going concern model;
- performing sensitivity analysis over the Directors' forecasts to determine whether under severe but plausible scenarios the Group's peak debt could exceed its lending limits and/or the Group could breach covenant limits. This included consideration as to whether the Directors have mitigating actions available to them, within their control to prevent such a situation occurring;
- comparing the prior year forecasts against actual performance to assess the Directors' ability to forecast accurately; and

- reviewing the Directors' covenant calculations, covering the period from 1 July 2025 to 31 December 2026, ensuring that the covenant thresholds and definitions were consistent with financing agreements.

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

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

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

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

## Reporting on other information

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

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

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

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



## Independent auditors' report to the members of Kier Group plc continued

### Report on the audit of the financial statements continued

#### Reporting on other information continued

##### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

##### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

##### Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- the disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- the Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- the Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- the section of the Annual Report describing the work of the Risk Management and Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

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

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

# Independent auditors' report to the members of Kier Group plc continued

## Report on the audit of the financial statements continued

### Responsibilities for the financial statements and the audit continued

#### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK pensions and employment legislation, data protection legislation, the Health and Safety Executive legislation and equivalent local laws, Fire Safety Act 2021, anti-bribery and corruption legislation, environmental legislation, construction laws including the Building Safety Act 2021, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Listing Rules and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates, in particular long-term contracting accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management, Internal Audit and internal legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- assessment of matters reported to the Board, including those raised through the Group's whistleblowing helpline;
- review of external press releases;
- challenging assumptions and judgements made by management in the estimates involved in accounting for long term contracts, and where applicable, inspecting correspondence with external advisors; and
- identifying and testing journal entries in particular any journal entries posted with unusual account combinations.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

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

## Independent auditors' report to the members of Kier Group plc continued

### Other required reporting

#### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Risk Management and Audit Committee, we were appointed by the members on 24 September 2014 to audit the financial statements for the year ended 30 June 2015 and subsequent financial periods. The period of total uninterrupted engagement is 11 years, covering the years ended 30 June 2015 to 30 June 2025.

### Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

**Darryl Phillips (Senior Statutory Auditor)**  
for and on behalf of  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15 September 2025



# Consolidated income statement

For the year ended 30 June 2025

	Note	2025 £m	2024 £m
<b>Continuing operations</b>			
Group revenue including share of joint ventures <sup>1</sup>	3	<b>4,087.8</b>	3,969.4
Less share of joint ventures	3	<b>(10.7)</b>	(64.3)
<b>Group revenue</b>		<b>4,077.1</b>	3,905.1
Cost of sales		<b>(3,746.3)</b>	(3,570.1)
<b>Gross profit</b>		<b>330.8</b>	335.0
Administrative expenses		<b>(223.2)</b>	(240.0)
Share of post-tax results of joint ventures	16	<b>(1.5)</b>	1.6
Other income	6	<b>7.6</b>	6.5
<b>Operating profit</b>	3,4	<b>113.7</b>	103.1
Finance income	7	<b>8.0</b>	9.2
Finance costs	7	<b>(43.6)</b>	(44.2)
<b>Profit before tax</b>	3	<b>78.1</b>	68.1
Taxation	10	<b>(21.7)</b>	(16.8)
<b>Profit for the year from continuing operations</b>	3	<b>56.4</b>	51.3
<b>Discontinued operations</b>			
Loss for the year from discontinued operations (attributable to equity holders of the Company)	3,5	<b>–</b>	(8.3)
<b>Profit for the year</b>		<b>56.4</b>	43.0

	Note	2025 £m	2024 £m
<b>Attributable to:</b>			
Owners of the Company		<b>56.4</b>	42.7
Non-controlling interests		<b>–</b>	0.3
		<b>56.4</b>	43.0
<b>Earnings/(losses) per share</b>			
Basic:			
– Continuing operations	12	<b>12.8p</b>	11.8p
– Discontinued operations	12	<b>–</b>	(1.9)p
<b>Total</b>		<b>12.8p</b>	9.9p
Diluted:			
– Continuing operations	12	<b>12.1p</b>	11.3p
– Discontinued operations	12	<b>–</b>	(1.8)p
<b>Total</b>		<b>12.1p</b>	9.5p
<b>Supplementary information – continuing operations</b>			
Adjusted <sup>2</sup> operating profit	5	<b>159.1</b>	150.2
Adjusted <sup>2</sup> profit before tax	5	<b>125.4</b>	118.1
Adjusted <sup>2</sup> basic earnings per share	12	<b>21.6p</b>	20.6p

1. Group revenue including share of joint ventures is an alternative performance measure.

2. References to 'adjusted' exclude adjusting items, see note 5. These are alternative performance measures.



# Consolidated statement of comprehensive income

For the year ended 30 June 2025

	Note	2025 £m	2024 £m
<b>Profit for the year</b>		<b>56.4</b>	43.0
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be reclassified subsequently to the income statement</b>			
Fair value movements on cash flow hedging instruments		<b>0.4</b>	(2.6)
Fair value movements on cash flow hedging instruments recycled to the income statement	7	<b>(0.2)</b>	–
Deferred tax on fair value movements on cash flow hedging instruments		–	0.9
Foreign exchange translation differences		–	(0.1)
Foreign exchange movements recycled to the income statement		–	(9.2)
<b>Items that will not be reclassified to the income statement</b>			
Re-measurement of retirement benefit assets and obligations	9	<b>(42.5)</b>	(36.5)
Tax on re-measurement of retirement benefit assets and obligations		<b>10.7</b>	9.1
<b>Other comprehensive loss for the year</b>		<b>(31.6)</b>	(38.4)
<b>Total comprehensive income for the year</b>		<b>24.8</b>	4.6
<b>Attributable to:</b>			
Equity holders of the Company		<b>24.8</b>	4.3
Non-controlling interests		–	0.3
		<b>24.8</b>	4.6
<b>Total comprehensive income/(loss) for the year attributable to equity holders of the Company arises from:</b>			
Continuing operations		<b>24.8</b>	12.6
Discontinued operations		–	(8.3)
		<b>24.8</b>	4.3



## Consolidated balance sheet

As at 30 June 2025

	Note	2025 £m	2024 £m
<b>Non-current assets</b>			
Intangible assets	13	608.4	638.2
Property, plant and equipment	14	28.0	27.7
Right-of-use assets	22	96.5	95.0
Investment properties	15	100.6	104.9
Investments in and loans to joint ventures	16	145.8	91.7
Deferred tax assets	17	136.7	133.1
Contract assets	18	57.0	53.6
Trade and other receivables	19	30.0	28.5
Retirement benefit assets	9	74.1	105.0
<b>Non-current assets</b>		<b>1,277.1</b>	1,277.7
<b>Current assets</b>			
Inventories	20	65.6	74.0
Contract assets	18	317.0	304.5
Trade and other receivables	19	202.8	237.3
Corporation tax receivable		0.6	–
Other financial assets	27	–	7.1
Cash and cash equivalents	21	1,689.4	1,563.1
<b>Current assets</b>		<b>2,275.4</b>	2,186.0
<b>Total assets</b>		<b>3,552.5</b>	3,463.7
<b>Current liabilities</b>			
Bank overdrafts	21	(1,221.4)	(1,101.4)
Borrowings	21	–	(58.8)
Lease liabilities	22	(40.8)	(42.2)
Trade and other payables	23	(1,105.7)	(1,109.8)
Contract liabilities	18	(168.0)	(128.4)
Provisions	24	(53.1)	(55.3)
<b>Current liabilities</b>		<b>(2,589.0)</b>	(2,495.9)

	Note	2025 £m	2024 £m
<b>Non-current liabilities</b>			
Borrowings	21	(263.9)	(242.0)
Lease liabilities	22	(110.3)	(130.9)
Trade and other payables	23	(19.1)	(28.4)
Retirement benefit obligations	9	(26.9)	(24.5)
Provisions	24	(26.1)	(21.9)
<b>Non-current liabilities</b>		<b>(446.3)</b>	(447.7)
<b>Total liabilities</b>		<b>(3,035.3)</b>	(2,943.6)
<b>Net assets</b>	3	<b>517.2</b>	520.1
<b>Equity</b>			
Share capital		4.5	4.5
Share premium		3.6	3.2
Retained earnings		158.6	162.1
Merger reserve		350.6	350.6
Other reserves		–	(0.2)
<b>Equity attributable to owners of the Company</b>		<b>517.3</b>	520.2
<b>Non-controlling interests</b>		<b>(0.1)</b>	(0.1)
<b>Total equity</b>		<b>517.2</b>	520.1

The financial statements of Kier Group plc, company registration number 2708030, on pages 129–187 were approved by the Board of Directors on 15 September 2025 and were signed on its behalf by:

**Andrew Davies**  
Chief Executive

**Simon Kesterton**  
Chief Financial Officer

## Consolidated statement of changes in equity

For the year ended 30 June 2025

	Note	Share capital <sup>1</sup> £m	Share premium <sup>2</sup> £m	(Accumulated losses)/ retained earnings <sup>3</sup> £m	Merger reserve <sup>4</sup> £m	Other reserves <sup>5</sup> £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
<b>At 1 July 2023</b>		4.5	684.3	(539.5)	350.6	13.5	513.4	(0.4)	513.0
Profit for the year		–	–	42.7	–	–	42.7	0.3	43.0
Other comprehensive loss		–	–	(27.4)	–	(11.0)	(38.4)	–	(38.4)
<b>Total comprehensive income/(loss) for the year</b>		–	–	15.3	–	(11.0)	4.3	0.3	4.6
Dividends paid	11	–	–	(7.3)	–	–	(7.3)	–	(7.3)
Issue of own shares		–	3.3	–	–	–	3.3	–	3.3
Capital reduction		–	(684.4)	687.1	–	(2.7)	–	–	–
Share-based payments	25	–	–	9.3	–	–	9.3	–	9.3
Deferred tax on share-based payments		–	–	0.9	–	–	0.9	–	0.9
Purchase of own shares via employee benefit trust	25	–	–	(3.7)	–	–	(3.7)	–	(3.7)
<b>At 30 June 2024</b>		4.5	3.2	162.1	350.6	(0.2)	520.2	(0.1)	520.1
Profit for the year		–	–	<b>56.4</b>	–	–	<b>56.4</b>	–	<b>56.4</b>
Other comprehensive (loss)/income		–	–	<b>(31.8)</b>	–	<b>0.2</b>	<b>(31.6)</b>	–	<b>(31.6)</b>
<b>Total comprehensive income for the year</b>		–	–	<b>24.6</b>	–	<b>0.2</b>	<b>24.8</b>	–	<b>24.8</b>
Dividends paid	11	–	–	<b>(24.1)</b>	–	–	<b>(24.1)</b>	–	<b>(24.1)</b>
Issue of own shares		–	<b>0.4</b>	–	–	–	<b>0.4</b>	–	<b>0.4</b>
Share-based payments	25	–	–	<b>8.9</b>	–	–	<b>8.9</b>	–	<b>8.9</b>
Deferred tax on share-based payments		–	–	<b>3.2</b>	–	–	<b>3.2</b>	–	<b>3.2</b>
Purchase of own shares via employee benefit trust	25	–	–	<b>(9.7)</b>	–	–	<b>(9.7)</b>	–	<b>(9.7)</b>
Purchase of own shares via share buyback		–	–	<b>(6.4)</b>	–	–	<b>(6.4)</b>	–	<b>(6.4)</b>
<b>At 30 June 2025</b>		<b>4.5</b>	<b>3.6</b>	<b>158.6</b>	<b>350.6</b>	<b>–</b>	<b>517.3</b>	<b>(0.1)</b>	<b>517.2</b>

1. The share capital includes 452,875,390 of authorised, issued and fully paid Ordinary Shares of 1p each (2024: 452,133,752). The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. During the year, 741,638 shares were issued under the Sharesave Scheme (2024: 5,819,317).
2. On 22 December 2023, the Company completed a capital reduction exercise, resulting in £684.4m of share premium being cancelled and transferred to retained earnings.
3. On 21 January 2025, the Company commenced a share buyback programme to return capital to shareholders. During the year, the Company purchased a total of 4,552,151 shares with a negligible nominal value at a cost of £6.4m. These are held as treasury shares at the balance sheet date.
4. £134.8m of the merger reserve arose on the shares issued at a premium to acquire May Gurney on 8 July 2013. In addition, a further £215.8m relates to the issue of share capital on 18 June 2021.
5. Other reserves includes capital redemption reserve, cash flow hedge reserve and translation reserve. On 22 December 2023, the Company completed a capital reduction exercise, resulting in £2.7m of capital redemption being cancelled and transferred to retained earnings.



## Consolidated statement of cash flows

For the year ended 30 June 2025

	Note	2025 £m	2024 <sup>1</sup> £m		Note	2025 £m	2024 <sup>1</sup> £m
<b>Cash flows from operating activities</b>				<b>Cash flows from investing activities</b>			
Profit before tax				Proceeds from sale of property, plant and equipment		1.0	1.8
– continuing operations		78.1	68.1	Purchase of property, plant and equipment	14	(11.1)	(7.1)
– discontinued operations	5	–	(9.1)	Purchase of intangible assets	13	(5.4)	(9.5)
Net finance cost	7	35.6	35.0	Purchase of capitalised mobilisation costs		(1.9)	(1.9)
Share of post-tax trading results of joint ventures	16	1.5	(1.6)	Acquisition of assets		–	(9.4)
Pension cost charge	9	2.1	1.8	Investment in joint ventures	16,21	(60.9)	(23.8)
Equity-settled share-based payments charge	25	8.9	9.3	Loan repayment and return of equity from joint ventures	16	9.9	5.6
Amortisation of intangible assets and mobilisation costs	13,19	38.7	33.8	<b>Net cash used in investing activities</b>		<b>(68.4)</b>	<b>(44.3)</b>
Change in fair value of investment properties	15	(7.6)	(6.5)	<b>Cash flows from financing activities</b>			
Depreciation of property, plant and equipment	14	5.6	8.3	Issue of shares		0.4	3.3
Depreciation of right-of-use assets	22	46.1	39.0	Purchase of own shares		(16.1)	(3.7)
Recycling of foreign exchange movements to the income statement		–	(9.2)	Interest paid		(40.6)	(32.7)
Loss/(profit) on disposal of property, plant and equipment, right-of-use assets and intangible assets	4	0.4	(1.3)	Principal elements of lease payments	22	(47.5)	(40.6)
<b>Operating cash inflows before movements in working capital and deficit contributions to pension funds</b>		<b>209.4</b>	167.6	Drawdown of borrowings	21	4.7	247.5
Deficit contributions to pension funds	9	(7.0)	(8.6)	Repayment of borrowings	21	(44.3)	(267.4)
Decrease/(increase) in inventories	21	2.0	(1.1)	Settlement of derivative financial instruments		7.2	–
Decrease/(increase) in receivables	21	19.6	(48.6)	Dividends paid	11	(24.1)	(7.3)
(Increase)/decrease in contract assets	18	(15.9)	43.8	<b>Net cash used in financing activities</b>		<b>(160.3)</b>	<b>(100.9)</b>
(Decrease)/increase in payables	21	(20.5)	23.7	<b>Increase in cash, cash equivalents and bank overdrafts</b>		<b>6.3</b>	84.9
Increase in contract liabilities	18	39.6	37.9	Effect of change in foreign exchange rates		–	(0.1)
Increase in provisions	21	2.0	8.1	Opening cash, cash equivalents and bank overdrafts		461.7	376.9
<b>Cash inflow from operating activities</b>		<b>229.2</b>	222.8	<b>Closing cash, cash equivalents and bank overdrafts</b>	21	<b>468.0</b>	461.7
Dividends received from joint ventures	16	3.9	6.7	1. In the comparative information, £28.3m of research and development credit cash flows that were previously disclosed within operating cash flows before movements in working capital have been re-presented as part of movements in receivables in cash flow from operating activities.			
Interest received	7	3.7	3.5				
Income tax paid	10	(1.8)	(2.9)				
<b>Net cash inflow from operating activities</b>		<b>235.0</b>	230.1				



# Notes to the consolidated financial statements

For the year ended 30 June 2025

## 1 Significant accounting policies

Kier Group plc (the Company) is a public limited company which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The Company's registered number is 2708030. The address of the registered office is 2nd Floor, Optimum House, Clippers Quay, Salford, England, M50 3XP.

The consolidated financial statements of the Company for the year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in joint arrangements.

The consolidated financial statements were approved by the Directors on 15 September 2025.

### Statement of compliance

The Group's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards effective for accounting periods beginning on or after 1 July 2024 and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company has elected to prepare its parent company financial statements in accordance with the FRS 101 'Reduced Disclosure Framework'. These are presented on pages 183–187.

### Basis of preparation

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis except for investment properties, defined benefit pension plans and derivative financial instruments which are stated at their fair value, and the IFRS 2 share-based payments charge which is based on the fair value of the options granted.

The following amendments to standards are effective for the financial year ended 30 June 2025 onwards:

- Amendments to IAS 1 'Presentation of Financial Statements' on classification of liabilities as current or non-current and disclosures for non-current liabilities with covenants
- Amendments to IFRS 16 'Leases' in relation to the lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 regarding supplier finance arrangements

The amendments listed above did not have any impact on the amounts recognised in the current or prior periods and are not expected to significantly affect future periods.

The following new standards and amendments to standards have been issued but were not yet effective and therefore have not been applied in these financial statements:

- IFRS 18 'Presentation and Disclosure in Financial Statements' (not yet UK endorsed)
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (not yet UK endorsed)
- Amendments to IAS 21 concerning lack of foreign currency exchangeability

- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments
- Annual improvements to IFRS – Volume 11
- Amendments to IFRS 9 and IFRS 7 (not yet UK endorsed) regarding contracts referencing nature-dependent electricity

IFRS 18 sets out new requirements for the presentation and disclosure of information in the financial statements and, subject to UK endorsement, will be effective for the first time in Kier's financial statements for the year ending 30 June 2028. The new standard will have an impact on how information is reported, with a focus on the presentation of the income statement, and could also change the extent of information disclosed in the notes to the financial statements. IFRS 18 will not impact the recognition or measurement of items in the financial statements and therefore won't have an impact on Kier's overall results; however, it might change what Kier reports as its 'operating profit'.

IFRS 19 is only relevant to eligible subsidiary financial statements and as such will have no impact on Kier's consolidated Group financial statements or the individual financial statements of Kier Group plc.

Amendments to IFRS 9 add requirements for the timing of recognition and derecognition of some financial assets and liabilities. Kier currently adjusts its bank balance for cash-in-transit when electronic payments are initiated, derecognising the associated payables and receivables at the same time. The amendments will mean that Kier will only recognise cash receipts when they have been received into the bank account and payments made by electronic payment systems only when they can no longer be practically cancelled. The amendments will be effective for the first time for the financial year ending 30 June 2027.

No significant net impact from the adoption of the other amendments to standards listed above is expected. The Group has chosen not to adopt any of the above standards or amendments earlier than required.

### Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence during the going concern period, which the Directors have determined to be until 31 December 2026.

The Directors have carried out an assessment of the Group's ability to continue as a going concern for the period of at least 12 months from the date of approval of the financial statements. This assessment has involved the review of cash flow forecasts for the period to 31 December 2026 for each of the Group's divisions; and also considered recent historical trading performance where the Group's cash flow forecasts have been achieved. The Directors have also considered the strength of the Group's order book which amounted to £11.0bn at 30 June 2025 and will provide a pipeline of secured work over the going concern assessment period.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 1 Significant accounting policies continued

### Going concern continued

The Directors have considered a number of stressed but plausible downside scenarios in assessing going concern:

- potential reductions in trading volumes;
- potential future challenges in respect of ongoing projects;
- project inflation and subcontractor insolvency;
- plausible changes in the interest rate environment;
- other potential issues, including the cost of adoption of green legislation; and
- the availability of proportionate and reasonable mitigating actions that could be taken by management in such a scenario.

The Directors also considered the macroeconomic and political risks affecting the UK economy. The Directors noted that the Group's forecasts are underpinned by a significant proportion of revenue that is either secured or considered probable, often as part of long-term framework agreements. The Group operates primarily in sectors such as road, rail, water, energy, prisons, health and education, which are considered likely to remain largely unaffected by macroeconomic factors and will continue to benefit from sustained Government investment commitments reinforced in the June Spending Review. Although inflationary pressures remain a risk, both in the supply chain and the labour market, this is partly mitigated by c.60% of contracts being target cost or cost plus.

The Directors have also considered the potential impact of climate change and do not consider the Group's operations are at risk from physical climate-related risks such as hurricanes and temperature changes in the short term. In the medium term the Directors have concluded that any adverse financial impacts from required changes to operations in line with ESG requirements will be offset by opportunities which present the Group with additional volumes and profits, such as construction of sustainable buildings, climate impact and water management, as well as nuclear infrastructure. As such, the longevity of the Group's business model means that climate change has no material adverse impact on going concern.

In January 2025, the Group repaid the remaining £37.3m USPP notes and reduced its RCF facility by £111m, the result being that the Group now has £400m of committed facilities, consisting of five-year £250m Senior Notes maturing in February 2029 and a £150m RCF facility to March 2027.

Having reviewed the Group's cash flow forecasts, the Directors consider that the Group is expected to continue to have available liquidity headroom under its finance facilities and operate within its financial covenants over the going concern period, including in a severe but plausible downside scenario.

As a result, the Directors are satisfied that the Group has adequate resources to meet its obligations as they fall due for a period of at least 12 months from the date of approving these financial statements and, for this reason, they continue to adopt the going concern basis in preparing these financial statements.

### Climate-related matters

As reported in the TCFD report (on pages 54–59) and the principal risks on page 67, the Group has assessed the risks and implemented policies in relation to climate-related matters. In preparing these financial statements, the Directors have considered the impact of these climate-related matters on the various estimates and assumptions used in the accounts, particularly in the following areas: going concern and viability assessments; cash flow forecasts used for impairment assessments of non-financial assets, including goodwill; the useful economic lives of property, plant and equipment; and judgements in relation to long-term contracts.

There has been no material impact on the financial statements for the current year in respect of financial adjustments resulting from climate-related matters.

### Basis of consolidation

#### (a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and subsidiaries controlled by the Company drawn up to 30 June 2025. Control exists when the Group has direct or indirect power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date that control transfers to the Group until the date that control ceases.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

If a business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurements are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

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

# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 1 Significant accounting policies continued

### Basis of consolidation continued

#### (a) Subsidiaries continued

When the result is negative, a 'bargain purchase' gain is recognised immediately in the income statement.

Provisional fair values allocated at a reporting date are finalised within 12 months of the acquisition date.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in the income statement unless the contingent consideration is classified as equity, in which case settlement is accounted for within reserves.

Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with those used by the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

#### (b) Joint arrangements

A joint arrangement is a contractual arrangement whereby the Group undertakes an economic activity that is subject to joint control with third parties.

The Group's interests in joint ventures are accounted for using the equity method. Under this method the Group's share of the profits less losses of joint ventures is included in the consolidated income statement and its interest in their net assets is included in investments in the consolidated balance sheet. Where the share of losses exceeds the Group's interest in the entity and there is no obligation to fund these losses the carrying amount is reduced to nil, following which no further losses are recognised. The Group's interest in the entity is the carrying amount of the investment together with any long-term interests that, in substance, form part of the net investment in the entity.

From time to time the Group undertakes contracts jointly with other parties. These fall under the category of joint operations as defined by IFRS 11. In accordance with IFRS 11, the Group accounts for its own share of sales, profits, assets, liabilities and cash flows measured according to the terms of the agreements.

### Foreign currencies

Transactions denominated in foreign currencies are recorded at the exchange rates in effect when they take place. Resulting monetary foreign currency denominated assets and liabilities are translated at the exchange rates ruling at the balance sheet date.

Exchange differences arising from foreign currency transactions are reflected in the income statement.

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in GBP, which is the Group's presentation currency.

The assets and liabilities of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Trading profits or losses are translated at average rates prevailing during the accounting period. Differences on exchange arising from the retranslation of net investments in overseas subsidiary undertakings at the year-end rates are recognised in other comprehensive income. All other translation differences are reflected in the income statement.

### Revenue and profit recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of value added tax, rebates and discounts and after eliminating sales within the Group. It also includes the Group's proportion of work carried out under jointly controlled operations.

The general principles for revenue and profit recognition across the Group are as follows:

- provision is made for any unavoidable future net losses arising from contract obligations, as soon as they become apparent. These are accounted for under IAS 37 and are shown as onerous contract provisions in note 24;
- additional consideration for contract modifications (variations) is only included in revenue (or the forecast contract out-turn) if the scope of the modification has been approved by the customer. If the scope of the modification has been approved but the parties have not yet determined the corresponding change in the contract price, an estimate of the change to the transaction price is made and included in calculating revenue to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur;
- contract modifications are treated as separate contracts if the scope of the contract increases because of the addition of promised goods or services that are distinct, and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract;
- variable consideration amounts (gain-share amounts, KPI bonuses, milestone bonuses, compensation event claims, etc.) are included in revenue (or forecasts to completion) only to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur;

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Revenue and profit recognition continued

- liabilities for customer refunds (liquidated damages, pain-share amounts, KPI penalties, etc.) are accounted for as a reduction in revenue (or in forecasting contract out-turns) as soon as it is expected that the Group will be required to refund some or all of the consideration it has received from the customer;
- where revenue that has been recognised is subsequently determined not to be recoverable due to the inability of a customer to meet its payment obligations, these amounts are charged to administrative expenses as a credit loss;
- claims against third parties (such as insurance recoveries and claims for cost reimbursements) outside of normal supplier price adjustments are recognised only when the realisation of income is virtually certain. The associated income is accounted for as reduction in costs rather than revenue; and
- contract mobilisation is not considered to be a separate performance obligation in most situations, as the customer receives little or no benefit from mobilisation activities. Any consideration received from the customer in relation to the mobilisation phase of a contract is deferred and recognised as additional revenue relating to the performance obligations in the contract that benefit the customer.

If the timing of payments agreed with the customer provides the Group or the customer with a significant benefit of financing the transfer of goods or services, the amount of consideration is adjusted for the effects of the time value of money. The Group does not make an adjustment for the time value of money in the following circumstances:

- when the Group expects, at contract inception, that the period between the entity transferring a good or service and the customer paying for it will be one year or less; or
- where the timing of the payments is for commercial rather than financing reasons, e.g. construction contract retentions, where the payment terms are to provide the customer with protection from Kier failing to adequately complete some or all of its obligations under the contract.

Revenue and profit recognition policies applied to specific businesses are as follows:

#### (a) Construction contracts

Revenue is recognised on construction services over time as the benefit is transferred to the customer. The Group uses an input method to measure progress. The percentage of completion is measured using cost incurred to date as a proportion of the estimated full costs of completing the contract and is applied to the total expected contract revenue to determine the revenue to be recognised to date.

The assessment of the final outcome of each contract is determined by regular review of the revenues and costs to complete that contract. Consistent contract review procedures are in place in respect of contract forecasting.

#### (b) Services

Revenue and profit from services rendered, which include facilities management, transportation network maintenance and utilities maintenance is recognised over time as the service is performed. Progress on capital works and infrastructure renewal projects is measured using costs incurred as a percentage of the estimated full costs of completing the performance obligation.

Where the contract includes bundled services, and those services are distinct, the transaction price is allocated to each performance obligation identified in the contract based on the relative stand-alone selling prices of each of the performance obligations. Revenue is then recognised independently when each of the performance obligations is satisfied.

If, as part of an overall service provision, the Group arranges for certain goods or services to be provided to a customer by another party, without taking control over those goods or services, the Group is considered to be acting as an agent in the provision of those goods or services. In these circumstances, amounts received from the customer are netted off the associated cost of the goods or services, with only the Group's fee or commission element recognised as revenue.

Any variable consideration (e.g. performance bonus) attributable to a single performance obligation is allocated entirely to that performance obligation. Where variable consideration is attributable to the entire contract and is not specific to part of the contract, the consideration is allocated based on the stand-alone selling prices of each of the performance obligations within the contract.

Service contracts are reviewed monthly to assess their future operational performance and profitability.

#### (c) Property development

Revenue in respect of property developments is recorded on unconditional exchange of contracts for the sale of finished developments. Profit taken is subject to any amounts necessary to cover residual commitments relating to development performance.

Where developments are sold in advance of construction being completed, revenue and profit are recognised at the point of sale, reflecting the transfer of control to the customer in its current stage of completion. Thereafter, revenue for construction services provided to the customer to complete the property is recognised over time in line with the percentage of completion, consistent with the Group's accounting policy for recognition of revenue on construction contracts.

Where consideration is paid in advance of the development's construction phase at a price less than market value, revenue is recognised on a discounted basis to reflect a financing component of the transaction. This revenue and forward funded interest unwinds as the construction takes place.



# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 1 Significant accounting policies continued

### Revenue and profit recognition continued

#### (d) Private Finance Initiative (PFI) service concession agreements

Revenue relating to construction or upgrade services under a service concession agreement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts.

Operation or service revenue is recognised in the period in which the services were provided by the Group. When the Group provides more than one service in a service concession agreement, the consideration received is allocated by reference to the relative stand-alone selling prices of the services delivered.

#### Pre-contract and contract mobilisation costs

Pre-contract costs to obtain a contract that would have been incurred irrespective of whether the contract was obtained are recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer irrespective of whether the contract is obtained.

Mobilisation costs incurred in respect of a specific contract that has been won or an anticipated contract that is expected to be won (e.g. when the Group has secured preferred bidder status) are carried forward in the balance sheet as capitalised mobilisation costs if: the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and the costs are expected to be recovered (i.e. the contract is expected to be sufficiently profitable to cover the mobilisation costs).

The vast majority of contracts incurring significant mobilisation costs are contracts that exceed 12 months in duration. The Group's policy is therefore to show its capitalised mobilisation costs as a non-current asset, amortised over the expected contract duration.

#### Warranties and rectification costs

The Group does not offer extended insurance-type warranties at an additional cost to the customer (which would represent separate performance obligations). Standard industry assurance-type warranties are provided and are accounted for as rectification cost provisions based on the estimated costs of making good any latent defects.

#### Alternative performance measures

IAS 1 permits an entity to present additional information for specific items to enable users to better assess the entity's financial performance. The Directors have considered the requirements of applicable accounting standards, along with additional guidance around alternative performance measures (APMs) and believe it is appropriate to inform users regarding various items and disclose those items which are deemed one-off, material or non-recurring in size or nature, in alignment with the Group's internal management reporting.

As such, the Group is disclosing as supplementary information an 'Adjusted profit' APM which is reconciled to statutory profit in the notes to the financial statements and is consistent with IFRS 8 segmental reporting.

Separate presentation of these items is intended to enhance understanding of the financial performance of the Group in the particular year under review and the extent to which results are influenced by material unusual and/or non-recurring items. The Directors review segmental results under an adjusted items basis to analyse the performance of operating segments.

The Directors exercise judgement in determining the classification of certain items as adjusting using quantitative and qualitative factors. In assessing whether an item is an adjusting item, the Directors give consideration, both individually and collectively, as to an item's size, the specific circumstances which have led to the item arising and if the item is likely to recur, or whether the matter forms part of a group of similar items.

Amortisation of acquired intangible assets and certain financing costs are also included as adjusting items on the basis of being ongoing non-cash items generated from acquisition-related activity.

A full reconciliation from statutory numbers to adjusted profit measures has been presented in note 5.

The Group presents revenue including share of joint ventures as an alternative performance measure. The Directors believe this is a useful measure as it provides visibility over the scale of the Group's operations, particularly within its Property business where a significant proportion of developments are set up in joint ventures.

The Group also presents cash outflow from adjusting items, free cash flow and net cash/debt as alternative performance measures. The Directors consider that these provide useful information about the Group's liquidity and debt profile.

A glossary of alternative performance measures is included on page 189.

#### Finance income and costs

Interest receivable and payable on bank balances is credited or charged to the income statement as incurred using the effective interest rate method. In the cash flow statement, interest received is presented within operating cash flows and interest paid is presented within cash flows from financing activities.

Borrowing costs are capitalised where the Group constructs qualifying assets. All other borrowing costs are written off to the income statement as incurred.

Borrowing costs incurred within the Group's jointly controlled entities relating to the construction of assets in PFI and PPP projects are capitalised until the relevant assets are brought into operational use.

Notional interest payable, representing the unwinding of the discount on long-term liabilities and provisions, is charged to finance costs.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 1 Significant accounting policies continued

### Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised or where offsetting temporary differences are not available.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entities have a legally enforceable right to offset and intend to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group participates in the UK Government's Research and Development Expenditure Credit (RDEC) tax incentive scheme. Credits receivable under the RDEC scheme are recognised within operating profit and are treated as taxable income. Amounts receivable in respect of RDEC claims are included on the balance sheet within other receivables.

### Goodwill and other intangible assets

Goodwill arising on consolidation represents the excess of the consideration over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Negative goodwill is recognised in the income statement immediately. On disposal of a subsidiary or jointly controlled entity, the attributable carrying amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets which comprise contract rights and computer software are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to administrative expenses in the income statement on a straight-line basis over the expected useful lives of the assets, which are principally as follows:

Contract rights Over the remaining contract life

Computer software 3–10 years

Internally generated intangible assets developed by the Group are recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Other research expenditure is written off in the period in which it is incurred.

### Software as a service

Costs incurred relating to software as a service (SaaS) that provide future benefit to the Group are included within prepayments and written off over the period to which they relate. All other costs in respect of SaaS are expensed to the income statement as incurred.

### Property, plant and equipment and depreciation

The cost of an acquired asset comprises the purchase price, any directly attributable costs and the estimated costs of dismantling and removing the item at the end of its life. Depreciation is based on historical or deemed cost, including expenditure that is directly attributable to the acquisition of the items, less the estimated residual value, and the estimated economic lives of the assets concerned. Freehold land is not depreciated. Other tangible assets are depreciated to residual values in equal annual instalments over the period of their estimated economic lives, which are principally as follows:

Land and buildings 25–50 years or period of lease

Plant and equipment 3–12 years

### Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Leases continued

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Most Group companies do not have any recent independent third-party financing to use as a starting point for the incremental borrowing rate. Therefore, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, lease term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected to use the following recognition exemptions, as permitted by the standard:

- Leases of low-value items — The Group has defined low-value items as assets that have a value when new of less than c.£5,000. Low-value items comprise IT equipment and small items of plant.
- Short-term leases — Leases with a lease term of less than 12 months at inception.

For leases in the above categories, a lease liability or right-of-use asset is not recognised. Instead, the Group recognises the related lease payments as an expense on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leased properties that meet the definition of investment properties are presented within 'investment properties' rather than 'right-of-use assets' on the balance sheet.

The Group enters into lease agreements as a lessor with respect to its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

#### Investment properties

Investment properties are held for the purpose of earning rentals and/or for capital appreciation and are not occupied by the Group. Investment properties are measured using the fair value model. Gains and losses arising from a change in the fair value of investment properties are recognised in the income statement in the period in which they arise.

Rental income and costs in respect of investment properties are included within administrative expenses and are disclosed in note 15(b). Where the investment property has come about through vacating corporate offices following the restructure of the Group's property portfolio, amounts in the income statement are treated as adjusting items.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Inventories

Inventories, including land held for and in the course of development, are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where appropriate, labour and production overheads which have been incurred in bringing the inventories and work in progress to their present location and condition. Cost in certain circumstances also includes notional interest as explained in the accounting policy for finance income and costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Inventories are valued on a first in, first out (FIFO) basis.

Land inventory is recognised at the time a commitment to purchase the land is made, generally at exchange of unconditional contracts.

Property inventory, which represents all development land and work in progress, is included at cost less any losses foreseen in completing and disposing of the development less any amounts received or receivable as progress payments or part disposals. Where a property is being developed, cost includes cost of acquisition and development to date, including directly attributable fees, expenses and finance charges net of rental or other income attributable to the development. Where development property is not being actively developed, net rental income and finance costs are taken to the income statement.

#### Contract assets and liabilities

When the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as a contract asset in the balance sheet (excluding any amounts presented as a trade receivable). A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

Contract assets are reduced by appropriate allowances for expected credit losses calculated using the simplified approach (as with trade receivables).

If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the amount is presented as a contract liability on the balance sheet. A contract liability represents the Group's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due) from the customer.

Given the varied activities of the Group, it is not practicable to identify a common operating cycle. The Group has therefore allocated contract assets and liabilities due within 12 months of the balance sheet date to current with the remainder included in non-current.

#### Share capital

The ordinary share capital of the Company is recorded as the proceeds received, net of directly attributable incremental issue costs.

#### Merger reserve

Where equity raises are effected through a structure which is eligible for merger relief under section 612 of the Companies Act 2006, the Group transfers the excess of the net proceeds over the nominal value of the share capital issued to the merger reserve.

#### Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated.

#### Contingent liabilities

The Group discloses a contingent liability in circumstances where it has a possible obligation depending on whether some uncertain future event occurs, or has a present obligation but payment is not probable, or the amount cannot be measured reliably.

#### Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate. A grant is only recognised when there is reasonable assurance that the Group will comply with the conditions attached to it, and that the grant will be received.

#### Employee benefits

##### (a) Retirement benefit obligations

For defined contribution pension schemes operated by the Group, amounts payable are charged to the income statement as they fall due.

The Group accounts for defined benefit obligations in accordance with IAS 19. Obligations are measured at discounted present value while plan assets are measured at fair value. The operating and financing costs of such plans are recognised separately in the income statement; current service costs are spread systematically over the lives of employees and financing costs are recognised in full in the period in which they arise. Remeasurements of the net defined pension surplus or liability, including actuarial gains and losses, are recognised immediately in other comprehensive income.

The net finance income or cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This income or cost is included in finance income or finance costs in the income statement.

Where the calculations result in a surplus to the Group, the recognised asset is limited to the present value of any available future refunds from the plan or reductions in future contributions to the plan that the Group has the unconditional right to realise.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Employee benefits continued

##### (b) Share-based payments

Share-based payments granted but not vested in relation to the Sharesave and Long-Term Incentive Plan (LTIP) schemes are valued at the fair value of the awards at the date of grant. The fair values of options under these schemes are calculated using the Black-Scholes model apart from the total shareholder return element of the LTIP which is based on a Stochastic model. Awards that are subject to a post-vesting holding period are valued using the Chaffe & Finnerty models. The cost of each scheme is based on the fair value of the options spread on a straight-line basis over the relevant vesting period.

Shares purchased and held in trust in connection with the Group's share schemes are deducted from retained earnings. No gain or loss is recognised within the income statement on the market value of these shares compared with the original cost.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. An assessment of whether a financial asset is impaired is made at least at each reporting date. The principal financial assets and liabilities of the Group are as follows:

##### (a) Trade receivables and trade payables

A trade receivable is recognised when the Group has a right to consideration that is unconditional (subject only to the passage of time before payment is due). Trade receivables do not carry interest and are stated at their initial cost reduced by appropriate allowances for expected credit losses.

The Group applies the simplified approach to measurement of expected credit losses in respect of trade receivables, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables on extended terms, particularly in respect of land purchases, are discounted and recorded at their present value.

Given the varied activities of the Group it is not practicable to identify a common operating cycle. The Group has therefore allocated receivables and payables due within 12 months of the balance sheet date to current with the remainder included in non-current.

##### (b) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of three months or less.

##### (c) Bank overdrafts and other borrowings

Bank overdrafts, interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

##### (d) Derivative financial instruments

Derivatives are initially recognised at fair value on the date that the contract is entered into and subsequently remeasured in future periods at their fair value. The method of recognising the resulting change in fair value depends on whether the derivative is designated as a hedging instrument and whether the hedging relationship is effective.

For cash flow hedges, the effective portion of changes in the fair value of these derivatives is recognised in the cash flow hedge reserve within equity. Any ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged items will affect profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

The Group enters into forward contracts in order to hedge against transactional foreign currency and interest rate exposures. In cases where these derivative instruments are significant, hedge accounting is applied as described above. Where hedge accounting is not applied, changes in fair value of derivatives are recognised in the income statement. The fair values of derivative instruments have been derived from proprietary models used by the bank counterparties using mid-market mark to market valuations for trades at the close of business on the balance sheet date.

#### Critical accounting judgements and estimates

The following are the critical judgements and estimates that the Directors have made in the process of applying the Group's accounting policies and that have a significant effect on the amounts recognised in the financial statements:

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Critical accounting judgements and estimates continued

##### (a) Revenue and profit recognition (judgement and estimate)

The estimation techniques used for revenue and profit recognition in respect of property development, construction contracts and services contracts require forecasts to be made of the outcome of long-term contracts which require assessments and judgements to be made on the recovery of pre-contract costs, changes in the scope of work, programme of works, maintenance and defect obligations and changes in costs. The estimates and judgements in respect of construction contracts are considered to be critical.

There are a small number of contracts that the Group considers require significant accounting estimates and, as at 30 June 2025, the Group has included estimated recoveries from customers and other third parties with a combined value of £81.0m (2024: £67.9m). These recoveries are recognised in line with the Group's stated accounting policies. However, estimation uncertainty exists and there are a number of factors which will affect the final outcome once these contracts are finalised. The Group estimates that the final outcome on these contracts could collectively range from an upside of £17.3m (2024: £28.5m) to a downside of £13.0m (2024: £20.6m).

Over 400 construction contracts (2024: over 400) were income generating during the year within the Group's Construction and Infrastructure Services operating divisions. Of these, one (2024: three) individually had a material impact on operating profit.

The key judgements and estimates relating to determining the revenue and profit of material contracts are:

- costs to complete;
- achieving the planned build programme; and
- recoverability of claims and variations in accordance with IFRS 15.

Each contract is treated on its merit and is subject to a regular review of the revenue and costs to complete that contract, determined by a combination of management judgement and external professional assistance, backed up by accounting position papers for the contracts that have a material impact on the income statement.

The level of estimation uncertainty in the Group's Construction business is reduced by the effect of its substantial portfolio and significant experience of the division's management team. The level of estimation is further reduced by the combination of the modest scale and short contract durations of the majority of the Group's projects. Nevertheless, the profit recognition in the Construction business is a critical estimate, due to the inherent uncertainties in any construction project over revenues and costs.

The level of estimation and uncertainty varies across each project within Regional Build and Strategic Projects. Regional Build operates around 275 sites (2024: 300) each year with an average project size of £19.7m (2024: £19.3m) and with average revenue in the year of £5.6m (2024: £5.9m). These projects typically operate under framework contracts where costs are known with a greater degree of certainty. Natural Resources, Nuclear & Networks (NRNN) manages around 30 sites with projects ranging from a relatively small number of higher-value major infrastructure civil engineering projects to a larger number of more modest minor signalling upgrades and replacements.

The major infrastructure civil engineering projects typically include two-stage Design and Build, Construct Only and Target Cost contracts. The nature and length of these contracts means there can be a greater level of estimation and uncertainty. The blended portfolio risk of the overall construction businesses is mitigated by the relative sizes of the Regional Build, Strategic Projects and NRNN businesses.

Construction revenue for the year was £1.9bn (2024: £1.9bn) with an associated adjusted operating profit margin of 3.9% (2024: 3.6%).

The historic profit margins in the construction businesses typically range from 3.6% to 4.2%. A potential downside risk in margin would be 0.3% (2024: 0.4%). Given the short-term average duration of the construction portfolio, the impact of such a decrease in margin across projects in delivery at the year end would be a decrease in operating profit of £5.7m (2024: £7.7m).

In addition, the Group has a number of ongoing contracts where lifecycle funds are established to meet contractual obligations. At 30 June 2025 the carrying value of these non-current contract assets was £57.0m (2024: £53.6m). The key sensitivity in the calculation is the percentage of the funds build-up required for future maintenance. A 10% increase / decrease in the percentage of funds build-up required would result in a profit increase of £6.1m / profit decrease of £1.5m in any one year.

##### (b) Defined benefit pension scheme valuations (estimate)

In determining the valuation of defined benefit pension scheme assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below, are largely dependent on factors outside the control of the Group:

- expected return on plan assets;
- inflation rate;
- mortality;
- discount rate; and
- salary and pension increases.

Details of the assumptions used and sensitivity to changes in these assumptions are included in note 9.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 1 Significant accounting policies continued

#### Critical accounting judgements and estimates continued

##### (c) Goodwill (estimate)

Determining whether goodwill is impaired requires an estimation of the value in use of cash generating units (CGUs) to which the goodwill has been allocated. The value in use calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the CGU and the application of a suitable discount rate in order to calculate the net present value. Cash flow forecasts for the next three years are based on the Group's budgets and forecasts. Other key inputs in assessing each CGU are revenue growth, operating margin, discount rate and terminal growth rate. As set out in note 13, the impairment review is not sensitive to changes in assumptions.

In undertaking the assessment, the potential net impact of climate change on the forecasts has been considered. At present, it has been concluded that it will not be significant.

##### (d) Adjusting items (judgement)

Adjusting items are items of financial performance which the Group believes should be separately presented to assist in understanding the financial performance achieved by the Group in accordance with the accounting policy set out on page 138. Determining whether an item is classified as an adjusting item requires judgement.

Total adjusting items, excluding tax, of £47.3m were charged to the income statement in respect of continuing operations for the year ended 30 June 2025 (2024: £50.0m). The items that comprise this are set out in note 5 together with an explanation of their nature and consideration points as to why the Directors have treated these as adjusting items.

##### (e) Taxation (judgement and estimate)

The Group is predominantly UK-based and all entities are subject to UK tax regulations.

Deferred tax liabilities are generally provided for in full and deferred tax assets are recognised to the extent that it is judged probable that future taxable profit will arise against which the temporary differences will be utilised. In particular, the Group has exercised judgement in recognising a deferred tax asset of £100.2m (2024: £106.8m) in respect of tax losses.

The key judgements in assessing the recoverability of the deferred tax asset relate to the taxable profit forecasts. These forecasts are based on the same Board-approved information used to support the going concern and goodwill impairment assessments. The critical judgements related to these forecasts are the same as those described in the Goodwill section of this note. These are not considered to be sensitive to changes in assumptions.

The basis for recognising this tax asset is set out in note 17 together with the period in which it is expected to be utilised.

RDEC income is recorded based on management's view of qualifying spend in the year of £173.6m (2024: £139.3m). Management is experienced in RDEC claims and is assisted by external advisers. However, if qualifying spend was to reduce by £10m, this would result in a decrease in RDEC income of £2.0m (2024: £2.0m).

##### (f) Land and property valuations (estimate)

The recoverability of property development work in progress is an area which requires significant estimation due to the ongoing volatility in property valuations. An assessment of the net realisable value of inventory is carried out at each balance sheet date and is dependent upon the Group's estimate of forecast selling prices and build/development costs (by reference to current prices). Where applicable, third-party valuations are used to support the position as at the balance sheet date. In valuing work in progress at the lower of cost and net realisable value the Group has already recognised any expected downside, and any upside is contingent on the Group's continued development of the projects as it is not in the business of selling partly developed sites. At 30 June 2025, the value of land and work in progress held for development, included within inventory on the balance sheet, was £48.8m (2024: £61.2m).

The Group sublets several floors of its corporate office in Foley Street, London. The associated right-of-use asset is classified as an investment property. Given the length of the underlying leases and the uncertainty in the property market, in calculating the fair value of the right-of-use asset estimation has been exercised. These areas of estimation are detailed in note 15.

##### (g) Fire and cladding (judgement and estimate)

The Group continues to review its current and legacy constructed buildings where it has used cladding solutions and continues to assess the action required in line with the latest Government guidance, as it applies to multi-storey and multi-occupied residential buildings. The buildings, including the cladding works, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion.

In preparing the financial statements, currently available information has been considered, including the current best estimate of the extent and future costs of work required, based on the detailed expert reports, fire safety assessments and physical inspections undertaken.

Where an obligation has been established and a reliable estimate of the costs to rectify is available, a provision has been made (see note 24). No provision has been made where an obligation has not been established.

# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 1 Significant accounting policies continued

### Critical accounting judgements and estimates continued

#### (g) Fire and cladding (judgement and estimate) continued

These estimates may be updated as further inspections are completed and as work progresses which could give rise to the recognition of further liabilities. Such liabilities, should they arise, are expected to be covered materially by the Group's insurance arrangements thereby limiting the net exposure. Any insurance recovery must be considered virtually certain before a corresponding asset is recognised and so this could potentially lead to an asymmetry in the timing of the recognition of assets and liabilities.

At 30 June 2025 the Group had a provision of £32.2m (2024: £24.1m) against projects where a liability has been established. If the forecast remediation costs were 10% higher/lower than provided, the pre-tax adjusting items charge in the Group's income statement would increase/decrease by £3.2m.

## 2 Revenue

Revenue is entirely derived from contracts with customers. Information on the nature and timing of satisfaction of performance obligations, including significant payment terms, is provided below. For the related revenue accounting policies, see note 1.

### Infrastructure Services

The Group derives revenue from capital infrastructure projects as well as the maintenance of infrastructure assets across various sectors including highways, rail, water, gas and domestic fibre installation.

Capital projects can range from the construction of power station infrastructure, roads, railways, bridges and tunnels, over a period of several years (e.g. Hinkley Point C, Sellafield SRP and HS2), to small schemes completed in a matter of days. Revenue is recognised over time as the construction services are rendered to the customer. Each capital project is typically treated as a single performance obligation.

The Group also provides maintenance services for the UK road, rail and utilities infrastructure through both routine, preventative maintenance as well as reactive repairs. These services are generally delivered under framework contracts of between five to eight years; however, individual performance obligations under the framework are normally determined on an annual, monthly or ad hoc basis. Revenue is recognised over time as the maintenance services are rendered to the customer.

Where multiple services are supplied under a single contract they are treated as separate performance obligations and revenue is recognised separately as each performance obligation is satisfied.

Infrastructure services are normally invoiced monthly in arrears under normal commercial credit terms. Under some contracts, amounts are held back as a retention for periods that can exceed 12 months. However, as the purpose of the retentions is to ensure that the performance obligations on the contract are carried out to a satisfactory standard,

the Group does not deem there to be a significant financing component in the timing of the cash flows on these amounts.

### Construction

The Group undertakes hundreds of building projects each year, providing construction services in the private, education and health sectors and on public sector frameworks. Projects range from minor extensions costing less than £0.5m to the construction of major strategic assets costing hundreds of millions of pounds. The construction of a building, including any associated design work, is normally accounted for as a single performance obligation as the services provided are normally highly interrelated. Whilst the bulk of consideration associated with construction contracts is usually fixed, variable consideration elements can exist (milestone bonuses, gain share, event claims, etc.). Revenue is recognised over time as the performance obligation is satisfied in accordance with the accounting policies in note 1.

Invoices are typically raised monthly, based on valuations of the work completed, and have normal commercial payment terms. It is common in the construction industry for an amount to be held back as a retention for periods that can exceed 12 months. However, as the purpose of the retentions is to ensure that the performance obligations on the contract are carried out to a satisfactory standard, the Group does not deem there to be a significant financing component in the timing of the cash flows on these amounts.

The Group also provides maintenance services to local authorities and private landlords with large housing portfolios. Revenue for maintenance services is recognised over time as the services are rendered. Services are either invoiced monthly or shortly after completion of individual performance obligations. Normal commercial payment terms apply.

Facilities management and maintenance services revenue is recognised over time as the services are rendered. Invoices for services rendered are typically raised monthly. Normal commercial payment terms apply, with the exception of the PFI lifecycle contracts, as noted below.

The Group has a number of long-term PFI lifecycle contracts to maintain properties over periods of 25–30 years. A fund is established at the start of the contract and amounts are drawn down by the Group as maintenance work is performed. The Group is also entitled to share in any surplus left in the fund at the end of the contract. Revenue is recognised over time to reflect the rendering of the service including an assessment of the appropriate proportion of the likely surplus in the fund, subject to being highly probable not to reverse. As the surplus amount will not be paid until the end of the contracts, the contract asset associated with the surplus recognised to date is shown as a non-current asset in the balance sheet. Due to the length of time between performance of the services and payment of the surplus, the Group considers there to be a significant financing component within this element of the transaction price and has therefore adjusted for the time value of money in measuring the revenue recognised in respect of end-of-contract surpluses.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 2 Revenue continued

#### Property

The Group undertakes property development on its own sites as well as a service for customers. Revenue in respect of the sale of property developments owned by the Group is recognised at a point in time (unconditional exchange of contracts). In most cases payment is received on legal completion. Revenue for property development services in respect of customer owned sites is recognised over time and normally invoiced monthly based on valuations under normal commercial payment terms.

#### Transaction price allocated to remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

##### At 30 June 2025

	2026 £m	2027 £m	2028 onwards £m
Infrastructure Services	1,657.5	1,227.3	1,419.2
Construction	1,395.6	681.2	382.3
<b>Total transaction price allocated to remaining performance obligations</b>	<b>3,053.1</b>	<b>1,908.5</b>	<b>1,801.5</b>

##### At 30 June 2024

	2025 £m	2026 £m	2027 onwards £m
Infrastructure Services	1,643.3	796.7	1,506.5
Construction	1,177.6	391.9	90.4
<b>Total transaction price allocated to remaining performance obligations</b>	<b>2,820.9</b>	<b>1,188.6</b>	<b>1,596.9</b>

No revenue was linked to future related performance obligations in the Property segment (2024: £nil).

The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less and excludes any estimate of revenue from framework contracts for which a firm commitment or order has not been received at the reporting date.

### 3 Segmental reporting

The Group operates three divisions: Infrastructure Services, Construction and Property, which is the basis on which the Group manages and reports its segmental information. Corporate principally includes unrecovered overheads and the charge for defined benefit pension schemes.

Segment information is based on the information provided to the Chief Executive, together with the Board, who is the Chief Operating Decision Maker. The segments are strategic business units with separate management and have different core customers and offer different services. The segments are discussed in the Operational Review on pages 22–24. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (note 1). The Group evaluates segmental information on the basis of adjusted operating profit (see note 5), interest and tax expense. The segmental results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



# Notes to the consolidated financial statements continued

For the year ended 30 June 2025

## 3 Segmental reporting continued

	2025					2024				
	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m	Infrastructure Services £m	Construction £m	Property £m	Corporate £m	Group £m
<b>Revenue<sup>1</sup></b>										
Group revenue including share of joint ventures	2,136.0	1,910.5	38.4	2.9	4,087.8	1,988.3	1,907.8	71.0	2.3	3,969.4
Less share of joint ventures	(1.3)	–	(9.4)	–	(10.7)	–	(2.4)	(61.9)	–	(64.3)
<b>Group revenue</b>	<b>2,134.7</b>	<b>1,910.5</b>	<b>29.0</b>	<b>2.9</b>	<b>4,077.1</b>	<b>1,988.3</b>	<b>1,905.4</b>	<b>9.1</b>	<b>2.3</b>	<b>3,905.1</b>
<b>Timing of revenue<sup>1</sup></b>										
Products and services transferred at a point in time	6.9	–	33.1	–	40.0	5.9	0.6	57.8	–	64.3
Products and services transferred over time	2,129.1	1,910.5	5.3	2.9	4,047.8	1,982.4	1,907.2	13.2	2.3	3,905.1
<b>Group revenue including share of joint ventures</b>	<b>2,136.0</b>	<b>1,910.5</b>	<b>38.4</b>	<b>2.9</b>	<b>4,087.8</b>	<b>1,988.3</b>	<b>1,907.8</b>	<b>71.0</b>	<b>2.3</b>	<b>3,969.4</b>
<b>Profit/(loss) for the year</b>										
Adjusted operating profit/(loss) <sup>2</sup>	111.0	75.0	12.2	(39.1)	159.1	112.3	69.2	6.2	(37.5)	150.2
Adjusting items <sup>2</sup>	(21.5)	(20.1)	–	(3.8)	(45.4)	(23.6)	(9.6)	(4.3)	(9.6)	(47.1)
<b>Operating profit/(loss)</b>	<b>89.5</b>	<b>54.9</b>	<b>12.2</b>	<b>(42.9)</b>	<b>113.7</b>	<b>88.7</b>	<b>59.6</b>	<b>1.9</b>	<b>(47.1)</b>	<b>103.1</b>
Net finance income/(costs) <sup>3</sup>	6.7	4.4	(5.9)	(40.8)	(35.6)	4.4	1.4	(3.7)	(37.1)	(35.0)
<b>Profit/(loss) before tax</b>	<b>96.2</b>	<b>59.3</b>	<b>6.3</b>	<b>(83.7)</b>	<b>78.1</b>	<b>93.1</b>	<b>61.0</b>	<b>(1.8)</b>	<b>(84.2)</b>	<b>68.1</b>
Taxation					(21.7)					(16.8)
<b>Profit for the year from continuing operations</b>					<b>56.4</b>					<b>51.3</b>
Loss for the year from discontinued operations					–					(8.3)
<b>Profit for the year</b>					<b>56.4</b>					<b>43.0</b>
<b>Balance sheet</b>										
Operating assets <sup>4</sup>	920.8	351.0	297.0	294.3	1,863.1	908.3	424.4	217.9	342.9	1,893.5
Operating liabilities <sup>4</sup>	(511.9)	(788.5)	(37.0)	(212.6)	(1,550.0)	(499.8)	(814.2)	(14.8)	(212.6)	(1,541.4)
<b>Net operating assets/(liabilities)<sup>4</sup></b>	<b>408.9</b>	<b>(437.5)</b>	<b>260.0</b>	<b>81.7</b>	<b>313.1</b>	<b>408.5</b>	<b>(389.8)</b>	<b>203.1</b>	<b>130.3</b>	<b>352.1</b>
Cash, cash equivalents, bank overdrafts and borrowings	642.6	757.4	(225.2)	(970.7)	204.1	540.4	700.4	(171.3)	(908.6)	160.9
Other financial assets	–	–	–	–	–	–	–	–	7.1	7.1
<b>Net assets/(liabilities)</b>	<b>1,051.5</b>	<b>319.9</b>	<b>34.8</b>	<b>(889.0)</b>	<b>517.2</b>	<b>948.9</b>	<b>310.6</b>	<b>31.8</b>	<b>(771.2)</b>	<b>520.1</b>
<b>Other information</b>										
Inter-segmental revenue	11.2	3.5	–	40.2	54.9	4.9	0.1	–	39.8	44.8
Capital expenditure on property, plant, equipment and intangible assets	2.2	1.0	–	13.3	16.5	2.4	4.4	–	9.8	16.6
Depreciation of property, plant and equipment	(0.5)	(0.2)	(0.2)	(4.7)	(5.6)	(0.7)	(0.4)	(0.2)	(7.0)	(8.3)
Amortisation of computer software	(1.7)	(0.8)	–	(11.1)	(13.6)	(1.1)	(0.2)	–	(6.1)	(7.4)

1. Revenue is stated after the exclusion of inter-segmental revenue. 100% of the Group's revenue is derived from UK-based customers. 16% of the Group's revenue was received from High Speed Two (HS2) Limited (2024: 15%). Group revenue including joint ventures is an alternative performance measure, see page 189.

2. See notes 1 and 5 for adjusting items.

3. Interest was (charged)/credited to the divisions at a notional rate of 4.0% (2024: 4.0%).

4. Net operating assets/(liabilities) represent assets excluding cash, cash equivalents, bank overdrafts, borrowings, financial assets and liabilities, and interest-bearing inter-company loans.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 4 Operating profit

Operating profit is stated after charging/(crediting):

	Note	2025 £m	2024 £m
Amortisation of intangible assets	13	35.2	30.6
Depreciation of property, plant and equipment	14	5.6	8.3
Loss/(profit) on sale of property, plant and equipment and right-of-use assets		0.4	(1.3)
Depreciation of right-of-use assets	22	46.1	39.0
Fair value adjustment to investment properties	15	(7.6)	(6.5)

### Services provided by the Group's auditors

	2025 £m	2024 £m
Fees payable for the audit of the parent company and consolidated financial statements <sup>1</sup>	2.9	2.7
Fees payable to the Company's auditors for other services:		
– Audit of the Company's subsidiaries, pursuant to legislation	0.5	0.5
– Audit-related assurance services <sup>2</sup>	0.2	0.4

1. The auditors' remuneration relates to amounts paid to PricewaterhouseCoopers LLP (PwC). In addition, audit fees of £0.2m for prior year work were recorded during the year (2024: £0.3m).

2. A summary of other services provided by PwC during the year is provided on page 86. In 2025, the fees relating to other assurance services include £185,000 for the review of the interim statements (2024: £178,000). Also included are £9,000 (2024: £2,000) for a subscription service providing factual updates and changes to applicable law, regulation or accounting and auditing standards. The 2024 fees included the verification of the re-finance documentation of £250,000.

### 5 Adjusting items

#### (a) Reconciliation to adjusted profit

	2025			2024		
	Adjusted £m	Adjusting items £m	Total £m	Adjusted £m	Adjusting items £m	Total £m
<b>Group revenue</b>	<b>4,077.1</b>	<b>–</b>	<b>4,077.1</b>	3,905.1	–	3,905.1
Cost of sales	(3,727.3)	(19.0)	(3,746.3)	(3,555.1)	(15.0)	(3,570.1)
<b>Gross profit</b>	<b>349.8</b>	<b>(19.0)</b>	<b>330.8</b>	350.0	(15.0)	335.0
Administrative expenses	(197.6)	(25.6)	(223.2)	(216.2)	(23.8)	(240.0)
Share of post-tax results of joint ventures	(1.5)	–	(1.5)	6.0	(4.4)	1.6
Other income	8.4	(0.8)	7.6	10.4	(3.9)	6.5
<b>Operating profit</b>	<b>159.1</b>	<b>(45.4)</b>	<b>113.7</b>	150.2	(47.1)	103.1
Net finance charges	(33.7)	(1.9)	(35.6)	(32.1)	(2.9)	(35.0)
<b>Profit before tax</b>	<b>125.4</b>	<b>(47.3)</b>	<b>78.1</b>	118.1	(50.0)	68.1
Taxation	(30.2)	8.5	(21.7)	(28.4)	11.6	(16.8)
<b>Profit for the year from continuing operations</b>	<b>95.2</b>	<b>(38.8)</b>	<b>56.4</b>	89.7	(38.4)	51.3
<b>Loss for the year from discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	–	(8.3)	(8.3)
<b>Profit for the year</b>	<b>95.2</b>	<b>(38.8)</b>	<b>56.4</b>	89.7	(46.7)	43.0

Adjusting items include:

Cost of sales:

- Fire and cladding compliance costs of £17.0m – these consist of costs incurred in rectifying legacy issues to comply with the latest Government guidance. The net charge of £17.0m includes a credit of £8.7m in respect of insurance proceeds.
- Other adjusting items of £2.0m – other costs consist of a payment made to settle part of an insurance-related claim that had previously been treated as an adjusting item.

Administrative expenses:

- Amortisation of acquired intangible assets of £21.6m – comprises amortised contract rights arising from prior year acquisitions.
- Property-related items of £4.0m – these costs include the impact of the purchase and subsequent sale of a vacant leasehold office in Manchester, as well as income and costs incurred in respect of corporate properties vacated as part of the review of Group premises.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 5 Adjusting items continued

#### (a) Reconciliation to adjusted profit continued

Net finance charges:

- Net financing costs of £1.9m – these relate to IFRS 16 interest charges on leased investment properties previously used as offices.

#### (b) Discontinued operations

Following the sale of its residential property building business (Kier Living) in FY21, the Group retained responsibility for the cost of defect rectification works relating to former Kier Living sites. At the time of the sale, provisions were made for the expected rectification costs. These costs were included in discontinued operations as they were directly associated with the disposal of Living.

During FY24, the Group reviewed the remaining liabilities for the defect rectification works, based on the outstanding scope of works to be completed and current market price. The cost increased by £8.3m, net of tax credit of £0.8m, the majority of which remained as a provision on the year-end balance sheet. The £8.3m was recognised as an adjusting item within discontinued operations.

#### (c) Cash outflow from adjusting items

	2025 £m	2024 £m
Adjusting items reported in the income statement:		
– Continuing operations	47.3	50.0
– Discontinued operations	–	8.3
Less: non-cash items incurred in the year	(38.4)	(31.4)
Add: payment of prior year accruals and provisions	8.9	9.8
<b>Cash outflow from adjusting items</b>	<b>17.8</b>	<b>36.7</b>

### 6 Other income

	Note	2025 £m	2024 £m
Fair value gain on investment properties	15	7.6	6.5
<b>Other income</b>		<b>7.6</b>	<b>6.5</b>

### 7 Finance income and costs

	2025 £m	2024 £m
<b>Finance income</b>		
Bank deposits	3.6	3.4
Interest receivable on loans to related parties	0.1	0.1
Net interest on net defined benefit surplus	4.3	5.7
	<b>8.0</b>	<b>9.2</b>
<b>Finance costs</b>		
Interest payable on loans and overdrafts	(8.3)	(23.1)
Interest payable on bonds	(22.5)	(8.4)
Interest payable on leases	(9.1)	(9.5)
Foreign exchange movements on foreign denominated borrowings	(0.5)	(0.6)
Fair value movements on cash flow hedges recycled from other comprehensive income	0.2	–
Other	(3.4)	(2.6)
	<b>(43.6)</b>	<b>(44.2)</b>
<b>Net finance costs</b>	<b>(35.6)</b>	<b>(35.0)</b>



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 8 Information relating to Directors and employees

	2025 No.	2024 No.
Monthly average number of people employed during the year including Executive Directors by segment was:		
Infrastructure Services	<b>6,000</b>	5,764
Construction	<b>3,772</b>	3,842
Property	<b>73</b>	70
Corporate	<b>516</b>	542
	<b>10,361</b>	10,218

6 employees are located outside of the UK (2024: 19).

	Note	2025 £m	2024 £m
Group staff costs by segment are as follows:			
Infrastructure Services		<b>427.9</b>	384.7
Construction		<b>300.6</b>	288.0
Property		<b>13.5</b>	11.5
Corporate		<b>53.4</b>	51.1
		<b>795.4</b>	735.3
Comprising:			
Wages and salaries		<b>677.0</b>	632.4
Social security costs		<b>75.2</b>	65.8
Defined benefit pension scheme net credit to the income statement	9	<b>(2.2)</b>	(3.9)
Contributions to defined contribution pension schemes		<b>36.5</b>	31.7
Share-based payments charge	25	<b>8.9</b>	9.3
		<b>795.4</b>	735.3

The amounts disclosed above are in relation to the entirety of the Group's Directors and employees.

Information relating to Directors' emoluments, pension entitlements, share options and LTIP interests appears in the Directors' Remuneration report on pages 92–115.

### 9 Retirement benefit obligations

The Group operates a number of pension schemes for eligible employees. The Kier Group scheme is the principal scheme and includes a defined benefit section and a defined contribution section. The defined benefit section of the scheme was closed to new entrants on 1 January 2002; existing members continued to accrue benefits for service until the scheme was closed to future accrual on 28 February 2015. Six other defined benefit schemes were acquired with the past acquisition of the May Gurney, Mouchel and McNicholas groups. These schemes are all closed to new entrants and to future accrual, with the exception of one small scheme which remains open to future accrual for five (2024: five) active members. This scheme is a multi-employer scheme; however, Kier's share is separately identifiable and therefore the movements in the period are determined by reference to the change in valuation of this separate subsection.

The assets of the defined benefit schemes are held in trust separate from the assets of the Group. The Trustees are responsible for investing the assets and delegate day-to-day decisions to independent professional investment managers. The schemes are established under UK trust law and have a corporate trustee that is required to run the schemes in accordance with the schemes' Trust Deed and Rules and to comply with all relevant legislation. Responsibility for the governance of the schemes lies with the Trustees.

The pension obligations of the Group are valued separately for accounting and funding purposes. The accounting valuations under IAS 19 require 'best estimate' assumptions to be used whereas the funding valuations use more prudent assumptions. A further difference arises from the differing dates of the valuations. The accounting pension surplus or deficit is calculated at the balance sheet date (30 June) each year, whereas the actuarial valuations are carried out on a triennial basis at 31 March, or in the case of one scheme, 31 December. The differing bases and timings of the valuations can result in materially different pension surplus or deficit amounts.

#### Contributions to defined benefit schemes

The aggregate contributions payable in the year ended 30 June 2025 in respect of the Group's defined benefit pension schemes amounted to £7.0m (2024: £8.6m), which included past service deficit contributions of £6.9m (2024: £8.5m) and current service employer contributions of £0.1m (2024: £0.1m).

The Group agreed revised deficit recovery plans with the Trustees of the Kier Group scheme, May Gurney scheme and Mouchel schemes on 25 May 2023, and agreed the latest schedule of contributions for the McNicholas scheme on 27 February 2024. Based on these contribution plans, the Group expects to make the following contributions in future years:

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 9 Retirement benefit obligations continued

#### Contributions to defined benefit schemes continued

	2026 £m	2027 £m	2028 £m	2029 £m	2030 & beyond £m
Deficit contributions	5.2	3.5	0.9	–	–

The Group has also agreed with the Trustees of a number of the schemes to meet the scheme's expenses including their Pension Protection Fund levies. During the year the Group incurred fees totalling £0.8m (2024: £0.6m) in respect of the running and administration of the defined benefit schemes, with a further £2.0m (2024: £1.7m) paid directly by the schemes.

The deficit recovery plans agreed with the Trustees of each of the defined benefit schemes constitute minimum funding requirements for the purposes of IFRIC 14. These minimum funding requirements do not give rise to any additional liabilities on the Group's balance sheet, as the Group has determined that it has a right to benefit from any surplus created by overpaid contributions, through either a reduction in future contributions or refunds of the surpluses on winding up of the schemes.

#### Contributions to defined contribution schemes

Contributions are also made to a number of defined contribution arrangements. The Group paid contributions to these arrangements of £36.5m (2024: £31.7m) during the year.

The Group makes contributions to local government defined benefit pension schemes in respect of certain employees who have transferred to the Group under TUPE transfer arrangements. The Group is unable to identify its share of the underlying assets and liabilities in the schemes on a consistent and reasonable basis and consequently the pension costs for these schemes are treated as if they were defined contribution schemes.

#### IAS 19 'Employee Benefits' disclosures

The Group recognises any actuarial gains or losses through the statement of comprehensive income as required under IAS 19.

The weighted average duration of the schemes' liabilities is approximately 12 years (2024: 12 years).

The IAS 19 accounting valuations at 30 June 2025 of some of the Group's defined benefit schemes, indicated that the assets of each scheme exceeded their respective scheme liabilities. The Group has recognised these surpluses as retirement benefit assets on its balance sheet under IAS 19 and IFRIC 14, as the Group has determined that it has a right to benefit from any surpluses, through either reduced contributions or a refund of the surpluses on winding up of the schemes.

The principal assumptions used by the independent qualified actuaries are shown in the following table. This set of assumptions was used to value all of the defined benefit schemes and has been based on the weighted average duration of the schemes' liabilities, with the exception of CPI assumptions, which have been based on the expected durations of each individual scheme.

	2025 %	2024 %
Discount rate	<b>5.50</b>	5.15
Inflation rate (Retail Price Index (RPI))	<b>2.90</b>	3.20
Inflation rate (Consumer Price Index (CPI))	<b>2.20–2.65</b>	2.40–2.85
Rate of general increases in pensionable salaries	<b>2.90</b>	3.20
Rate of increase in pensions payments liable for Limited Price Indexation		
– RPI subject to minimum of 0% and a maximum 5%	<b>2.80</b>	2.95
– RPI subject to minimum of 0% and a maximum 2.5%	<b>1.90</b>	1.90

The mortality assumptions used were as follows:

	2025		2024	
	Male years	Female years	Male years	Female years
Life expectancy for a male/female currently aged 60				
– Kier Group scheme	<b>26.2</b>	<b>28.3</b>	25.9	28.0
– Acquired schemes	<b>24.9–26.5</b>	<b>27.7–28.8</b>	24.6–26.3	27.4–28.2
Life expectancy for a male/female member aged 60, in 20 years' time				
– Kier Group scheme	<b>27.6</b>	<b>29.5</b>	27.2	29.2
– Acquired schemes	<b>26.5–27.8</b>	<b>29.1–30.3</b>	26.2–27.4	28.8–29.5

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 9 Retirement benefit obligations continued

#### IAS 19 'Employee Benefits' disclosures continued

The amounts recognised in the income statement and statement of other comprehensive income and the movements in the net retirement benefit surplus/(deficit) in respect of the defined benefit schemes are as follows:

	2025			2024		
	Kier Group £m	Acquired schemes £m	Total £m	Kier Group £m	Acquired schemes £m	Total £m
<b>Opening net surplus/(deficit)</b>	<b>96.9</b>	<b>(16.4)</b>	<b>80.5</b>	117.5	(13.0)	104.5
Current service cost	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Administration expenses	(1.8)	(0.2)	(2.0)	(1.4)	(0.3)	(1.7)
Net interest on net defined benefit surplus	4.9	(0.6)	4.3	6.2	(0.5)	5.7
<b>Total income/(expense) recognised in the income statement</b>	<b>3.1</b>	<b>(0.9)</b>	<b>2.2</b>	4.8	(0.9)	3.9
Actual return less than that recognised in net interest	(57.7)	(26.8)	(84.5)	(28.0)	(13.1)	(41.1)
Actuarial gains/(losses) due to changes in financial assumptions	36.2	23.7	59.9	(14.9)	(10.2)	(25.1)
Actuarial (losses)/gains from demographic assumptions	(5.9)	(3.1)	(9.0)	17.2	8.9	26.1
Actuarial (losses)/gains due to liability experience	(3.9)	(5.0)	(8.9)	0.3	3.3	3.6
<b>Total amount recognised in other comprehensive loss</b>	<b>(31.3)</b>	<b>(11.2)</b>	<b>(42.5)</b>	(25.4)	(11.1)	(36.5)
Contributions by the employer	–	7.0	7.0	–	8.6	8.6
<b>Closing net surplus/(deficit)</b>	<b>68.7</b>	<b>(21.5)</b>	<b>47.2</b>	96.9	(16.4)	80.5
<b>Changes in the fair value of scheme assets</b>						
Fair value at 1 July	825.2	393.4	1,218.6	850.9	396.8	1,247.7
Annuity policies included	–	1.4	1.4	–	–	–
Interest income on scheme assets	41.3	19.9	61.2	44.0	20.7	64.7
Remeasurement losses on scheme assets	(57.7)	(26.8)	(84.5)	(28.0)	(13.1)	(41.1)
Contributions by the employer	–	7.0	7.0	–	8.6	8.6
Net benefits paid out	(44.0)	(22.5)	(66.5)	(40.3)	(19.3)	(59.6)
Administration expenses	(1.8)	(0.2)	(2.0)	(1.4)	(0.3)	(1.7)
<b>Fair value at 30 June</b>	<b>763.0</b>	<b>372.2</b>	<b>1,135.2</b>	825.2	393.4	1,218.6

	2025			2024		
	Kier Group £m	Acquired schemes £m	Total £m	Kier Group £m	Acquired schemes £m	Total £m
<b>Changes in the present value of the defined benefit obligation</b>						
Present value at 1 July	(728.3)	(409.8)	(1,138.1)	(733.4)	(409.8)	(1,143.2)
Annuity policies included	–	(1.4)	(1.4)	–	–	–
Current service cost	–	(0.1)	(0.1)	–	(0.1)	(0.1)
Interest expense on scheme liabilities	(36.4)	(20.5)	(56.9)	(37.8)	(21.2)	(59.0)
Actuarial gains/(losses) due to changes in financial assumptions	36.2	23.7	59.9	(14.9)	(10.2)	(25.1)
Actuarial (losses)/gains due to changes in demographic assumptions	(5.9)	(3.1)	(9.0)	17.2	8.9	26.1
Actuarial (losses)/gains due to liability experience	(3.9)	(5.0)	(8.9)	0.3	3.3	3.6
Net benefits paid out	44.0	22.5	66.5	40.3	19.3	59.6
<b>Present value at 30 June</b>	<b>(694.3)</b>	<b>(393.7)</b>	<b>(1,088.0)</b>	(728.3)	(409.8)	(1,138.1)
<b>Amounts included in the balance sheet</b>						
Fair value of scheme assets	763.0	372.2	1,135.2	825.2	393.4	1,218.6
Net present value of the defined benefit obligation	(694.3)	(393.7)	(1,088.0)	(728.3)	(409.8)	(1,138.1)
<b>Net surplus/(deficit)</b>	<b>68.7</b>	<b>(21.5)</b>	<b>47.2</b>	96.9	(16.4)	80.5
Related deferred tax (liability)/asset	(17.2)	5.4	(11.8)	(24.0)	4.0	(20.0)
<b>Net pension asset/(liability)</b>	<b>51.5</b>	<b>(16.1)</b>	<b>35.4</b>	72.9	(12.4)	60.5

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 9 Retirement benefit obligations continued

#### IAS 19 'Employee Benefits' disclosures continued

The net surplus/(deficit) above is split between retirement benefit assets and obligations in the statement of financial position based on whether the individual pension schemes have a net surplus or deficit, as follows:

	2025			2024		
	Kier Group £m	Acquired schemes £m	Total £m	Kier Group £m	Acquired schemes £m	Total £m
Retirement benefit assets	68.7	5.4	74.1	96.9	8.1	105.0
Retirement benefit obligation	–	(26.9)	(26.9)	–	(24.5)	(24.5)
<b>Net surplus/(deficit)</b>	<b>68.7</b>	<b>(21.5)</b>	<b>47.2</b>	96.9	(16.4)	80.5

The assets, liabilities and net pension liabilities for the defined benefit arrangements are shown below. The assets are invested with professional investment managers and are measured based on quoted market valuations at the balance sheet date, with the exception of property assets and annuity policies, which are based on unquoted valuations.

	2025			2024		
	Kier Group £m	Acquired schemes £m	Total £m	Kier Group £m	Acquired schemes £m	Total £m
Equities	204.7	130.6	335.3	210.0	127.7	337.7
Corporate bonds	123.9	10.3	134.2	91.0	10.0	101.0
Government bonds	153.3	62.4	215.7	186.5	60.5	247.0
Index-linked bonds	194.9	101.5	296.4	196.9	108.8	305.7
Fixed income aggregate funds	61.1	52.6	113.7	84.5	48.8	133.3
Cash	32.0	9.5	41.5	41.0	17.6	58.6
Property	–	3.7	3.7	14.2	6.2	20.4
Absolute return	–	4.8	4.8	–	0.1	0.1
Annuity policies	–	1.9	1.9	–	0.5	0.5
Multi-asset	–	–	–	–	14.1	14.1
Derivatives	(6.9)	(5.1)	(12.0)	1.1	(0.9)	0.2
<b>Total market value of assets</b>	<b>763.0</b>	<b>372.2</b>	<b>1,135.2</b>	825.2	393.4	1,218.6

History of experience gains and losses for defined benefit schemes in aggregate:

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Fair value of scheme assets	1,135.2	1,218.6	1,247.7	1,557.0	1,909.9
Net present value of the defined benefit obligation	(1,088.0)	(1,138.1)	(1,143.2)	(1,362.3)	(1,863.7)
<b>Net surplus</b>	<b>47.2</b>	80.5	104.5	194.7	46.2
Related deferred tax liability	(11.8)	(20.0)	(26.1)	(49.3)	(12.6)
<b>Net pension asset</b>	<b>35.4</b>	60.5	78.4	145.4	33.6
Difference between expected and actual return on scheme assets	(84.5)	(41.1)	(315.4)	(339.9)	(26.6)
Experience (losses)/gains on scheme liabilities	(8.9)	3.6	(51.4)	(10.4)	19.2

#### Risk exposure

As IAS 19 actuarial assumptions are driven by market conditions, there is a risk that significant changes in financial market conditions could lead to volatility in the defined benefit obligation disclosed in the balance sheet from year to year. In addition, the asset position may also be volatile as it will be influenced by changes in market conditions. However, the risk of significant changes to the overall balance sheet position has been mitigated to an extent due to the risk management strategy used by the schemes as described below.

Most of the Group's defined benefit schemes share a common single corporate trustee and have aligned their investment strategy and risk management process, providing a consistent framework across the schemes to achieve their long-term objective. These schemes have appointed Schroders Investment Management Limited as their outsourced chief investment officer (OCIO). The scheme assets are managed by the OCIO using a combination of external and internal funds. All of the assets in these schemes consist of four high-level strategic building blocks, i.e. growth, structured equity, cash flow driven investments and liability hedging.

The growth asset portfolio is designed for long-term stable returns. It is an actively managed diversified portfolio consisting of equity, return seeking credit, alternatives, property, cash and sovereign bonds. The schemes access further equity exposure with built-in explicit downside protection through their structured equity allocation.

The cash flow driven investment allocations, consisting of high-quality corporate bonds, distribute income periodically to support the schemes in meeting pension payments.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 9 Retirement benefit obligations continued

#### Risk exposure continued

The liability hedging portfolio (consisting of cash, physical gilts and gilt repurchase agreements as well as interest and inflation swaps) is designed to hedge each scheme's sensitivity to changes in interest rate and inflation and targets a high hedge ratio. The Kier Group Pension Scheme is hedging 100% of funded low dependency liabilities, with other schemes hedging 100% of funded technical provisions liabilities. The schemes hedge the majority of the currency exposure within their investment strategy.

#### Virgin Media case

In June 2023, in the case of Virgin Media vs NTL Pension Trustees II Limited, the High Court judged that amendments made to the Virgin Media scheme were invalid because they were not accompanied by the correct actuarial confirmation. The case was subsequently reviewed by the Court of Appeal in July 2024, which upheld the High Court's decision. The Court's decision had wide ranging implications, potentially affecting other schemes that were contracted out on a salary-related basis, and made amendments between April 1997 and April 2016. Recognising the need for clarity around scheme liabilities and member benefits, in June 2025, the Department for Work & Pensions (DWP) announced that the Government will introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. This announcement, alongside other factors, means the Group does not expect the Virgin Media ruling to give rise to any additional liabilities within its pension schemes.

#### Pension sensitivity

The following table shows the change in the net surplus or deficit arising from a change in the significant actuarial assumptions used to determine the Group's retirement benefit obligations:

	2025		2024	
	+0.25%/+1 year £m	-0.25%/-1 year £m	+0.25%/+1 year £m	-0.25%/-1 year £m
Discount rate (+/-0.25%)	28.6	(29.8)	32.5	(34.0)
Inflation rate (+/-0.25%)	(16.6)	18.3	(19.2)	18.0
Life expectancy (+/-1 year)	(28.7)	28.6	(33.2)	33.3

The sensitivity analyses above have been determined based on reasonably possible changes in the respective assumptions occurring at the end of the reporting period, derived from an isolated change in a key assumption while holding all other assumptions constant, and may not be representative of the actual change. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The inflation sensitivities shown above include the impact of both RPI and CPI inflation, and of other inflation related assumptions

(such as pension increases in payment). The methods and types of assumptions used in preparing the sensitivity analyses did not change compared with the previous year.

### 10 Taxation

Taxation in respect of continuing operations is analysed below.

#### (a) Recognised in the income statement

	2025 £m	2024 £m
<b>Current tax</b>		
UK corporation tax	12.5	12.5
Adjustments in respect of prior years	–	(0.3)
<b>Total current tax charge</b>	<b>12.5</b>	12.2
<b>Deferred tax</b>		
Origination and reversal of temporary differences	10.9	8.0
Adjustments in respect of prior years	(1.7)	(3.4)
<b>Total deferred tax</b>	<b>9.2</b>	4.6
<b>Total tax charge in the income statement</b>	<b>21.7</b>	16.8
<b>Reconciliation of effective tax rate</b>		
Profit before tax	78.1	68.1
Losses from joint venture companies	–	1.6
<b>Profit before tax excluding income from joint ventures</b>	<b>78.1</b>	69.7
Income tax at UK corporation tax rate of 25% (2024: 25%)	19.5	17.4
Non-deductible expenses	5.0	3.4
Income not taxable	(1.3)	(3.1)
Impact of Group relief and consortium relief	–	1.7
Share-based payment	0.2	0.8
Deferred tax not recognised	–	0.3
Adjustments in respect of prior years	(1.7)	(3.7)
<b>Total tax</b>	<b>21.7</b>	16.8

Kier Group and its subsidiaries are based predominantly in the UK and are subject to UK corporation tax. The Group does not have an aggressive tax policy and since 1 July 2012 Kier has not entered into any tax avoidance schemes which were or should have been notified under the Disclosure of Tax Avoidance Scheme (DOTAS) rules.

The Group tax charge excluding joint venture companies of £21.7m (2024: £16.8m) shown in the table equates to an effective tax rate of 27.8% (2024: 24.1%) on profit before tax excluding joint venture companies and including joint venture LLPs of £78.1m (2024: £69.7m). This effective rate is different from the standard rate of corporation tax of 25% (2024: 25%) due to items shown in the table.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 10 Taxation continued

#### (a) Recognised in the income statement continued

The non-deductible expenses mainly relate to depreciation on non-qualifying assets, disallowed provisions, entertaining and legal and professional fees not eligible for tax relief. Income not taxable relates mainly to the reversal of impairments, insurance receipts and foreign exchange gains. Deferred tax not recognised/(utilisation and recognition of tax losses) relates to deferred tax on losses not previously recognised less deferred tax on losses not expected to be recoverable.

In accordance with UK tax legislation, capital gains arising on disposal of certain investments, including some of the joint ventures disposed of during the year, are not subject to tax.

Tax relief on expenses not recognised in the income statement includes the impact of the tax deduction received in respect of the cost of shares exercised under the Group's employee Save As You Earn scheme and Long-Term Incentive Plan.

The Group provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposure. At the balance sheet date, a deferred tax liability of £5.2m (2024: £1.7m) has been recognised in respect of uncertain tax positions.

The net credit of £1.7m (2024: £3.7m) in respect of prior years' results arise from differences between the estimates of taxation included in the previous years' financial statements and the actual tax liabilities calculated in the tax returns submitted to HMRC.

The Group is within scope of the OECD Pillar Two rules. Pillar Two legislation has been enacted in the UK, the jurisdiction in which the entity is incorporated, and is effective for accounting periods that began on or after 31 December 2023. Under the legislation, the Group is liable to pay a top-up tax in the UK for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. In addition, top-up taxes are payable locally where qualifying domestic minimum top-up taxes have been legislated and are in effect.

The Group has assessed its potential exposure to the Pillar Two rules for the year ended 30 June 2025, using profits and tax expense information determined as part of the preparation of the Group's financial statements, and as a result has not accrued any tax charges under the Pillar Two rules. This is on the basis that transitional safe harbours will apply in each material jurisdiction. The Group continues to assess the potential impact of new Pillar Two guidance and legislation as it is released, such as the substantive enactment of Pillar Two rules in Guernsey. The Guernsey rules will be effective for accounting periods starting on or after 1 January 2025, but are not expected to change the impact of Pillar Two on the Group.

The Group has applied the temporary exemption from recognising and disclosing information about deferred tax assets and liabilities, as provided in the amendments to IAS 12 in 2023.

#### (b) Recognised in the cash flow statement

The cash flow statement shows cash of £29.0m, in respect of RDEC credits, was received during the year (2024: £7.8m) (see note 21), and made tax payments on account of £1.8m (2024: £2.9m).

#### (c) Recognised in the statement of comprehensive income

	2025 £m	2024 £m
<b>Deferred tax credit (including effect of change in tax rate)</b>		
Fair value movements on cash flow hedging instruments	–	(0.9)
Actuarial losses on defined benefit pension schemes	<b>(8.9)</b>	(7.1)
<b>Total deferred tax credit</b>	<b>(8.9)</b>	(8.0)
Corporation tax credit in respect of pension contributions paid	<b>(1.8)</b>	(2.0)
<b>Total tax credit in the statement of comprehensive income</b>	<b>(10.7)</b>	(10.0)

#### (d) Factors that may affect future tax charges

The deferred tax balance as at the year end has mainly been recognised at 25.0% (2024: 25.0%), which is the enacted corporation tax rate effective from 1 April 2023.

Further disclosures in respect of the recoverability of the deferred tax asset have been included in note 17.

#### (e) Tax losses

At the balance sheet date, the Group has unused tax losses of £564.6m (2024: £591.5m) available for offset against future profits. A deferred tax asset has been recognised on £400.6m (2024: £427.0m) of these losses.

No deferred tax asset has been recognised in respect of the remaining losses as it is unlikely that there will be future taxable profit on which these tax losses could be utilised against. Under present tax legislation, these losses may be carried forward indefinitely.

#### (f) RDEC

The Research and Development Expenditure Credit (RDEC) of £41.0m was included in operating profit during the year (2024: £28.3m). Included in other receivables at 30 June 2025 were RDEC receivables of £31.8m (2024: £30.0m). This predominantly represents in year claims, with the FY24 balance received during the year.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 11 Dividends

The following dividends were recognised in the year:

	2025		2024	
	£m	pence per share	£m	pence per share
Prior year final	15.2	3.5	–	–
Current year interim	8.9	2.0	7.3	1.7
Total dividend recognised in year	24.1	5.5	7.3	1.7

The following dividends were declared in respect of the year:

	2025		2024	
	£m	pence per share	£m	pence per share
Interim	8.9	2.0	7.3	1.7
Final	22.7	5.2	15.1	3.5
Total dividend relating to the year	31.6	7.2	22.4	5.2

The proposed final dividend for the year ending 30 June 2025 of 5.2p per share (2024: 3.5p) was not declared until after the balance sheet date and so has not been included as a liability in these financial statements. The dividend totalling approximately £22.7m will be paid on 3 December 2025 to shareholders on the register at the close of business on 31 October 2025.

The parent company of the Group, Kier Group plc, is a non-trading holding company which derives its distributable reserves in part from dividends received from its subsidiaries. In determining the level of dividend payable in any year, in addition to the stated policy, the Board considers a number of other factors, including the following:

- the level of distributable reserves in the parent company, Kier Group plc;
- the level of distributable reserves in Kier Group plc's subsidiaries that are available to be distributed to Kier Group plc;
- the availability of cash resources;
- the Group's borrowing covenants;
- future cash commitments and investment plans to support the long-term growth of the Group; and
- potential strategic opportunities under consideration.

The Board reviews the level of distributable reserves in the parent company at least twice a year ahead of announcing proposed interim and final dividends. Distributable reserves can be significantly impacted by movements in pension liabilities. The reserves of Kier Group plc are not directly affected by these movements as the pension surpluses

and liabilities are on the balance sheets of a certain number of the Company's subsidiaries. However, movements in the pension liabilities do have an effect on the level of distributable reserves in Kier Group plc's subsidiaries that are available to be paid up to the parent. Actuarial gains only increase the distributable reserves to the extent that they represent reversals of previous actuarial losses; otherwise they are treated as unrealised and are not distributable.

### 12 Earnings per share

	2025		2024	
	Basic £m	Diluted £m	Basic £m	Diluted £m
<b>Continuing operations</b>				
Profit for the year	56.4	56.4	51.3	51.3
Less: non-controlling interest share	–	–	(0.3)	(0.3)
<b>Profit after tax and minority interests</b>	56.4	56.4	51.0	51.0
Adjusting items (excluding tax)	47.3	47.3	50.0	50.0
Tax impact of adjusting items	(8.5)	(8.5)	(11.6)	(11.6)
<b>Adjusted profit after tax from continuing operations</b>	95.2	95.2	89.4	89.4
<b>Discontinued operations</b>				
Adjusting items from discontinued operations (net of tax)	–	–	(8.3)	(8.3)
Weighted average number of shares (no, m)	441.5	466.1	433.5	451.7
<b>Basic earnings (p)</b>				
Attributable to the ordinary equity holders of the Company from continuing operations	12.8	12.1	11.8	11.3
Attributable to the ordinary equity holders of the Company from discontinued operations	–	–	(1.9)	(1.8)
<b>Total basic earnings per share attributable to the ordinary equity holders of the Company</b>	12.8	12.1	9.9	9.5
<b>Adjusted basic earnings (p)</b>				
<b>Adjusted basic earnings per share attributable to the ordinary equity holders of the Company</b>	21.6	20.4	20.6	19.8

The weighted average number of shares is lower than the number of shares in issue by 11.4m (2024: 18.6m) primarily due to the movement of shares that are held by the Group's employee benefit trusts (see note 25) and treasury shares acquired through Kier's share buyback programme, which are excluded from the calculation.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 12 Earnings per share continued

Options granted to employees under the Sharesave and LTIP schemes are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required performance obligations would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the share option schemes are set out in note 25.

### 13 Intangible assets

	Goodwill £m	Intangible contract rights £m	Computer software £m	Total £m
<b>Cost</b>				
<b>At 1 July 2023</b>	538.8	235.7	125.7	900.2
Additions	–	–	9.5	9.5
Arising on acquisition	6.8	7.5	–	14.3
Disposals	–	–	(0.1)	(0.1)
<b>At 30 June 2024</b>	545.6	243.2	135.1	923.9
Additions	–	–	<b>5.4</b>	<b>5.4</b>
Disposals	–	–	<b>(5.4)</b>	<b>(5.4)</b>
<b>At 30 June 2025</b>	<b>545.6</b>	<b>243.2</b>	<b>135.1</b>	<b>923.9</b>
<b>Accumulated amortisation and impairment</b>				
<b>At 1 July 2023</b>	(2.1)	(170.9)	(82.2)	(255.2)
Charge for the year	–	(23.2)	(7.4)	(30.6)
Disposals	–	–	0.1	0.1
<b>At 30 June 2024</b>	(2.1)	(194.1)	(89.5)	(285.7)
Charge for the year	–	<b>(21.6)</b>	<b>(13.6)</b>	<b>(35.2)</b>
Disposals	–	–	<b>5.4</b>	<b>5.4</b>
<b>At 30 June 2025</b>	<b>(2.1)</b>	<b>(215.7)</b>	<b>(97.7)</b>	<b>(315.5)</b>
<b>Net book value</b>				
<b>At 30 June 2025</b>	<b>543.5</b>	<b>27.5</b>	<b>37.4</b>	<b>608.4</b>
At 30 June 2024	543.5	49.1	45.6	638.2

Goodwill largely relates to the group of cash generating units (CGUs) in the Infrastructure Services segment and has been built up through acquisitions, primarily MRBL Limited (Mouchel Group) (£299.2m), May Gurney Integrated Services PLC (£194.7m), McNicholas Construction (Holdings) Limited (£42.8m) and the acquisition arising in the prior year of the rail assets of the Buckingham Group (£6.8m). These balances have been subject to an annual impairment review based upon the projected cash flows of each CGU.

The intangible contract rights were recognised on the acquisition of:

- May Gurney Integrated Services plc – Cost £106.8m (2024: £106.8m). Net book value £14.9m (2024: £22.5m).
- MRBL Limited (Mouchel Group) – Cost £127.1m (2024: £127.1m). Net book value £10.4m (2024: £21.9m).
- Rail assets of the Buckingham Group – Cost £7.5m (2024: £7.5m). Net book value £1.1m (2024: £3.6m).
- Certain business and assets of Babcock Civil Infrastructure Limited – Cost £1.6m (2024: £1.6m). Net book value £1.1m (2024: £1.1m).

Contract rights on May Gurney and Mouchel are amortised on a straight-line basis over the expected total contract duration. All other contract rights are amortised on a straight-line basis over the remaining contract life.

#### Carrying amounts of goodwill and intangible contract rights by CGU

For impairment testing purposes, goodwill has been allocated to the Infrastructure Services and Construction segments, being the lowest level at which management monitors goodwill. There is no goodwill attributed to the Property segment. The recoverable amount of the goodwill and intangibles has been determined based on value in use calculations, which use cash flow projections based on the Group's forecasts approved by management, covering a three-year period. The forecasts are consistent with those used for the Group's going concern assessment and viability statement.

The resulting cash flows are discounted to present value, with the discount rate used in the value in use calculations based on an industry average cost of capital.

The cost of equity is calculated using observable market data from the Group's competitors. This data is used to calculate an average unlevered beta value after excluding any outliers. The average beta is then applied to the UK's equity risk premium and a risk-free rate added.

The cost of debt is calculated by taking the expected renewal costs of the Group's debt and adjusting for the tax rate.

The cost of equity and cost of debt are then combined using our competitors' average debt/equity split. The post-tax discount rate is then used to calculate the pre-tax discount rates. The pre-tax discount rate, which has been applied to the cash flows for each CGU, is 13.5% (2024: 12.4%). A terminal growth rate of 1.8% (2024: 1.7%) has been applied into perpetuity.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 13 Intangible assets continued

#### Carrying amounts of goodwill and intangible contract rights by CGU continued

	2025			2024		
	Goodwill £m	Intangible contract rights £m	Total £m	Goodwill £m	Intangible contract rights £m	Total £m
Infrastructure Services	523.1	26.4	549.5	523.1	48.0	571.1
Construction	20.4	1.1	21.5	20.4	1.1	21.5
	543.5	27.5	571.0	543.5	49.1	592.6

Goodwill allocated to the Construction segment is not significant in comparison to the Group's total goodwill and is not sensitive to changes in assumptions.

#### Infrastructure Services

Forecast revenue growth rates and operating profit margins are based on historical experience, adjusted for the impact of expected changes to contract portfolio and profitability. Based on the value in use calculation, a recoverable amount for the Infrastructure Services segment is £343.0m (2024: £303.5m) above the carrying value of the assets. The Infrastructure Services segment impairment review is not sensitive to changes in assumptions.

In terms of the possible impacts of climate change, the two key assumptions that could be sensitive to this are the growth rate and discount rates. If climate change has a negative impact on revenues and/or the operating costs of the Group, there could be a potential impact on the discounted cash flow growth rates used within the valuation model. Lower future growth rates would reduce the level of the discounted cash flow valuation and hence the amount of headroom available to the Group above an impairment trigger. At present, the material short- to medium-term risks presented by possible climate change impacts are considered to be factored into the growth and discount rates where they are known and can be quantified. Using the current assumptions, no reasonably foreseeable change in the assumptions used within the value in use calculations would cause an impairment. Therefore, at present, changes in the long-term assumptions due to the impact of climate change would also not be expected to trigger an impairment.

### 14 Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Total £m
<b>Cost</b>			
<b>At 1 July 2023</b>	23.9	44.6	68.5
Additions	0.1	7.0	7.1
Disposals	(0.5)	(12.2)	(12.7)
<b>At 30 June 2024</b>	23.5	39.4	62.9
Additions	4.1	7.0	11.1
Disposals	(3.0)	(1.1)	(4.1)
Transfers	(4.3)	–	(4.3)
<b>At 30 June 2025</b>	20.3	45.3	65.6
<b>Accumulated depreciation and impairment</b>			
<b>At 1 July 2023</b>	(7.4)	(31.3)	(38.7)
Charge for the year	(1.7)	(6.6)	(8.3)
Disposals	0.1	11.7	11.8
<b>At 30 June 2024</b>	(9.0)	(26.2)	(35.2)
Charge for the year	(0.7)	(4.9)	(5.6)
Disposals	1.2	1.0	2.2
Transfers	1.0	–	1.0
<b>At 30 June 2025</b>	(7.5)	(30.1)	(37.6)
<b>Net book value</b>			
<b>At 30 June 2025</b>	12.8	15.2	28.0
At 30 June 2024	14.5	13.2	27.7

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 15 Investment properties

#### (a) Reconciliation of carrying amount

	Owned assets £m	Right-of-use assets £m	Total £m
<b>Cost</b>			
<b>At 1 July 2023</b>	52.9	45.5	98.4
Fair value gain/(loss)	8.2	(1.7)	6.5
<b>At 30 June 2024</b>	61.1	43.8	104.9
Transfers	<b>3.6</b>	<b>(15.5)</b>	<b>(11.9)</b>
Fair value gain/(loss)	<b>8.3</b>	<b>(0.7)</b>	<b>7.6</b>
<b>At 30 June 2025</b>	<b>73.0</b>	<b>27.6</b>	<b>100.6</b>

Investment properties comprise office buildings and commercial land/properties that were formerly utilised by the Group but have been vacated, along with a student accommodation property held by the Group. They are leased out (or intended to be leased out) to third parties under operating leases and/or are held for capital appreciation. The investment properties include properties held as right-of-use assets, as well as a property owned by the Group. The investment properties are carried at fair value. Changes in fair values are presented in the profit or loss within other income.

#### (b) Amounts recognised in the income statement

	2025 £m	2024 £m
Rental income from operating leases	<b>5.7</b>	6.0
Direct operating expenses for property that generated rental income	<b>(2.5)</b>	(3.9)
Fair value gain	<b>7.6</b>	6.5
<b>Total net income recognised in the income statement</b>	<b>10.8</b>	8.6

#### (c) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable either monthly or quarterly. Lease payments for some contracts include provisions for RPI increases. One contract entitles the Group to an element of variable lease rentals (in addition to the base rent payments) based on a share of the tenant's revenue in carrying out their business of providing serviced offices and hot desking space at the premises. Some of the leases include a tenant option to renew the lease for a further period. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	2025 £m	2024 £m
Less than one year	<b>2.7</b>	2.3
One to two years	<b>1.8</b>	2.1
Two to three years	<b>1.6</b>	1.3
Three to four years	<b>0.5</b>	1.1
Four to five years	<b>0.5</b>	–
Over five years	<b>3.0</b>	–
<b>Total</b>	<b>10.1</b>	6.8

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 15 Investment properties continued

#### (d) Measurement of fair values

The fair value of the owned investment properties was determined as at 30 June 2024 by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. This has been updated for 30 June 2025 by management estimates supported by third party evidence. The fair values of the right-of-use investment properties have been determined by the Group without the use of an independent valuer. The fair value measurements for all of the investment properties have been categorised as Level 3 fair values (as defined in note 27), based on the inputs to the valuation techniques used.

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Owned assets</b>	Market approach: The fair values have been determined by adopting an investment approach and assuming continued use as offices/student accommodation/future use as a wind farm.	<p>External valuations are performed every two years. The last valuations were carried out as at 30 June 2024. The following inputs have been used in assessing the valuations:</p> <p><b>Offices</b></p> <ul style="list-style-type: none"> <li>• rent per sq ft of £75 (2024: £57); and</li> <li>• expected market yields of 8.5% (2024: 9%).</li> </ul> <p><b>Student accommodation</b></p> <ul style="list-style-type: none"> <li>• expected market rental growth of 3% (2024: 11%);</li> <li>• occupancy rate average of 98% (2024: 98%); and</li> <li>• expected market yields of 5.25% (2024: 5.5%).</li> </ul> <p><b>Wind farm</b></p> <ul style="list-style-type: none"> <li>• expected electricity price of £62 per MWh (2024: £62 per MWh); and</li> <li>• expected market yields of 8% (2024: 7%).</li> </ul> <p>In years where no valuation is performed, the fair value is reviewed taking into consideration any changes in market conditions and any offers received on the property and adjustments made accordingly.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• expected market rental growth was higher/(lower);</li> <li>• the occupancy rate was higher/(lower);</li> <li>• rent per sq ft was higher/(lower);</li> <li>• rent-free periods were shorter/(longer);</li> <li>• expected market yields were lower/(higher); or</li> <li>• expected electricity price was higher/(lower).</li> </ul>
<b>Right-of-use assets</b>	Income approach using discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account the expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>• expected market rental growth of 1% to 2% (2024: 1% to 2%);</li> <li>• occupancy rate average of 99% (2024: average of 92% to 99%);</li> <li>• rent-free/void periods of six to nine months at the end of each tenancy (2024: six to nine months); and</li> <li>• risk-adjusted discount rate of 4.2% (2024: 4.2%).</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>• expected market rental growth was higher/(lower);</li> <li>• the occupancy rate was higher/(lower);</li> <li>• rent-free/void periods were shorter/(longer); or</li> <li>• the risk-adjusted discount rate was lower/(higher).</li> </ul>

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 16 Investments in and loans to joint ventures

#### (a) Movements in year

	2025 £m	2024 £m
<b>Investments in joint ventures</b>		
At 1 July	91.7	78.6
Additions	76.4	23.8
Disposals	(7.0)	–
Loan repayments and return of equity	(9.9)	(5.6)
Share of:		
– Operating loss	(0.4)	(0.7)
– Finance costs	(0.9)	(0.5)
– Tax (expense)/income	(0.2)	2.8
Post-tax results of joint ventures	(1.5)	1.6
Dividends received	(3.9)	(6.7)
<b>At 30 June</b>	<b>145.8</b>	<b>91.7</b>

#### (b) Interests in joint ventures

Set out below are the joint ventures of the Group as at 30 June 2025 which, in the opinion of the Directors, are material to the Group. See note 30 for the full list of joint ventures. All of the entities are private entities and therefore do not have a quoted fair value. The country of incorporation or registration is also their principal place of business. All are measured under the equity method.

Name of entity	% of ownership interest/ voting rights 2025	% of ownership interest/ voting rights 2024	Carrying amount 2025 £m	Carrying amount 2024 £m
Kier Cornwall Street	90%/50%	90%/50%	32.9	32.1
Solum Regeneration	50%/50%	50%/50%	25.0	25.0
Southwark	90%/50%	–	23.3	–
Immaterial joint ventures			64.6	34.6
			<b>145.8</b>	<b>91.7</b>

All material joint ventures are incorporated in England and Wales and are in the Group's Property division.

#### (c) Borrowing facilities and guarantees to joint ventures

The Group has provided guarantees to support borrowing facilities of joint ventures as follows:

	2025			2024		
	Borrowing facility £m	Guarantees £m	Drawn at 30 June £m	Borrowing facility £m	Guarantees £m	Drawn at 30 June £m
Kier Trade City	35.4	9.0	17.1	12.0	2.7	9.0

Other than as disclosed above the liabilities of the joint ventures are without recourse to the Group. Details of the Group's interests in joint ventures are given in note 30.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 16 Investments in and loans to joint ventures continued

#### (a) Summarised financial information for joint ventures

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Kier Cornwall Street		Solum Regeneration		Southwark	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Summarised balance sheet						
<b>Non-current assets</b>	–	–	–	–	4.9	–
<b>Current assets</b>						
Cash and cash equivalents	0.2	0.2	0.4	1.0	0.3	–
Other current assets	68.2	56.1	53.9	53.1	45.9	–
<b>Total current assets</b>	68.4	56.3	54.3	54.1	46.2	–
<b>Current liabilities</b>						
Other current liabilities	(0.5)	(2.0)	(4.3)	(4.0)	(15.9)	–
<b>Total current liabilities</b>	(0.5)	(2.0)	(4.3)	(4.0)	(15.9)	–
<b>Non-current liabilities</b>						
Financial liabilities (excluding trade payables)	(34.3)	(21.7)	–	–	(6.7)	–
<b>Total non-current liabilities</b>	(34.3)	(21.7)	–	–	(6.7)	–
<b>Net assets</b>	33.6	32.6	50.0	50.1	28.5	–
Group's share (%)	90%	90%	50%	50%	90%	–
Group's share	30.2	29.4	25.0	25.0	25.7	–
Capital introduced on behalf of joint venture partner	2.7	2.7	–	–	–	–
Elimination of unrealised profit on downstream transactions	–	–	–	–	(2.4)	–
<b>Investment in joint venture</b>	32.9	32.1	25.0	25.0	23.3	–

	Kier Cornwall Street		Solum Regeneration		Southwark	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Summarised income statement						
Revenue	–	–	0.1	–	–	–
Finance costs	(0.9)	(0.5)	–	–	–	–
Taxation	–	–	–	–	–	–
<b>Profit/(loss) for the year from continuing operations</b>	0.9	1.4	(1.8)	(2.1)	–	–
<b>Profit/(loss) for the year</b>	0.9	1.4	(1.8)	(2.1)	–	–
<b>Total comprehensive income/(expense)</b>	0.9	1.4	(1.8)	(2.1)	–	–

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 16 Investments in and loans to joint ventures continued

#### (e) Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method.

	2025 £m	2024 £m
Aggregate carrying amount of individually immaterial joint ventures	64.6	34.6
Dividends received from individually immaterial joint ventures	3.9	6.7
Aggregate amounts of the Group's share of:		
(Loss)/profit from continuing operations	(1.4)	1.4
<b>Total comprehensive (expense)/income</b>	<b>(1.4)</b>	<b>1.4</b>

### 17 Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon:

	Intangible assets £m	Property, plant and equipment £m	Short-term temporary differences <sup>1</sup> £m	Retirement benefit obligations £m	Tax losses £m	Total £m
<b>At 1 July 2023</b>	(15.9)	24.1	40.5	(26.1)	106.2	128.8
Credited/(charged) to income statement – continuing	4.8	(8.1)	(0.9)	(1.0)	0.6	(4.6)
Credited directly to comprehensive income	–	–	0.9	7.1	–	8.0
Credited directly to equity	–	–	0.9	–	–	0.9
<b>At 30 June 2024</b>	(11.1)	16.0	41.4	(20.0)	106.8	133.1
Acquisitions and disposals	–	–	–	–	0.6	0.6
Credited/(charged) to income statement – continuing	4.8	(5.7)	(0.3)	(0.7)	(7.2)	(9.1)
Credited directly to comprehensive income	–	–	–	8.9	–	8.9
Credited directly to equity	–	–	3.2	–	–	3.2
<b>At 30 June 2025</b>	<b>(6.3)</b>	<b>10.3</b>	<b>44.3</b>	<b>(11.8)</b>	<b>100.2</b>	<b>136.7</b>

1. Included in short-term temporary differences are deferred tax assets of £15.0m (2024: £13.1m) in respect of RDEC Step 2 amounts carried forward and £27.4m (2024: £25.5m) in respect of the restricted interest amount caught under the UK Corporate Interest Restrictions (CIR) tax rules.

Deferred tax assets and liabilities are attributed to temporary differences relating to the following:

	Assets		Liabilities		Total	
	2025 £m	2024 £m	2025 £m	2024 £m	2025 £m	2024 £m
Property, plant and equipment	10.3	16.0	–	–	10.3	16.0
Intangible assets	–	–	(6.3)	(11.1)	(6.3)	(11.1)
Retirement benefit obligations	–	–	(11.8)	(20.0)	(11.8)	(20.0)
Other short-term timing differences	44.3	41.4	–	–	44.3	41.4
Tax losses	100.2	106.8	–	–	100.2	106.8
<b>Total</b>	<b>154.8</b>	<b>164.2</b>	<b>(18.1)</b>	<b>(31.1)</b>	<b>136.7</b>	<b>133.1</b>
Set-off tax	(18.1)	(31.1)	18.1	31.1	–	–
<b>Net deferred tax assets</b>	<b>136.7</b>	<b>133.1</b>	<b>–</b>	<b>–</b>	<b>136.7</b>	<b>133.1</b>

When considering the recoverability of net deferred tax assets, the taxable profit forecasts are based on the same Board-approved information used to support the going concern and goodwill impairment assessments. More information on these forecasts and the methodology applied are included in notes 1 and 13.

The following evidence has been considered when assessing whether these forecasts are achievable and realistic:

- The business traded in line with Board expectations in 2025;
- The Group has completed its restructuring activities and is focusing on the achievement of the long-term sustainable growth plan; and
- The Group's core businesses are well-placed to benefit from the announced and committed UK Government spending plans to invest in infrastructure and decarbonisation.

When considering the length of time over which the losses are expected to be utilised, the Group has taken into account that generally only 50% of profits in each year can be offset by brought forward losses.

Based on these forecasts, the Group is expected to utilise its deferred tax asset over a period of approximately seven years (2024: eight years).

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 18 Contract assets and liabilities

#### (a) Current contract assets

	2025 £m	2024 £m
<b>At 1 July</b>	<b>304.5</b>	358.2
Transferred to receivables	<b>(276.9)</b>	(329.4)
Revenue adjustments recognised in the period for performance obligations satisfied in previous periods due to changes in the transaction price arising from changes in estimates of variable revenue	<b>1.2</b>	(3.3)
<b>Balance remaining in relation to contract assets at the start of the year</b>	<b>28.8</b>	25.5
Increase related to services provided in the year	<b>288.2</b>	279.0
<b>At 30 June</b>	<b>317.0</b>	304.5

#### (b) Non-current contract assets

	2025 £m	2024 £m
<b>At 1 July</b>	<b>53.6</b>	43.7
Increase related to services provided in the year	<b>3.4</b>	9.9
<b>At 30 June</b>	<b>57.0</b>	53.6

Non-current contract assets relate to Kier's share of the funding surpluses receivable at the end of long-term PFI maintenance contracts.

#### (c) Current contract liabilities

	2025 £m	2024 £m
<b>At 1 July</b>	<b>(128.4)</b>	(90.5)
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	<b>123.5</b>	80.8
Contract liabilities repaid	<b>0.9</b>	2.4
<b>Balance remaining in relation to contract liabilities at the start of the year</b>	<b>(4.0)</b>	(7.3)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	<b>(164.0)</b>	(121.1)
<b>At 30 June</b>	<b>(168.0)</b>	(128.4)

### 19 Trade and other receivables

	2025 £m	2024 £m
<b>Current:</b>		
Trade receivables	<b>50.5</b>	70.7
Construction contract retentions	<b>56.6</b>	59.8
Amounts receivable from joint ventures	<b>11.4</b>	5.1
Other receivables	<b>42.8</b>	65.1
Prepayments	<b>34.8</b>	29.4
Accrued income	<b>6.7</b>	7.2
	<b>202.8</b>	237.3
<b>Non-current:</b>		
Construction contract retentions	<b>24.5</b>	20.6
Capitalised mobilisation costs	<b>3.3</b>	5.0
Other	<b>2.2</b>	2.9
	<b>30.0</b>	28.5

Construction contract retentions are amounts withheld by the customer until they are satisfied with the quality of the work undertaken.

£3.5m of capitalised mobilisation costs were amortised during the year (2024: £3.2m).

### 20 Inventories

	2025 £m	2024 £m
Raw materials and consumables	<b>16.8</b>	12.8
Land and work in progress held for development	<b>48.8</b>	61.2
	<b>65.6</b>	74.0

As at 30 June 2025, there were £1.9m of provisions held against inventory relating to land and work in progress for development (2024: £5.5m).

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 21 Net cash

	2025 £m	2024 £m
Cash and cash equivalents	<b>1,689.4</b>	1,563.1
Bank overdrafts	<b>(1,221.4)</b>	(1,101.4)
<b>Net cash, cash equivalents and bank overdrafts</b>	<b>468.0</b>	461.7
Borrowings due within one year	–	(58.8)
Borrowings due after one year	<b>(263.9)</b>	(242.0)
Impact of cross-currency hedging	–	6.3
<b>Net cash<sup>1</sup></b>	<b>204.1</b>	167.2

1. 'Net cash' is an alternative performance measure, see page 189.

Average month-end net debt was £49.2m (2024: £116.1m). Net cash excludes lease liabilities.

Cash, cash equivalents and bank overdrafts are subject to Group-wide cash pooling arrangements, where the banks have right of set off to the credit and debit balances.

Cash and cash equivalents include £111.2m (2024: £90.9m) being the Group's share of cash and cash equivalents held by joint operations, which are to be used for expenditure within joint operations, and £92.2m (2024: £90.7m) of bank balances that are not part of the Group-wide cash pooling arrangement, which are to be used for project-specific expenditure. Information on borrowings is detailed in note 27.

### (a) Reconciliation of working capital between the consolidated balance sheet and consolidated cash flow statement

	2025		2024	
	Inventories £m	Trade and other receivables £m	Inventories £m	Trade and other receivables <sup>1</sup> £m
1 July balance sheet	<b>74.0</b>	<b>265.8</b>	72.9	214.0
30 June balance sheet	<b>65.6</b>	<b>232.8</b>	74.0	265.8
Movement per balance sheet	<b>(8.4)</b>	<b>(33.0)</b>	1.1	51.8
Transfer of RDEC receivable from corporation tax asset	–	–	–	(27.3)
RDEC income	–	<b>41.0</b>	–	28.3
Net RDEC receipts	–	<b>(29.0)</b>	–	–
Rents receivable on sub-lease	–	–	–	(2.9)
Movements in capitalised mobilisation costs	–	<b>1.6</b>	–	1.3
Arising on acquisition	–	–	–	(2.6)
Non-cash movements arising from acquisition and disposal of property	<b>6.4</b>	–	–	–
Other	–	<b>(0.2)</b>	–	–
<b>Movement per cash flow statement</b>	<b>(2.0)</b>	<b>(19.6)</b>	1.1	48.6

	2025		2024	
	Trade and other payables £m	Provisions £m	Trade and other payables £m	Provisions £m
1 July balance sheet	<b>(1,138.2)</b>	<b>(77.2)</b>	(1,111.9)	(63.2)
30 June balance sheet	<b>(1,124.8)</b>	<b>(79.2)</b>	(1,138.2)	(77.2)
Movement per balance sheet	<b>13.4</b>	<b>(2.0)</b>	(26.3)	(14.0)
Tax owed to joint ventures	<b>(2.1)</b>	–	–	–
Deferred payment on acquisition of joint venture	<b>8.5</b>	–	–	–
Deferred tax on acquisition of joint venture	<b>0.6</b>	–	–	–
Net RDEC receipts	–	–	(7.8)	–
Bond interest accrued	–	–	8.4	–
Arising on acquisition	–	–	1.6	5.9
Discount unwind	<b>0.1</b>	–	0.4	–
<b>Movement per cash flow statement</b>	<b>20.5</b>	<b>(2.0)</b>	(23.7)	(8.1)

1. In the comparative information, £28.3m of research and development credit cash flows that were previously disclosed within operating cash flows before movements in working capital have been re-presented as part of movements in receivables in cash flow from operating activities.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 21 Net cash continued

#### (b) Reconciliation of movements in net cash

	Cash, cash equivalents and bank overdrafts £m	Borrowings due within one year £m	Borrowings due after one year £m	Impact of cross-currency hedging £m	Total £m
<b>Net cash/(borrowings) as at 1 July 2023</b>	376.9	–	(319.1)	6.3	64.1
Cash flows	84.9	–	19.9	–	104.8
Amortisation of capitalised loan fees	–	–	(1.2)	–	(1.2)
Foreign exchange movements	(0.1)	–	(0.4)	–	(0.5)
Transfers	–	(58.8)	58.8	–	–
<b>Net cash/(borrowings) as at 30 June 2024</b>	461.7	(58.8)	(242.0)	6.3	167.2
Cash flows	<b>6.3</b>	<b>44.3</b>	<b>(4.7)</b>	<b>(6.8)</b>	<b>39.1</b>
Amortisation of capitalised loan fees	–	–	<b>(2.2)</b>	–	<b>(2.2)</b>
Foreign exchange movements	–	<b>(0.5)</b>	–	<b>0.5</b>	–
Transfers	–	<b>15.0</b>	<b>(15.0)</b>	–	–
<b>Net cash/(borrowings) as at 30 June 2025</b>	<b>468.0</b>	–	<b>(263.9)</b>	–	<b>204.1</b>

#### (c) Reconciliation of movements in liabilities arising from financing activities

	Borrowings £m	Hedging derivatives £m	Lease liabilities £m
<b>(Liabilities)/assets as at 1 July 2023</b>	(319.1)	10.7	(182.6)
Changes from financing cash flows:			
– Drawdown of borrowings	(247.5)	–	–
– Repayment of borrowings/principal elements of lease payments	267.4	–	40.6
Non-cash movements:			
– Net lease additions	–	–	(31.1)
– Amortisation of capitalised loan fees	(1.2)	–	–
– Foreign exchange movements	(0.4)	–	–
– Changes in fair values of derivatives	–	(3.6)	–
<b>(Liabilities)/assets as at 30 June 2024</b>	(300.8)	7.1	(173.1)
Changes from financing cash flows:			
– Drawdown of borrowings	<b>(4.7)</b>	–	–
– Repayment of borrowings/principal elements of lease payments	<b>44.3</b>	–	<b>47.5</b>
– Settlement of derivative financial instruments	–	<b>(7.2)</b>	–
Non-cash movements:			
– Net lease additions	–	–	<b>(25.5)</b>
– Amortisation of capitalised loan fees	<b>(2.2)</b>	–	–
– Foreign exchange movements	<b>(0.5)</b>	–	–
– Changes in fair values of derivatives	–	<b>0.1</b>	–
<b>Liabilities as at 30 June 2025</b>	<b>(263.9)</b>	–	<b>(151.1)</b>

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 22 Leases

#### (a) Group as a lessee

The Group has lease contracts for various properties, and items of plant, machinery, vehicles and other equipment used in its operations and for administration of the Group's business. Leases of properties have remaining durations of up to 40 years. Leases of plant and machinery and other equipment generally have lease terms of between one and three years, while motor vehicles generally have lease terms of between three and six years.

Lease contracts are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. A number of property leases contain extension or termination options. In these circumstances, the Group makes a judgement concerning the period for which it is reasonably certain to lease the property.

The Group's accounting policies for leases are set out in note 1. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The expense included in the income statements relating to these leases was £138.2m (2024: £115.5m). The assets leased under short-term leases are predominantly small items of plant and equipment and therefore are also of low value. The utilisation of these assets varies depending on the nature and levels of the Group's activities.

#### (b) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised in respect of the Group's leases and the movements during the year:

	Land and buildings £m	Motor vehicles £m	Plant and equipment £m	Total £m
<b>At 1 July 2023</b>	42.7	19.5	43.2	105.4
Additions	5.0	14.1	27.7	46.8
Depreciation	(7.5)	(8.9)	(22.6)	(39.0)
Disposals	(4.7)	(0.2)	(13.3)	(18.2)
<b>At 30 June 2024</b>	35.5	24.5	35.0	95.0
Additions	3.0	12.6	36.5	52.1
Transferred from investment properties	9.8	—	—	9.8
Depreciation	(7.3)	(10.6)	(28.2)	(46.1)
Disposals	(2.4)	(0.5)	(11.4)	(14.3)
<b>At 30 June 2025</b>	38.6	26.0	31.9	96.5

#### (c) Lease liabilities

	2025 £m	2024 £m
Current	40.8	42.2
Non-current	110.3	130.9
	151.1	173.1

The maturity profile of the contractual cash flows associated with the lease liabilities is presented in note 27. The interest expense in respect of lease liabilities is included within finance costs in the income statement and is disclosed in note 7.

#### (d) Amounts recognised in the statement of cash flows

	2025 £m	2024 £m
Principal elements of lease payments <sup>1</sup>	47.5	40.6
Interest paid <sup>1</sup>	9.1	9.5
Payments for short-term leases and leases of low-value assets <sup>2</sup>	138.2	115.5
<b>Total cash outflow for leases</b>	<b>194.8</b>	<b>165.6</b>

1. Included within cash flows from financing activities within the statement of cash flows.

2. Included within operating cash flows within the statement of cash flows.

### 23 Trade and other payables

	2025 £m	2024 £m
<b>Current:</b>		
Trade payables	311.0	328.4
Accruals	580.7	580.2
Subcontract retentions	37.1	30.8
Other taxation and social security	168.1	152.1
Other payables and deferred income	8.8	18.3
	1,105.7	1,109.8
<b>Non-current:</b>		
Trade payables	—	3.9
Subcontract retentions	19.1	24.5
	19.1	28.4

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 24 Provisions

	Self-insurance £m	Onerous contracts £m	Warranty, rectification and other contractual obligations £m	Other £m	Total £m
<b>At 1 July 2023</b>	27.4	9.1	25.3	1.4	63.2
(Credited)/charged to income statement	(0.1)	0.7	34.9	0.3	35.8
Arising on acquisition	–	–	5.9	–	5.9
Utilised	(4.8)	(7.1)	(21.1)	(0.4)	(33.4)
Unwinding of discount	–	0.2	–	–	0.2
Transfer from creditors	0.2	–	5.3	–	5.5
<b>At 30 June 2024</b>	22.7	2.9	50.3	1.3	77.2
Charged to income statement	<b>1.8</b>	<b>8.1</b>	<b>25.2</b>	<b>–</b>	<b>35.1</b>
Utilised	<b>(3.5)</b>	<b>(7.0)</b>	<b>(21.7)</b>	<b>(0.5)</b>	<b>(32.7)</b>
Unwinding of discount	–	<b>0.2</b>	–	–	<b>0.2</b>
Transfer from creditors	–	–	<b>(0.6)</b>	–	<b>(0.6)</b>
<b>At 30 June 2025</b>	<b>21.0</b>	<b>4.2</b>	<b>53.2</b>	<b>0.8</b>	<b>79.2</b>
<b>Expected utilisation</b>					
Within one year	<b>4.4</b>	<b>2.3</b>	<b>45.6</b>	<b>0.8</b>	<b>53.1</b>
After one year	<b>16.6</b>	<b>1.9</b>	<b>7.6</b>	–	<b>26.1</b>
<b>At 30 June 2025</b>	<b>21.0</b>	<b>4.2</b>	<b>53.2</b>	<b>0.8</b>	<b>79.2</b>
Within one year	4.0	0.3	49.7	1.3	55.3
After one year	18.7	2.6	0.6	–	21.9
<b>At 30 June 2024</b>	22.7	2.9	50.3	1.3	77.2

Self-insurance provisions are held in the Group's insurance captive in respect of legal and other disputes in various Group companies. Due to the nature of the provision, the timing of any potential outflows can be uncertain. The split of the provision between current and non-current is based on the estimate of when claims will be settled and is consistent with historical rates of settlement.

Onerous contracts provisions are for loss making contracts that the Group is legally obligated to complete and unwind over the remaining life of those contracts.

Warranty and rectification provisions are for potential claims against work completed by the Group. This includes provisions in respect of fire compliance and cladding. Unless the timing of the rectification works is known and will occur more than 12 months after the balance sheet date, these liabilities are shown as current.

Other provisions include potential fines arising from safety, health and environmental legislation and regulation, and costs in respect of redundancy and site closure.

### 25 Share-based payments

The Group operates a number of share-based payment schemes for eligible employees as described below.

#### Sharesave Scheme

The number of options over the Company's Ordinary Shares outstanding at 30 June 2025 were as follows:

	Sharesave Schemes Feb & Oct 2021	Sharesave Scheme 2 November 2022	Sharesave Scheme 31 October 2023	Sharesave Scheme 2024	Total
<b>Number of options</b>					
Directors	–	9,818	6,182	7,518	23,518
Employees	7,124	7,021,206	5,840,122	6,641,164	19,509,616
	7,124	7,031,024	5,846,304	6,648,682	19,533,134
Exercise price (pence)	56.5/96.0	55.0	90.0	111.0	

Options to acquire shares in the capital of Kier Group plc have been granted to eligible employees who enter into a Sharesave (SAYE) contract. The number of options granted to each participating employee are the number of shares which have an aggregate option price not exceeding the projected proceeds of the employee's Sharesave contract. Participation in the Kier Sharesave Scheme is offered to all employees of the Group who have been employed for a continuous period determined by the Board. Under the Sharesave contract, participating employees save a regular sum each month for three years up to a maximum of £500 per month.

6,968,114 options were granted in the year (2024: 6,841,037) under the Sharesave Scheme, which will all be equity settled.

5,502,245 Sharesave Scheme options were exercised during the year (2024: 5,819,317). The weighted average market price of Kier Group plc shares at the date of exercise of Sharesave Scheme options during the year was 146.4p (2024: 129.5p).

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 25 Share-based payments continued

#### Long-Term Incentive Plan

The number of awards over the Company's Ordinary Shares outstanding at 30 June 2025 were as follows:

	LTIP award FY23	LTIP award FY24	LTIP award FY25	Total
<b>Number of awards</b>				
Directors	4,248,724	2,851,453	2,186,601	9,286,778
Employees	7,546,972	5,746,305	4,555,979	17,849,256
	11,795,696	8,597,758	6,742,580	27,136,034
Exercise price (pence)	nil	nil	nil	

The Group has established a Long-Term Incentive Plan (LTIP) under which Directors and senior employees can receive awards of shares. Awards made under the scheme are normally able to vest following the third anniversary of the date of the grant. Vesting may be in full or in part (with the balance of the award lapsing) and is subject to the Group achieving specific performance targets. Participants are entitled to receive dividend equivalents on these awards. Awards under the LTIP are all equity settled. The awards made to Directors are subject to a two-year post-vesting holding period and malus and clawback provisions.

6,910,466 new options were granted under the LTIP scheme in the year (2024: 9,322,979) and 6,828,573 shares vested during the year (2024: 8,695,601). The weighted average market price of Kier Group plc shares at the date of exercise of LTIP options during the year was 143.2p (2024: 105.0p).

Further description of the above share schemes and the terms and conditions of each scheme are included in the Directors' Remuneration report on pages 92–115.

#### Shares held in trusts

The LTIP awards, which are taken as shares, are intended to be satisfied from shares held by the Kier Group 1999 Employee Benefit Trust or the issue of new shares. The shares held by the trusts are accounted for as a deduction from equity within retained earnings. The movements in the number and historical cost value of shares held by the trusts are as follows:

	2025		2024	
	Number of shares	Historic cost value £m	Number of shares	Historic cost value £m
At 1 July	<b>11,804,281</b>	<b>9.0</b>	16,952,961	11.2
Acquired during the year	<b>10,366,433</b>	<b>14.8</b>	3,990,154	4.2
Issued in satisfaction of share scheme awards	<b>(11,849,888)</b>	<b>(9.3)</b>	(8,695,601)	(6.1)
Issued in satisfaction of deferred bonus schemes	<b>(376,304)</b>	<b>(0.2)</b>	(443,233)	(0.3)
<b>At 30 June</b>	<b>9,944,522</b>	<b>14.3</b>	11,804,281	9.0

The market value of these shares at 30 June 2025 was £20.8m (2024: £15.6m).

The shares acquired by the trusts in the year at a cost of £14.8m (2024: £4.2m), net of cash received by the trusts in respect of the deferred bonus schemes of £0.5m (2024: £0.5m) and Sharesave option price proceeds of £4.6m (2024: £nil) is reflected in the statement of changes in equity as a net cost of purchase of own shares of £9.7m (2024 £3.7m).



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 25 Share-based payments continued

#### Fair value of share-based payments

The fair values per option granted have been calculated using the Black-Scholes model for all options, apart from the total shareholder return (TSR) element of the LTIP, which is based on a Stochastic model. For awards made to the Directors which are subject to a two-year holding period post-vesting, the Chaffe & Finnerty models are used. The following assumptions were used in calculating the fair values of share options granted in the year:

Scheme	2025			2024			
	Sharesave	LTIP	LTIP (Directors)	Sharesave	LTIP	LTIP (Directors)	LTIP
	29 October 2024	11 October 2024	11 October 2024	31 October 2023	17 November 2023	17 November 2023	8 March 2024
Date of grant							
Share price at grant (pence)	145.0	137.0	137.0	100.8	107.8	107.8	142.6
Exercise price (pence)	111.0	nil	nil	90.0	nil	nil	nil
Expected term (years)	3.3	3.0	3.0	3.3	3.0	3.0	2.7
Holding period (years)	n/a	n/a	2.0	n/a	n/a	2.0	n/a
Expected volatility	30.5%	30.8%	31.0%	43.7%	37.9%	32.9%	37.9%
Dividend yield	3.6%	n/a	n/a	0.0%	n/a	n/a	n/a
Risk-free interest rate	4.08%	3.97%	4.08%	4.50%	4.23%	3.97%	4.23%
Value per option (pence):							
– Sharesave	43.8	–	–	40.7	–	–	–
– LTIP market condition (25%)	–	79.9	75.0	–	88.8	83.0	117.5
– LTIP non-market condition (75%)	–	137.0	128.7	–	107.8	100.8	142.6

The value per option represents the fair value of the option less any consideration payable. The fair value of the proportion of the awards subject to performance conditions that are market conditions under IFRS 2 'Share-based Payments' (the TSR – total shareholder return element) incorporates an assessment of the number of shares that will vest.

The performance conditions linked to adjusted earnings per share, free cash flow and carbon emissions reduction, are non-market conditions under IFRS 2. Therefore, the fair values of these elements do not include an assessment of the number of shares that will vest. Instead, the amount charged is based on the fair values factored by a 'true-up' for the number of awards that are expected to vest.

The expected volatility is based on historical volatility over the period of time commensurate with the expected award term immediately prior to the date of grant. The risk-free rate of return is the yield on UK Government securities over a term consistent with the expected term.

A charge of £8.9m relating to share-based payments has been recognised in the income statement as employee costs (2024: £9.3m). Included in other payables is an amount of £3.9m (2024: £1.7m) relating to the accrual of employer's national insurance in respect of share-based payments expected to vest in the future.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 25 Share-based payments continued

#### Summary of movements in the number of options

A reconciliation of option movements is shown below:

	2025		2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Outstanding at 1 July</b>	<b>48,210,585</b>	<b>31.4p</b>	57,184,804	23.9p
Granted	<b>13,878,580</b>	<b>55.7p</b>	16,164,016	38.1p
Lapsed or forfeited	<b>(3,089,179)</b>	<b>44.4p</b>	(10,623,317)	13.1p
Exercised	<b>(12,330,818)</b>	<b>40.3p</b>	(14,514,918)	22.8p
<b>Outstanding at 30 June</b>	<b>46,669,168</b>	<b>35.4p</b>	48,210,585	31.4p
Exercisable at 30 June	<b>304,247</b>	<b>79.3p</b>	158,477	72.3p

The options outstanding at 30 June 2025 have a weighted average remaining contractual life of 1.25 years (2024: 1.43 years).

### 26 Guarantees and contingent liabilities

The Company has given guarantees and entered into counter-indemnities in respect of bonds relating to certain of the Group's own contracts. The Company has also given guarantees in respect of certain contractual obligations of its subsidiaries and joint ventures, which were entered into in the normal course of business, as well as certain of the Group's other obligations (for example, in respect of the Group's finance facilities and its pension schemes). Financial guarantees over the obligations of the Company's subsidiaries and joint ventures are initially measured at fair value, based on the premium received from the joint venture or the differential in the interest rate of the borrowing including and excluding the guarantee. Subsequent to initial recognition, financial guarantee contracts are measured at the higher of the initial fair value measurement (adjusted for any income amounts recognised) and the amount determined in accordance with the expected credit loss model. Details of financial guarantees provided to support joint ventures are disclosed in note 16(c).

In line with comparable construction businesses, from time to time the Group is involved in legal claims in the ordinary course of business. The Group assesses the likelihood of success of claims taking into consideration specific circumstances in each case and any legal advice received. Provisions are recorded for the Directors' best estimate of the probable outflow in respect of such matters. If the Directors consider that a claim is unlikely to succeed, no provision is made.

### Fire and cladding review

As disclosed in note 1 of the financial statements, the Group continues to review its current and legacy constructed buildings where it has used cladding solutions and continues to assess the action required in line with the latest Government guidance, as it applies to multi-storey and multi-occupied residential buildings. The buildings, including the cladding works, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion.

In preparing the financial statements, currently available information has been considered, including the current best estimate of the extent and future costs of work required, based on the detailed expert reports, fire safety assessments and physical inspections undertaken.

Where an obligation has been established and a reliable estimate of the costs to rectify is available, a provision has been made (see note 24). No provision has been made where an obligation has not been established.

These estimates may be updated as further inspections are completed and as work progresses which could give rise to the recognition of further liabilities. Such liabilities, should they arise, are expected to be covered materially by the Group's insurance arrangements thereby limiting the net exposure. Any insurance recovery must be considered virtually certain before a corresponding asset is recognised and so this could potentially lead to an asymmetry in the timing of the recognition of assets and liabilities.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 27 Financial instruments

	2025			2024		
	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m	Derivatives £m	Financial assets at amortised cost £m	Financial liabilities at amortised cost £m	Derivatives £m
<b>Financial assets</b>						
Trade and other receivables <sup>1</sup>	194.7	–	–	231.5	–	–
Cash and cash equivalents	1,689.4	–	–	1,563.1	–	–
Equity loans provided to joint ventures	144.5	–	–	89.4	–	–
Other financial assets	–	–	–	–	–	7.1
<b>Total</b>	<b>2,028.6</b>	<b>–</b>	<b>–</b>	<b>1,884.0</b>	<b>–</b>	<b>7.1</b>
<b>Financial liabilities</b>						
Bank overdrafts	–	(1,221.4)	–	–	(1,101.4)	–
Borrowings	–	(263.9)	–	–	(300.8)	–
Lease liabilities	–	(151.1)	–	–	(173.1)	–
Trade and other payables <sup>2</sup>	–	(955.9)	–	–	(984.9)	–
<b>Total</b>	<b>–</b>	<b>(2,592.3)</b>	<b>–</b>	<b>–</b>	<b>(2,560.2)</b>	<b>–</b>
<b>Net</b>	<b>2,028.6</b>	<b>(2,592.3)</b>	<b>–</b>	<b>1,884.0</b>	<b>(2,560.2)</b>	<b>7.1</b>

1. Trade and other receivables exclude prepayments and capitalised mobilisation costs.

2. Trade and other payables exclude other taxes and social security and deferred income.

#### Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to optimise the capital structure in order to minimise the cost of capital whilst maintaining a strong balance sheet to support business development and tender qualification. The Group's capital management strategy is to use a blend of capital types with different risk, return and maturity profiles to support the operating divisions and deliver the Group's capital management objectives.

The capital structure of the Group comprises: equity, consisting of share capital, share premium, retained earnings and other reserves as disclosed in the consolidated statement of changes in equity; and cash, cash equivalents and borrowings as disclosed in note 21 and described further below. The Group forecasts and monitors short-, medium- and longer-term capital needs on a regular basis and adjusts its capital structure as required through the payment of dividends to shareholders, the issue of new share capital and the increase or repayment of borrowings. All investment decisions typically require a pre-tax annualised return of at least 15.0% to ensure such investments are value enhancing for shareholders.

#### Financial risk management

Financial risk management is an integral part of the way the Group is managed. In the course of its business, the Group is exposed primarily to credit risk, market risk and liquidity risk. The overall aim of the Group's financial risk management policies is to minimise any potential adverse effects on financial performance and net assets.

The Group's Treasury team manages the principal financial risks within policies and operating limits approved by the Board. The treasury function is not a profit centre and does not enter into speculative transactions. Derivative financial instruments are used to hedge exposure to fluctuations in interest and exchange rates.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate borrowings and elimination of exchange rate movements in the income statement relating to the hedged foreign currency denominated borrowings.

#### Credit risk

Credit risk arises on financial instruments such as trade receivables, short-term bank deposits and interest rate and currency hedges. Policies and procedures exist to ensure that customers have an appropriate credit history. The Group's most significant clients are public or regulated industry entities which generally have high credit ratings or are of a high credit quality due to the nature of the client.

Short-term bank deposits and hedging transactions are executed only with strong credit-rated authorised counterparties based on ratings issued by the major ratings agencies. Counterparty exposure positions are monitored regularly so that credit exposures to any one counterparty are within acceptable limits. At the balance sheet date there were no significant concentrations of credit risk.

Trade and other receivables and contract assets included in the balance sheet are stated net of expected credit loss (ECL) provisions which have been calculated using a provision matrix grouping trade receivables and contract assets on the basis of their shared credit risk characteristics.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 27 Financial instruments continued

#### Credit risk continued

An analysis of the provision held against trade receivables is set out below:

	2025 £m	2024 £m
<b>Provision as at 1 July</b>	<b>0.5</b>	1.6
Credited to the income statement	<b>(0.8)</b>	(0.9)
Charged to the income statement	<b>1.4</b>	1.2
Utilised in the year	<b>(0.6)</b>	(1.4)
<b>Provision as at 30 June</b>	<b>0.5</b>	0.5

There were £15.3m (2024: £17.2m) of trade receivables that were overdue at the balance sheet date that have not been provided against, of which £9.4m (2024: £11.2m) had been received by the end of August 2025. There are no indications as at 30 June 2025 that the debtors will not meet their payment obligations in respect of the amount of trade receivables recognised in the balance sheet that are overdue and unprovided. The proportion of trade receivables at 30 June 2025 that were overdue for payment was 30% (2024: 24%). Credit terms vary across the Group; the average age of trade receivables was as follows:

Infrastructure Services	7 days (2024: 3 days)
Construction	4 days (2024: 12 days)
Property	11 days (2024: 66 days)

Overall, the Group considers that it is not exposed to significant credit risk.

Equity loans to joint ventures of £144.5m (2024: £89.4m) are considered under the general ECL model and have been compared to future cash flows and net assets of the joint venture to ensure that they are still expected to be fully recoverable.

#### Market risk

##### Interest rate risk

The Group has borrowing facilities to finance short-term working capital and term loans to finance medium-term capital requirements. Instruments are subject to fixed and floating, based on a margin over SONIA, interest. The Group's borrowings, allowing for the effect of derivatives, can be analysed as follows:

	2025 £m	2024 £m
Fixed rate	<b>250.0</b>	293.7
Variable rate	<b>20.1</b>	15.1
Cost of raising finance	<b>(6.2)</b>	(8.0)
	<b>263.9</b>	300.8

One of the Group's joint ventures has entered into interest rate swaps in order to mitigate its interest rate risk.

##### Foreign currency risk

The Group operates primarily within the UK such that its exposure through its trading operations to currency risk is not considered to be significant. Where material foreign currency exposures are identified, these are hedged using forward foreign exchange contracts or swaps.

Changes in foreign exchange rates affect the carrying amount of the liability relating to foreign currency denominated debt on the Group's balance sheet. The utilisation of derivatives ensures that the movement recognised in the profit and loss is offset by movements on the derivative which are recycled from other comprehensive income. As at 30 June 2025, the Group had no debt denominated in US dollars at fixed currency rates using derivatives (2024: £25.2m).

As at 30 June 2025, the Group had no unhedged debt outstanding (2024: US\$0.8m).

##### Liquidity risk

The Group's policy on liquidity risk is to ensure that sufficient borrowing facilities are available to fund operations over the medium term. The Group's principal committed borrowing facilities, being: a high-yield bond and a floating rate revolving credit facility, are unsecured. The amount of committed borrowing facilities available to the Group is reviewed regularly and is designed to exceed forecast peak gross debt levels.

Details of guarantees provided by the Group to support the borrowing facilities of its joint ventures are given in note 16(c). The Group provides no other financial guarantees other than those provided to its joint ventures.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 27 Financial instruments continued

#### Derivative financial instruments

One of the Group's property joint ventures has entered into an interest rate derivative as a means of hedging interest rate risk. The interest-bearing debt and associated interest rate derivative with this joint venture expires in May 2026 and is without recourse to the Group. At 30 June 2025, the aggregate amount outstanding on this interest-bearing debt against which an interest rate derivative is held is £34.3m (2024: £21.7m). The Group's share of the total net fair value asset of this interest rate derivative at 30 June 2025 amounted to £0.2m (2024: £0.1m), which has met the criteria for hedge accounting.

#### Financial liabilities – analysis of maturity dates

At 30 June 2025, the Group had the following financial liabilities at amortised cost together with the maturity profile of their contractual cash flows:

	Trade and other payables <sup>1</sup> £m	Bank overdrafts £m	Borrowings £m	Lease liabilities £m	Total £m
<b>30 June 2025</b>					
Carrying value	<b>955.9</b>	<b>1,221.4</b>	<b>263.9</b>	<b>151.1</b>	<b>2,592.3</b>
<b>Contractual undiscounted cash flows</b>					
Less than one year	<b>936.9</b>	<b>1,221.4</b>	<b>24.3</b>	<b>48.0</b>	<b>2,230.6</b>
One to two years	<b>12.0</b>	<b>–</b>	<b>24.3</b>	<b>28.7</b>	<b>65.0</b>
Two to three years	<b>6.6</b>	<b>–</b>	<b>44.6</b>	<b>16.8</b>	<b>68.0</b>
Three to four years	<b>0.6</b>	<b>–</b>	<b>272.5</b>	<b>12.7</b>	<b>285.8</b>
Four to five years	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>9.3</b>	<b>9.4</b>
Over five years	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>71.5</b>	<b>71.6</b>
	<b>956.3</b>	<b>1,221.4</b>	<b>365.7</b>	<b>187.0</b>	<b>2,730.4</b>

	Trade and other payables <sup>1</sup> £m	Bank overdrafts £m	Borrowings £m	Lease liabilities £m	Total £m
<b>30 June 2024</b>					
Carrying value	984.9	1,101.4	300.8	173.1	2,560.2
<b>Contractual undiscounted cash flows</b>					
Less than one year	956.6	1,101.4	76.4	50.1	2,184.5
One to two years	23.2	–	22.5	30.4	76.1
Two to three years	3.2	–	22.5	20.6	46.3
Three to four years	2.3	–	22.5	14.2	39.0
Four to five years	–	–	272.5	12.0	284.5
Over five years	–	–	–	88.9	88.9
	985.3	1,101.4	416.4	216.2	2,719.3

1. Trade and other payables exclude other taxes and social security and deferred income.

There is no material difference between the carrying value and fair value of the Group's financial assets and liabilities.

#### Borrowings and borrowing facilities

As at 30 June 2025, the Group had the following unsecured committed facilities after the effect of derivatives:

- high-yield bond of £250.0m, at fixed rate of 9.0%, maturing in February 2029, fully drawn at 30 June 2025 (2024: £250.0m);
- revolving credit facility of £150.0m, at a margin over SONIA, due for renewal on 31 March 2027, which was undrawn at 30 June 2025 (2024: £260.9m, undrawn); and
- non-recourse project finance of £20.1m (2024: £15.1m) for property development activity within the Property business.

In addition, the Group has access to uncommitted short-term borrowing facilities, such as overdrafts, which were undrawn at year-end (2024: undrawn).

Included within borrowings are capitalised loan fees of £6.2m (2024: £8.0m).

The Group repaid and reduced total available facilities by £148.2m (2024: £21.2m) in the year ended 30 June 2025.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 28 Financial and capital commitments

The Group had no significant capital commitments at the year-end date (2024: none).

### 29 Related parties

#### Identity of related parties

The Group has a related party relationship with its joint ventures, key management personnel and pension schemes in which its employees participate.

#### Transactions with key management personnel

The Group's key management personnel are the Executive and Non-Executive Directors as identified in the Directors' Remuneration report on pages 92–115.

In addition to their salaries, the Group also provides non-cash benefits to Directors and contributes to their pension arrangements as disclosed on page 99. Key management personnel also participate in the Group's share option programme (see note 25).

Key management personnel compensation comprises:

	2025 £m	2024 £m
Total fixed pay as analysed in the Directors' Remuneration report	2.6	2.1
Bonus as analysed in the Directors' Remuneration report	1.5	1.6
Employer's national insurance contributions	1.1	0.7
Share-based payment charge <sup>1</sup>	2.1	1.6
<b>Total key management personnel compensation</b>	<b>7.3</b>	<b>6.0</b>

1. Share-based payment charge is calculated under IFRS 2 'Share-based Payments' as described in note 25.

#### Transactions with pension schemes

Details of transactions between the Group and pension schemes in which its employees participate are detailed in note 9.

### Transactions with joint ventures

	2025 £m	2024 £m
Construction services and materials	1.1	2.4
Staff and associated costs	2.5	2.6
Management services	1.4	0.9
Interest on loans to joint ventures	0.1	–
Plant hire	0.2	0.2
	<b>5.3</b>	<b>6.1</b>

### Trading balances with joint ventures

	2025 £m	2024 £m
Trading balances due from joint ventures	7.2	0.6
Trading balances due to joint ventures	(0.6)	(0.4)

The above balances are in addition to the equity accounted investments and loans to joint ventures on the balance sheet and are included in trade and other receivables and trade and other payables respectively. Those joint ventures which the Directors consider to be material to the Group are disclosed in note 16.

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings

A full list of subsidiaries, branches, associated undertakings, and joint arrangements as at 30 June 2025 is detailed below. Unless stated otherwise, all undertakings are wholly owned and held indirectly by Kier Group plc.

#### Subsidiaries

Company name	Registered office <sup>1</sup>	Share class(es) held	% held by Group
2020 Liverpool Limited (dissolved 8 July 2025)	12	Ordinary	100%
A C Chesters & Son Limited	1	Ordinary	100%
Arena Central Developments LLP	1	–	100%
Arena Central Management Limited	1	A Ordinary	100%
			25% <sup>3</sup>
Caribbean Construction Company Limited	2	Ordinary	100%
Caxton Integrated Services Holdings Limited (in liquidation)	12	Ordinary	100%
Clearbox Limited (formerly Wallis Limited)	1	Ordinary	100%
Dragon Lane Holdings 1 LLP	1	–	100%
Dragon Lane Holdings 2 LLP	1	–	100%
Dragon Lane LLP	1	–	100%
Dudley Coles Limited	1	Ordinary	100%
FDT (Holdings) Ltd	1	Ordinary	100%
FDT Associates Ltd	1	Ordinary A	100%
Heart of Wales Property Services Limited (in liquidation)	12	Ordinary	50%
J L Kier & Company (London) Limited	1	Ordinary	100%
J L Kier & Company Limited	1	Ordinary	100%
Kier (Catterick) Limited	1	A Ordinary	100%
		B Ordinary	100%
Kier (Kent) PSP Limited	1	A Ordinary	100%
		B Ordinary	100%
Kier (Malaysia) SDN. BHD. (in liquidation)	3	Ordinary	100%
Kier (Newcastle) Investment Ltd	1	Ordinary	100%
Kier (Newcastle) Operation Limited	1	Ordinary	100%
Kier (NR) Limited	1	Ordinary	100%
Kier Asset Partnership Services Limited	1	Ordinary	100%
Kier Benefits Limited	1	Ordinary	100%

Company name	Registered office <sup>1</sup>	Share class(es) held	% held by Group
Kier Build Limited	1	Ordinary	100%
Kier Business Services Limited	1	Ordinary	100%
Kier Caribbean and Industrial Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier CB Limited	1	Ordinary	100%
Kier Commercial Investments Limited	1	Ordinary	100%
Kier Commercial UKSC Limited	1	Ordinary	100%
Kier Construction Limited	1	Ordinary	100%
Kier Construction Limited	4	Ordinary	100%
Kier Construction LLC <sup>9</sup>	5	Ordinary	49%
Kier Construction SA	6	Ordinary	100%
Kier Developments Limited	1	A Ordinary	100%
		B Ordinary	100%
		C Ordinary	100%
Kier Dubai LLC <sup>9</sup>	7	Ordinary	49%
Kier Education Investments Limited	1	B Ordinary	100%
		M Ordinary	100%
Kier Education Services Limited	1	B Ordinary	100%
		M Ordinary	100%
Kier Energy Solutions Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier Ewan Limited	1	Ordinary	100%
Kier Facilities Services Limited	1	Ordinary	100%
Kier Finance & Treasury Holdings Limited	1	Ordinary	100%
Kier Finance Limited	1	Ordinary	100%
Kier Fleet Services Limited	1	Ordinary	100%
Kier Green Investments Limited	1	Ordinary	100%
Kier Group Trustees Limited <sup>2</sup>	1	Ordinary	100%
Kier Harlow Limited (in liquidation)	12	Ordinary	100%
Kier Holdco 2 Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier Holdings Limited	1	Ordinary	100%
		Irredeemable preference	100%
Kier Infrastructure and Overseas Limited	1	Ordinary	100%



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

**30 Subsidiaries and other undertakings** continued**Subsidiaries** continued

Company name	Registered office <sup>1</sup>	Share class(es) held	% held by Group
Kier Infrastructure and Overseas Limited – Hong Kong Branch (in liquidation)			
Kier Infrastructure and Overseas Limited – Jamaica Branch			
Kier Infrastructure and Overseas Limited – Trinidad Branch			
Kier Infrastructure Pty Ltd	8	Ordinary	100%
Kier Insurance Management Services Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier Integrated Services (Estates) Limited	1	Ordinary	100%
Kier Integrated Services (Holdings) Limited	1	Ordinary	100%
		Deferred	100%
Kier Integrated Services (Trustees) Limited	1	Ordinary	100%
Kier Integrated Services Group Limited	1	Ordinary	100%
Kier Integrated Services Limited	1	Ordinary	100%
Kier International (Investments) Limited	1	Ordinary	100%
Kier International Limited	1	Ordinary	100%
Kier International Limited – Jamaica Branch			
Kier International Limited	9	Ordinary	100%
Kier Limited <sup>2</sup>	1	Ordinary	100%
Kier Logistics (Knowsley) Ltd (formerly Kier PGIM Logistics (Knowsley) Ltd)	1	Ordinary	100%
Kier Logistics Holdco Ltd (formerly Kier PGIM Logistics Holdco Ltd)	1	Ordinary	100%
Kier Management Consulting Limited	1	Ordinary	100%
		A Ordinary	100%
		B Ordinary	100%
Kier MBS Limited	1	Ordinary	100%
Kier Midlands Limited	1	Ordinary	100%
Kier Minerals Limited	1	Ordinary	100%
Kier Mining Investments Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier National Limited	1	Ordinary	100%
Kier North Tyneside Limited <sup>5</sup>	1	B Ordinary	100%
			80% <sup>3</sup>

Company name	Registered office <sup>1</sup>	Share class(es) held	% held by Group
Kier Overseas (Nine) Limited	1	Ordinary	100%
Kier Overseas (Seventeen) Limited	1	Ordinary	100%
Kier Overseas (Twenty-Three) Limited	1	Ordinary	100%
Kier Parkman Ewan Associates Limited	1	Ordinary A	100%
Kier PGIM Logistics (Bracknell) Ltd (in liquidation)	1	Ordinary	100%
Kier PGIM Logistics Propco 5 Ltd (in liquidation)	1	Ordinary	100%
Kier PGIM Logistics Propco 7 Ltd (in liquidation)	1	Ordinary	100%
Kier PGIM Logistics Propco 8 Ltd (in liquidation)	1	Ordinary	100%
Kier Plant Limited	1	Ordinary	100%
Kier Professional Services Limited	1	Ordinary	100%
Kier Project Investment Limited	1	Ordinary	100%
Kier Property Developments Limited	1	Ordinary	100%
Kier Property Limited	1	Ordinary	100%
Kier Property Management Company Limited	1	Ordinary	100%
Kier Rail Limited	1	Ordinary	100%
Kier Recycling CIC	1	Ordinary	100%
Kier Services Limited	1	Ordinary	100%
Kier Sharston Limited	1	Ordinary	100%
Kier Sheffield LLP (in liquidation)	12	–	80.1%
Kier South East Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier South Wokingham LLP	1	–	100%
Kier Southern Limited (in liquidation)	1	Ordinary	100%
Kier Stoke Limited	1	Ordinary	100%
Kier Sydenham Limited	1	Ordinary	100%
Kier Traffic Support Limited (dissolved 1 July 2025)	1	Ordinary	100%
Kier Transportal Limited (formerly Clearbox Limited)	1	Ordinary	100%
Kier Transportation Limited	1	Ordinary	100%
Kier UKSC LLP	1	–	100%
Kier Ventures Limited	1	Ordinary	100%
Kier Ventures UKSC Limited	1	Ordinary	100%
Kier York Street LLP	1	–	100%
Magnetic Limited	1	Ordinary	100%



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings continued

#### Subsidiaries continued

Company name	Registered office <sup>1</sup>	Share class(es) held	% held by Group
McNicholas Construction (Holdings) Limited	1	Ordinary	100%
McNicholas Construction Services Limited	1	Ordinary	100%
MRBL Limited	1	Ordinary A	100%
		Ordinary B	100%
		Deferred B	100%
Parkman Consultants Limited (dissolved 1 July 2025)	1	Ordinary	100%
Pure Recycling Warwick Limited	1	Ordinary A	100%
		Ordinary B	100%
T Cartledge Limited (dissolved 1 July 2025)	1	Ordinary	100%
T H Construction Limited	1	Ordinary	100%
T J Brent Limited	1	Ordinary	100%
		Ordinary B	100%
		Ordinary C	100%
Tempsford Insurance Company Limited <sup>2</sup>	10	Ordinary	100%
The Impact Partnership (Rochdale Borough) Limited (in liquidation)	12	Ordinary	80.1%
Tor2 Limited (in liquidation)	12	PSP Shares	100%
			80.01% <sup>3</sup>
TradeDirect Logistics Limited	1	Ordinary	100%
Turriff Contractors Limited	11	Ordinary	100%
Turriff Group Limited	11	Ordinary	100%
		Ordinary A	100%
		Ordinary B	100%
W. & C. French (Construction) Limited	1	Ordinary	100%
Wallis Western Limited (in liquidation)	12	Ordinary	100%
William Moss Construction Limited (in liquidation)	12	Ordinary	100%
William Moss Group Limited (The)	1	Ordinary	100%

1. See list of registered office details and explanatory notes on page 182.

Listed below are subsidiaries controlled and consolidated by the Group, which under section 479A of the Companies Act 2006 (the 'Act') are exempt from the requirements of the Act relating to the audit of accounts.

Company name	Company registration number	Year-end
A C Chesters & Son Limited	02628570	30 June 2025
Arena Central Developments LLP	OC305452	30 June 2025
Dragon Lane Holdings 1 LLP	OC398919	30 June 2025
Dragon Lane Holdings 2 LLP	OC398920	30 June 2025
Dragon Lane LLP	OC398924	30 June 2025
FDT (Holdings) Ltd	04535855	30 June 2025
FDT Associates Ltd	03282705	30 June 2025
Kier (Catterick) Limited	07372563	30 June 2025
Kier (Newcastle) Investment Ltd	09978111	30 June 2025
Kier (Newcastle) Operation Limited	10609470	30 June 2025
Kier (NR) Limited	06648175	30 June 2025
Kier Asset Partnership Services Limited	06928701	30 June 2025
Kier Build Limited	01551959	30 June 2025
Kier Business Services Limited	03679828	30 June 2025
Kier Commercial Investments Limited	04002798	30 June 2025
Kier Developments Limited	04407754	30 June 2025
Kier Education Investments Limited	06458919	30 June 2025
Kier Education Services Limited	05457729	30 June 2025
Kier Ewan Limited	04182542	30 June 2025
Kier Finance & Treasury Holdings Limited	05887555	30 June 2025
Kier Finance Limited	05887689	30 June 2025
Kier Fleet Services Limited	02127113	30 June 2025
Kier Green Investments Limited	08922437	30 June 2025
Kier Holdings Limited	05887559	30 June 2025
Kier Integrated Services (Estates) Limited	00216679	30 June 2025
Kier Integrated Services (Holdings) Limited	04321657	30 June 2025
Kier Integrated Services (Trustees) Limited	03510967	30 June 2025
Kier Integrated Services Group Limited	02372311	30 June 2025



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings continued

#### Subsidiaries continued

Company name	Company registration number	Year-end
Kier International (Investments) Limited	01463191	30 June 2025
Kier International Limited	00810557	30 June 2025
Kier Management Consulting Limited	02491619	30 June 2025
Kier MBS Limited	11632543	30 June 2025
Kier Minerals Limited	02099531	30 June 2025
Kier National Limited	02100338	30 June 2025
Kier Overseas (Nine) Limited	01531039	30 June 2025
Kier Overseas (Seventeen) Limited	01462100	30 June 2025
Kier Overseas (Twenty-Three) Limited	02127112	30 June 2025
Kier Parkman Ewan Associates Limited	03033421	30 June 2025
Kier Plant Limited	04233359	30 June 2025
Kier Professional Services Limited	08881783	30 June 2025
Kier Property Limited	04459403	30 June 2025
Kier Property Management Company Limited	06207623	30 June 2025
Kier Recycling CIC	03153490	30 June 2025
Kier South Wokingham LLP	OC451168	30 June 2025
Kier Stoke Limited	06391459	30 June 2025
Kier Sydenham Limited	08486944	30 June 2025
Kier Transportal Limited (formerly Clearbox Limited)	08658406	30 June 2025
Magnetic Limited	07775665	30 June 2025
McNicholas Construction Services Limited	01510892	30 June 2025
MRBL Limited	08177998	30 June 2025
Pure Recycling Warwick Limited	06436462	30 June 2025
T H Construction Limited	01532971	30 June 2025
TradeDirect Logistics Limited	11400572	30 June 2025

#### Joint ventures

Company name	Registered office <sup>1</sup>	Interest held
<b>Property</b>		
3 Sovereign Square Holdings 1 LLP	1	50%
3 Sovereign Square Holdings 2 LLP	1	50%
3 Sovereign Square LLP	1	50%
Kent LEP 1 Limited	1	80%
Kier (Southampton) Development Limited	1	75%
Kier (Southampton) Investment Limited	1	75%
Kier (Southampton) Operations Limited	1	75%
Kier Bishops Stortford Holdings Limited (formerly Kier Richmond Holdings Limited)	1	90%
Kier Bishops Stortford Limited (formerly Kier Richmond Limited)	1	90%
Kier Bracknell Holdco Ltd	1	90%
Kier Bracknell Ltd	1	90%
Kier Cornwall Street Holdings 1 LLP	1	90%
Kier Cornwall Street Holdings 2 LLP	1	90%
Kier Cornwall Street LLP	1	90%
Kier Countryside Great Haddon East LLP	13	50%
Kier Countryside Holdings 1 LLP	13	50%
Kier Countryside Holdings 2 LLP	13	50%
Kier Countryside Laindon Road LLP	13	50%
Kier Countryside Saffron Walden LLP (formerly Saffron Walden LLP)	13	50%
Kier Countryside South Wokingham LLP	13	50%
Kier Countryside Watford LLP	13	50%
Kier Foley Street Holdco 1 LLP	1	90%
Kier Foley Street Holdco 2 LLP	1	90%
Kier Foley Street LLP	1	90%
Kier HGP Devco 2 LLP	1	50%
Kier HGP Holdings 2 Limited	1	50%
Kier HGP Holdings LLP	1	50%
Kier HGP Tunbridge Wells LLP	1	50%
Kier Maidenhead Holdings 1 LLP	1	90%
Kier Maidenhead Holdings 2 LLP	1	90%

## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings continued

#### Joint ventures continued

Company name	Registered office <sup>1</sup>	Interest held
Kier Maidenhead LLP	1	90%
Kier Logistics (Bognor) Ltd (formerly Kier PGIM Logistics (Bognor) Ltd)	1	90%
Kier Logistics (Milton Keynes) Ltd (formerly Kier PGIM Logistics (Milton Keynes) Ltd)	1	90%
Kier Logistics (St. Albans) Ltd (formerly Kier PGIM Logistics (St. Albans) Ltd)	1	90%
Kier Reading Holdco 1 LLP	1	90%
Kier Reading Holdco 2 LLP	1	90%
Kier Reading LLP	1	90%
Kier Realis Logistics Propco 1 LLP	1	50%
Kier Southwark Holdco Ltd	1	90%
Kier Sydenham GP Holdco Limited	1	50%
Kier Sydenham GP Limited	1	50%
Kier Sydenham LP	1	50%
Kier Sydenham Nominee Limited	1	50%
Kier Trade City Holdco 1 LLP	1	90%
Kier Trade City Holdco 2 LLP	1	90%
Kier Trade City LLP	1	90%
Kier Warth Limited	1	50%
Lysander Student Properties Investments Limited	1	75%
Lysander Student Properties Limited	1	75%
Lysander Student Properties Operations Limited	1	75%
MVDC Kier Holdco 1 LLP	1	50%
MVDC Kier Holdco 2 LLP	1	50%
Penda Limited (dissolved 8 July 2025)	1	50%
Saltbox Business Park (Management) Limited	1	59.11%
Solum Regeneration (Bishops) LLP	1	50%
Solum Regeneration (Epsom) Limited Partnership	1	50%
Solum Regeneration (Guildford) LLP	1	50%
Solum Regeneration (Haywards) LLP	1	50%
Solum Regeneration (Kingswood) LLP	1	50%

Company name	Registered office <sup>1</sup>	Interest held
Solum Regeneration (Maidstone) LLP	1	50%
Solum Regeneration (Redhill) LLP	1	50%
Solum Regeneration (Surbiton) LLP	1	50%
Solum Regeneration (Twickenham) LLP	1	50%
Solum Regeneration (Walthamstow) LLP	1	50%
Solum Regeneration Epsom (GP Subsidiary) Limited	1	50%
Solum Regeneration Epsom (GP) Limited	1	50%
Solum Regeneration Epsom (Residential) LLP	1	50%
Solum Regeneration Holding 1 LLP	1	50%
Solum Regeneration Holding 2 LLP	1	50%
Tri-Link 140 Holdings 1 LLP	1	50%
Tri-Link 140 Holdings 2 LLP	1	50%
Tri-Link 140 LLP	1	50%
Watford Health Campus Limited	1	50%
Watford Health Campus Partnership LLP	1	50%
Watford Riverwell (Central Zone) LLP	1	50%
Watford Riverwell (Family Housing) LLP	1	50%
Watford Riverwell Management Company Limited	1	50%
Watford Health Campus Neighbourhood Square LLP (formerly Watford Woodlands LLP)	1	50%
Winsford Devco LLP	1	50%
Winsford Holdings 1 LLP	1	50%
Winsford Holdings 2 LLP	1	50%
<b>Construction</b>		
Kier Graham Defence Limited	1	50%
<b>Services</b>		
2020 Knowsley Limited (dissolved 8 July 2025)	12	80.1%
Hackney Schools for the Future Limited	1	80%
Hackney Schools for the Future 2 Limited	1	8%
Team Van Oord Limited	14	25%

1. See list of registered office details and explanatory notes on page 182.



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings continued

#### Joint ventures continued

Joint operation name	Description	Trading address
Crossrail Contracts 300/410/435	a joint arrangement between Kier Infrastructure and Overseas Limited, BAM Nuttall Limited and Ferrovial Agroman (UK) Limited	BAM Ferrovial Kier JV C435, The London School of Beauty, 18-19 Long Lane, London, EC1A 9LP
Deephams	a joint arrangement between Kier Infrastructure and Overseas Limited, J Murphy & Sons Limited, and Aecom Limited	Deephams Sewage Treatment Wales, Pickett's Lock Lane, Edmonton, N9 0BA
Devonport	a joint arrangement between Kier Infrastructure and Overseas Limited and BAM Nuttall Limited	St. James House, Knoll Road, Camberley, Surrey, GU15 3XW
EKFB	a joint arrangement between Kier Infrastructure and Overseas Limited, Eiffage Génie Civil, Ferrovial Agroman (UK) Limited and BAM Nuttall Limited	5th Floor, Exchange House, Midsummer Boulevard, Milton Keynes, MK9 2EA
Hercules	a joint arrangement between Kier Construction Limited and Balfour Beatty	Hercules Site Offices, The Wessex Building, MOD Lyneham, Calne Road, Lyneham, Chippenham, SN15 4PZ
Hinkley Framework	a joint arrangement between Kier Infrastructure and Overseas Limited and BAM Nuttall Limited	J23 P&R HPC Postal Consolidation Centre, Huntsworth Business Centre, North Petherton, Somerset, TA6 6TS
Kier BAM JV	a joint arrangement between Kier Integrated Services Limited and BAM Civil Limited (company number 17543, registered office Kill, County Kildare)	2nd Floor, Optimum House, Clippers Quay, Salford, M50 3XP
KCD	a joint arrangement between Kier Integrated Services Limited and Clancy Docwra Limited	Thames Water Offices, Clear Water Court, Vastern Rd, Reading, RG1 8DB
Luton People Mover	a joint arrangement between Kier Infrastructure and Overseas Limited and VolkerFitzpatrick Limited	Hertford Road, Hoddesdon, EN11 9BX
Mersey Gateway	a joint arrangement between Kier Infrastructure and Overseas Limited, Samsung C&T ECUK Limited and FCC Construcción S.A.	Forward Point, Tan House Lane, Widnes, WA8 0SL
RAF Lakenheath	a joint arrangement between Kier Construction Limited and VolkerFitzpatrick Limited	Hertford Road, Hoddesdon, EN11 9BX
Tarmac Kier JV	a joint arrangement between Kier Transportation Limited and Tarmac Trading Limited	2nd Floor, Optimum House, Clippers Quay Salford, M50 3XP
Kier Graham Defence (Clyde)	a joint arrangement between Kier Construction Limited and John Graham Construction Limited	Campsie House, Buchanan Business Park, Cumbernauld Road, Stepps, Glasgow, G33 6HZ
Kier McAvoy	a joint arrangement between Kier Construction Limited and McAvoy	Ferguson Road, Knockmore Hill Industrial Estate, Lisburn, BT28 2FW
Saadiyat Rotana Hotel and Resort Complex	a joint arrangement between Kier Construction LLC and Ali and Sons Contracting Co LLC	P.O. Box 2153, Abu Dhabi
Kier ACC	a joint arrangement between Kier Dubai LLC and Arabian Construction Co.SAL	P.O. Box 24461, Dubai



## Notes to the consolidated financial statements continued

For the year ended 30 June 2025

### 30 Subsidiaries and other undertakings continued

#### Registered office addresses

Number	Address
1	2nd Floor, Optimum House, Clippers Quay, Salford, M50 3XP, UK
2	Harbour Head, Harbour View, Kingston 17, Jamaica
3	9–5 & 7–5, Jalan 8/146, Bandar Tasik Selatan, Kuala Lumpur, 57000, Malaysia
4	c/o Grant Thornton, Cnr Bank Street and West Independence Sq Street, Basseterre, Saint Kitts and Nevis
5	Unit 869, Al Gaith Tower, Hamdan Street, PO Box 61967, Abu Dhabi, United Arab Emirates
6	151 Angle Avenue, Jean Paul II et Impasse Duverger, Turgeau, Port-au-Prince, Haiti
7	905, 9th Floor, Thuraya Tower, Tecom, P.O. Box 24461, Dubai, United Arab Emirates
8	Pinsent Masons, Level 46, 101 Collins Street, Melbourne, VIC 3000, Australia
9	6th Floor, Emperor Commercial Centre, 39 Des Voeux Road Central, Hong Kong
10	PO Box 33, Dorey Court, Admiral Park, St Peter Port, GY1 4AT, Guernsey
11	Campsie House, Buchanan Business Park, Cumbernauld Road, Stepps, Glasgow, G33 6HZ, UK
12	1 More London Place, London, SE1 2AF, UK
13	Countryside House, The Drive, Brentwood, Essex, CM13 3AT, UK
14	Bankside House, Henfield Road, Small Dole, Henfield, West Sussex, BN5 9XQ, UK

#### Explanatory notes

- The share capital of all entities is wholly owned and held indirectly by Kier Group plc unless indicated otherwise.
- Shares held directly by Kier Group plc.
- Total interest in entity held by the Group as there are other share class(es) held by a third party.
- In some jurisdictions in which the Group operates, share classes are not defined and in these instances, for the purposes of disclosure, these holdings have been classified as ordinary shares.
- The Group has entered into a partnership arrangement with North Tyneside Council whereby the Council has a participating ownership interest and receives a minority share of the profits of Kier North Tyneside Limited.
- Joint operations are contracted agreements to co-operate on a specific project which is an extension of the Group's existing business. Joint ventures are ongoing businesses carrying on their own trade.
- Interests in the above joint ventures are held by subsidiary undertakings.
- The joint ventures where the Group has an interest in excess of 50% are still considered joint ventures as the Group has joint control.
- Accounted for as a subsidiary as control is achieved through an agreement between shareholders.
- Where companies are shown as being in liquidation, in all cases this is either a members' voluntary liquidation or a strike-off application.



# Company balance sheet

As at 30 June 2025

	Note	2025 £m	2024 £m
<b>Non-current assets</b>			
Investments	5	669.7	455.5
Deferred tax assets		3.3	3.3
Amounts due from subsidiary undertakings	6	1,461.2	1,585.6
<b>Non-current assets</b>		<b>2,134.2</b>	2,044.4
<b>Current assets</b>			
Other debtors		0.5	–
Other financial assets		–	7.1
<b>Current assets</b>		<b>0.5</b>	7.1
<b>Total assets</b>		<b>2,134.7</b>	2,051.5
<b>Current liabilities</b>			
Bank overdraft		(688.3)	(521.2)
Creditors: amounts falling due within one year	7	(57.0)	(53.5)
Corporation tax payable		(6.4)	(15.4)
Provisions for liabilities		(0.1)	(0.2)
<b>Current liabilities</b>		<b>(751.8)</b>	(590.3)
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	7	(244.1)	(293.0)
<b>Non-current liabilities</b>		<b>(244.1)</b>	(293.0)
<b>Total liabilities</b>		<b>(995.9)</b>	(883.3)
<b>Net assets</b>		<b>1,138.8</b>	1,168.2
<b>Shareholders' funds</b>			
Called up share capital		4.5	4.5
Share premium account		3.6	3.2
Merger reserve		350.6	350.6
Profit and loss account		780.1	809.9
<b>Total equity</b>		<b>1,138.8</b>	1,168.2

The profit for the year was £1.5m (2024: £13.4m).

The financial statements of Kier Group plc, company registration number 2708030, on pages 183–187 were approved by the Board of Directors on 15 September 2025 and were signed on its behalf by:

**Andrew Davies**  
Chief Executive

**Simon Kesterton**  
Chief Financial Officer

## Company statement of changes in equity

For the year ended 30 June 2025

	Called up share capital £m	Share premium account £m	Merger reserve £m	Capital redemption reserve £m	Profit and loss account £m	Cash flow hedge reserve £m	Total equity £m
<b>At 1 July 2023</b>	4.5	684.3	350.6	2.7	111.1	2.6	1,155.8
Profit for the year	–	–	–	–	13.4	–	13.4
Other comprehensive expense	–	–	–	–	–	(2.6)	(2.6)
<b>Total comprehensive income/(expense) for the year</b>	–	–	–	–	13.4	(2.6)	10.8
Dividends paid	–	–	–	–	(7.3)	–	(7.3)
Issue of own shares	–	3.3	–	–	–	–	3.3
Capital reduction	–	(684.4)	–	(2.7)	687.1	–	–
Share-based payments	–	–	–	–	9.3	–	9.3
Purchase of own shares via employee benefit trust	–	–	–	–	(3.7)	–	(3.7)
<b>At 30 June 2024</b>	4.5	3.2	350.6	–	809.9	–	1,168.2
Profit for the year	–	–	–	–	<b>1.5</b>	–	<b>1.5</b>
<b>Total comprehensive income for the year</b>	–	–	–	–	<b>1.5</b>	–	<b>1.5</b>
Dividends paid	–	–	–	–	<b>(24.1)</b>	–	<b>(24.1)</b>
Issue of own shares	–	<b>0.4</b>	–	–	–	–	<b>0.4</b>
Share-based payments	–	–	–	–	<b>8.9</b>	–	<b>8.9</b>
Purchase of own shares via employee benefit trust	–	–	–	–	<b>(9.7)</b>	–	<b>(9.7)</b>
Purchase of own shares via share buyback	–	–	–	–	<b>(6.4)</b>	–	<b>(6.4)</b>
<b>At 30 June 2025</b>	<b>4.5</b>	<b>3.6</b>	<b>350.6</b>	<b>–</b>	<b>780.1</b>	<b>–</b>	<b>1,138.8</b>

Included in the profit and loss account is the balance on the share scheme reserve which comprises the investment in own shares of £14.3m (2024: £9.0m) and a credit balance on the share scheme reserve of £14.3m (2024: £14.5m).

Details of the shares held by the Kier Group 1999 Employee Benefit Trust and of the share-based payment scheme are included in note 25 to the consolidated financial statements.

# Notes to the Company financial statements

For the year ended 30 June 2025

## 1 Accounting policies

The principal accounting policies are summarised below. Other than where new accounting policies have been adopted (as noted below), they have been applied consistently throughout the year and the preceding year.

### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are stated at their fair value.

Kier Group plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is 2nd Floor, Optimum House, Clippers Quay, Salford, England, M50 3XP.

The Company's financial statements are included in the Kier Group plc consolidated financial statements for the year ended 30 June 2025. As permitted by section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

None of the amendments to standards effective for the first time from 1 July 2024 have had a material effect on the Company's financial statements.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101:

- The requirement of paragraphs 45(b) and 46–52 of IFRS 2 'Share-Based Payments'
- The requirements of IFRS 7 'Financial Instruments: Disclosures'
- The requirements of paragraphs 91–99 of IFRS 13 'Fair Value Measurement'
- The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1
- The requirement of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134–136 of IAS 1 'Presentation of Financial Statements'
- The requirements of IAS 7 'Statement of Cash Flows'
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- The requirements of paragraphs 88C and 88D of IAS 12 'Income Taxes'
- The requirement of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures'
- The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group
- The requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets'

These financial statements are separate financial statements.

Where required, equivalent disclosures are given in the Annual Report and Accounts of the Group as shown in notes 1–7.

### Going concern

The Directors have made enquiries and have a reasonable expectation that the Company has adequate resources to continue in existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the financial statements. See also pages 134–135.

### Fixed asset investments

Investments in subsidiary undertakings are included in the balance sheet at cost less any provision for impairment.

### Taxation

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:



## Notes to the Company financial statements continued

For the year ended 30 June 2025

### 1 Accounting policies continued

#### Financial instruments continued

##### (a) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are included in current liabilities in the balance sheet.

##### (b) Bank and other borrowings

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as current liabilities unless at the end of the reporting period; the Company has a right to defer settlement of the liability for at least 12 months after the reporting period.

##### (c) Amounts due from subsidiary undertakings

Amounts due from subsidiaries are initially recorded at their fair value. Subsequent to initial recognition, the loans are measured at amortised cost. In accordance with IFRS 9, the Company has undertaken an exercise of calculating the expected credit losses on the amounts due from subsidiaries. The Directors regard the relevant subsidiaries as having a relatively low probability of default on the loans and do not consider that there has been a significant increase in credit risk since the loan was first recognised. By virtue of their participation in Group bank pooling arrangements, the subsidiaries had access to sufficient facilities to enable them to repay the loans, if demanded, at the reporting date. Only immaterial amounts of expected credit losses were calculated and, therefore, the Company has chosen not to adjust the value of the loans for any expected credit loss provisions.

##### (d) Derivative financial instruments

Derivatives are initially recognised at fair value on the date that the contract is entered into and subsequently remeasured in future periods at their fair value. The method of recognising the resulting change in fair value depends on whether the derivative is designated as a hedging instrument and whether the hedging relationship is effective.

For cash flow hedges, the effective portion of changes in the fair value of these derivatives is recognised in the cash flow hedge reserve within equity. Any ineffective portion is recognised immediately in the income statement. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged items will affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

The Company enters into forward contracts in order to hedge against transactional foreign currency or interest rate exposures. In cases where these derivative instruments are significant, hedge accounting is applied as described above. Where hedge accounting is not applied, changes in fair value of derivatives are recognised in the income statement. The fair values of derivative instruments have been derived from proprietary models used by the bank counterparties using mid-market mark to market valuations for trades at the close of business on the balance sheet date.

#### Share-based payments

Share-based payments granted but not vested in relation to the Sharesave and Long-Term Incentive Plan (LTIP) schemes are valued at the fair value of the shares at the date of grant. The fair value of these schemes at the date of award is calculated using the Black-Scholes model, apart from the total shareholder return element of the LTIP which is based on a Stochastic model. Awards that are subject to a post-vesting holding period are valued using the Chaffe & Finnerty models. The cost of each scheme is based on the fair value of the options spread on a straight-line basis over the relevant performance period. As the Company provides these benefits to employees of its subsidiary companies, the cost is recognised in each subsidiary's income statement, with a corresponding credit in equity representing the capital contribution. The Company, as the parent providing the equity instruments to satisfy the share-based payments, recognises these capital contributions to its subsidiaries as an increase in its investment in subsidiaries.

Shares purchased and held in trust in connection with the Company's share schemes are deducted from retained earnings. No gain or loss is recognised within the income statement on the market value of these shares compared with the original cost.

#### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and the factors that are considered to be relevant. Actual results may differ from those estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

There are no critical judgements, apart from those involving estimates, that the Directors have made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

# Notes to the Company financial statements continued

For the year ended 30 June 2025

## 1 Accounting policies continued

### Valuation of investments

The Company tests annually whether its investments have suffered any impairment. The recoverable amounts of subsidiaries are determined based on value in use calculations or fair value less cost to sell, if held for sale. These calculations require the use of estimates.

Considerable headroom exists when comparing the book value of the investments with their recoverable amounts. Therefore, the Directors have determined that the investment value is not particularly sensitive to changes in the assumptions used in the value in use calculations. Any reasonable adjustment to any of the assumptions would not result in an impairment of the investments.

## 2 Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. The profit for the year was £1.5m (2024: £13.4m).

The auditors' remuneration for audit services to the Company was £0.1m (2024: £0.1m).

## 3 Information relating to Directors and employees

Information relating to Directors' emoluments, pension entitlements, share options and LTIP interests appears in the Directors' Remuneration report on pages 95–115. The Company has no employees other than the Directors.

## 4 Dividends

£24.1m dividends have been paid by the Company (2024: £7.3m). See note 11 to the consolidated financial statements.

## 5 Investments

Details of the Company's subsidiaries at 30 June 2025 are provided in note 30 to the consolidated financial statements.

	2025 £m	2024 £m
At 1 July	455.5	446.2
Additions	205.3	–
Capital contributions	8.9	9.3
<b>At 30 June</b>	<b>669.7</b>	<b>455.5</b>

During the year ended 30 June 2025, the Company purchased additional share capital of one of its subsidiary companies, Kier Limited, at a cost of £205.3m (2024: £nil), which was settled via a reduction in the loan due from Kier Limited.

Capital contributions of £8.9m were made during the year ended 30 June 2025 in relation to share-based payments on behalf of subsidiaries (2024: £9.3m).

Certain subsidiaries of the Group have opted to take advantage of a statutory exemption from having an audit in respect of their individual statutory accounts. Strict criteria must be met for this exemption to be taken and it must be agreed to by the directors of those subsidiary companies. Listed in note 30 are subsidiaries controlled and consolidated by the Group where the Directors have taken advantage of the exemption from having an audit of the companies' individual financial statements in accordance with section 479A of the Companies Act 2006.

In order to facilitate the adoption of this exemption, Kier Group plc, the ultimate parent company of the subsidiaries concerned, undertakes to provide a guarantee under section 479C of the Companies Act 2006 in respect of those subsidiaries.

## 6 Amounts due from subsidiary undertakings

	2025 £m	2024 £m
<b>Amounts falling due after more than one year:</b>		
Amounts due from subsidiary undertakings <sup>1</sup>	<b>1,461.2</b>	1,585.6

1. Loans due from subsidiary undertakings incur interest at 4.0%, loans are contractually repayable on demand or in a period of up to five years but no amounts are expected to be repaid within 12 months.

## 7 Creditors

	2025 £m	2024 £m
<b>Amounts falling due within one year:</b>		
Borrowings	–	43.8
Amounts due to subsidiary undertakings <sup>1</sup>	<b>47.9</b>	–
Other creditors	<b>9.1</b>	9.7
	<b>57.0</b>	53.5
<b>Amounts falling due after more than one year:</b>		
Borrowings	<b>244.1</b>	242.0
Amounts due to subsidiary undertakings	–	51.0
	<b>244.1</b>	293.0

1. Loans due to subsidiary undertakings incur interest at 4.0% and are repayable within one year or on demand.

Further details on borrowings are included in note 21 to the consolidated financial statements.



## Financial record

(unaudited)

### Continuing operations

Year ended 30 June	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Group revenue including share of joint ventures	<b>4,087.8</b>	3,969.4	3,405.4	3,256.5	3,328.5
Less share of joint ventures	<b>(10.7)</b>	(64.3)	(24.7)	(112.6)	(67.5)
<b>Group revenue</b>	<b>4,077.1</b>	3,905.1	3,380.7	3,143.9	3,261.0
<b>Profit</b>					
Group operating profit <sup>1</sup>	<b>153.0</b>	142.1	116.3	93.6	96.4
Share of post-tax results of joint ventures	<b>(1.5)</b>	1.6	1.1	26.9	3.9
Other income	<b>7.6</b>	6.5	14.1	–	–
<b>Adjusted operating profit</b>	<b>159.1</b>	150.2	131.5	120.5	100.3
Net finance costs before adjusting items	<b>(33.7)</b>	(32.1)	(26.7)	(26.4)	(34.9)
<b>Adjusted profit before tax</b>	<b>125.4</b>	118.1	104.8	94.1	65.4
Amortisation of acquired intangible assets relating to contract rights	<b>(21.6)</b>	(23.2)	(19.2)	(19.7)	(21.0)
Adjusting finance costs	<b>(1.9)</b>	(2.9)	(2.9)	(2.8)	(3.2)
Other adjusting items	<b>(23.8)</b>	(23.9)	(30.8)	(55.7)	(35.6)
<b>Profit before tax</b>	<b>78.1</b>	68.1	51.9	15.9	5.6
Basic earnings per share before adjusting items	<b>21.6p</b>	20.6p	19.2p	16.8p	25.0p
Dividend per share	<b>7.2p</b>	5.2p	–	–	–
<b>At 30 June</b>					
<b>Net assets (£m)</b>	<b>517.2</b>	520.1	513.0	554.6	435.0

1. Stated before adjusting items. See note 5 for reference to adjusting items.

## Glossary of alternative performance measures

The Group presents various alternative performance measures (APMs) as the performance of the Group is reported and measured on this basis internally. This includes key performance indicators (KPIs).

APM	Purpose	Reference
<b>Total Group revenue</b>	Revenue from the Group from continuing operations including joint ventures	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Consolidated income statement</li> </ul>
<b>Adjusted operating profit</b>	Operating profit for the year from continuing operations before adjusting items	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Note 5</li> </ul>
<b>Adjusted profit before tax</b>	Profit before tax for the year from continuing operations before adjusting items	<ul style="list-style-type: none"> <li>• Note 5</li> </ul>
<b>Adjusted earnings per share</b>	Earnings per share for the year generated from continuing operations before adjusting items	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Note 12</li> </ul>
<b>Cash outflow from adjusting items</b>	Cash flow from operating activities for the year before adjusting items	<ul style="list-style-type: none"> <li>• Note 5</li> </ul>
<b>Net cash</b>	The Group's net cash at the year-end date	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Note 21</li> </ul>
<b>Average net debt</b>	The Group's net cash/(debt) as an average of the month end positions up to the previous year-end date	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Note 21</li> </ul>
<b>Free cash flow</b>	An alternative cash flow measure to evaluate what is available for distribution	<ul style="list-style-type: none"> <li>• KPIs</li> <li>• Financial review</li> </ul>
<b>Operating free cash flow</b>	Free cash flow before the payment of interest and tax	<ul style="list-style-type: none"> <li>• Operational review</li> <li>• Financial review</li> </ul>
<b>Operating free cash flow conversion</b>	Cash conversion calculated as a percentage of operating free cash flow over adjusted operating profit	<ul style="list-style-type: none"> <li>• Operational review</li> <li>• Financial review</li> </ul>
<b>Adjusted operating margin</b>	Operating margin calculated as a percentage of adjusted operating profit over total Group revenue	<ul style="list-style-type: none"> <li>• Operational review</li> </ul>
<b>Order book</b>	Secured and probable future contract revenue not currently recognised in the financial statements	<ul style="list-style-type: none"> <li>• KPIs</li> </ul>

## www.kier.co.uk

Our corporate website has key information covering our capabilities, markets, corporate responsibility and investor relations.

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